



2023

INTEGRATED REPORT

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



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INTEGRATED REPORT

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About our 2023 integrated report

2023 was a year of change for Santam. We refreshed our corporate strategy, implemented a new operating model, and strengthened our management team. With these changes in mind, the theme for this year's report is **"Re-imagine Tomorrow, Vision for 2030"**, which aligns with the period of our revised strategy.

This report covers the 12 months ended 31 December 2023 (reporting period, year or FY2023). It provides an assessment of our performance in creating and preserving sustainable value for our stakeholders. It is our primary report to Santam's shareholders and debt investors, our main providers of financial capital.

The reporting boundary includes Santam Ltd and its subsidiaries as set out in the annual financial statements. More information about our subsidiaries can be found on their websites. The reporting boundary applies to financial and non-financial information. It includes our general insurance and investment activities.

Our disclosures and reporting

This report provides a holistic overview of our impact on key stakeholders society in general and the natural environment. A suite of additional publications supplements this integrated report as part of our comprehensive environmental, social and governance (ESG) reporting. These provide targeted information for different stakeholder audiences and can be accessed at <https://www.santam.co.za/investor-relations/integrated-report/financial-results-and-reports/>.

Financial reporting

- Our complete annual financial statements contain a comprehensive report of the group's financial performance for the year
- A summary of our performance for the year is set in our 2023 summary financial statements and analyst presentation

ESG reporting

- 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 disclosures of our impacts and performance against a range of ESG criteria
- We compile an annual [carbon footprint report](#) with Santam
- We make annual submissions to the CDP (formerly the carbon disclosure project) and [ClimateWise](#), which we make available on our website
- We are founding signatories of the United Nations Environment Programme Finance Initiative's (UNEP FI) [Principles of Sustainable Insurance](#) (PSI)
- We publish a Task Force on Climate-related Financial Disclosures (TCFD) report which sets out our approach to identifying, assessing and addressing climate-related risks and opportunities. With the disbanding of the TCFD since the release of the International Sustainability Standards Board's (ISSB) general requirements of sustainability-related financial information (IFRS S1) and climate-related disclosures (IFRS S2). The 2023 TCFD report will be the last report of this nature. Future climate-related reporting will be aligned with the ISSB requirements
- Santam's corporate governance report provides details on the board of directors (the board's composition, board member qualifications and experience) and sets out the mandates for all board committees
- Our King IV™ disclosure report 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 (King IV)¹
- Our remuneration report includes information on how our remuneration philosophy, and practices and key support the group strategy. Our website contains a range of governance policies and board and committee charters. [Click here](#) to access these
- We have a statement of commitment to embed the principles of Treating Customers Fairly (TCF) into our strategy and culture
- The Santam [human rights statement](#) establishes our commitment to upholding our values and ethical behaviour to respect human rights
- Our [climate change](#) and [coal position](#) statements outline how we are impacted by climate change and the role we play as an insurer in adapting to and mitigating climate risk

Shareholder information

- The annual general meeting (AGM) notice and proxy form provides information to enable shareholders to participate in the AGM

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Integrated thinking and materiality

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 on the opportunities and challenges emerging from our operating environment that materially impact Santam's ability to create and maintain sustainable value for our stakeholders.

Our material matters, as described from page 60, inform the evolution of our business model and influence our revised FutureFit strategy and short-, medium- and long-term targets. We identify material matters using input from all business units, risk and opportunity assessments, and stakeholder feedback. We review our material matters annually to ensure our strategy remains relevant in a rapidly evolving operating environment.

Integrated reporting process

Our integrated report is the outcome of a group-wide reporting process governed by the board, led by the executive committee and delivered through group-wide collaboration.

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

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

How our reporting elements are assured

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

Timeframes and forward looking statements

This report is intended to enable our 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 and biodiversity risk perspective, medium-term climate change risks and opportunities have a timeframe of three to nine years, while long-term climate change risks and opportunities span 10 years and beyond. These time horizons allow for longer term strategic planning.

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

Review and approval

All content contributors and the executive committee 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 28 February 2024.

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 evaluate the group's performance and ability to create sustainable value.

Please share your experience of reading this report by emailing Santam investor relations at investor.relations@santam.co.za

Readers can also interact with us using the following social media platforms:



Facebook



Instagram



LinkedIn



Pinterest



Twitter (X)



YouTube



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Santam at a glance


OUR MATERIAL MATTERS


Read more on pages 60 to 65



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


Digital trends disrupting the insurance industry



ESG embeddedness


Scale ecosystems and explore new markets


Strengthen leadership position in South Africa


Drive international expansion and diversification


The South African context and the need for geographical expansion


An evolving regulatory environment


Ethical leadership and the trust deficit

OUR STRATEGIC GROWTH VECTORS

Read more on pages 53 to 58

OUR PERFORMANCE

Read more on pages 56 to 58

santam

151 339 policies sold through MTN partnership

Santam launched Home+ app and acquired Kandua

Geocoding rolled out to 86% of properties, reducing losses by R55 million

Contributions worth R171 million to Resilient Investment funds with a focus on social impact

Published the 2023 TCFD report


Reviewed shared services operating model to maximise efficiencies with Santam Group


Unlock data capabilities

95 municipalities supported by P4RR since 2012

Ranked 8th by the Top Employers Institute

Strengthened the board and the executive team


Good corporate citizen and drive transformation

Maintained BBBEE level 1 status since 2018

Constituent of FTSE/JSE Responsible Investment Top 30 Index

Posted a regulatory capital coverage ratio of 178%, well above risk appetite

Engaged PA and FSCA on industry initiatives

Maintained client NPS of more than 50%

Increased minimum wage to R180 000 per year

over 3 000 intermediaries supporting Santam

Implemented multi-channel operating model

Maintained market share of >24%

Settled R29.9 billion in claims

GWP from outside South Africa now 16% (2022: 15%)



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Santam group overview

Who we are

Santam is the leading general insurer in South Africa, with a market share of more than 24%. 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 the South African financial services group Sanlam, which holds 62.6% of Santam's shares.

We provide a diverse range of general insurance products and services across Africa and internationally through a multi-channel approach that spans a network of more than 3 000 independent brokers, 461 tied agents, franchises and direct channels.

Our revenue is derived from insurance activities and investments in South Africa and other select global markets. We offer insurance policies that cover, inter alia, property, motor, engineering, liability, loss of income and crops-related risks,

including cover for catastrophe events. We operate in the primary and reinsurance market. Premiums earned from these insurance policies are invested in a diverse portfolio managed by our primary asset manager, Sanlam Investments as well as some smaller mandates allocated to other asset managers.

Sanlam Investment Managers and Abax manages our investments with guidance from the United Nations Principles for Responsible Investment (UN PRI) and Code of Responsible Investing in South Africa (CRISA), to whom they are signatories.

Our insurance and investment activities enable us to consistently deliver on our purpose: to safeguard what is important to our clients in a manner that enables wealth creation and protection for all stakeholders.

Our purpose is to safeguard what is important to our clients

Our purpose signifies value creation and preservation for our clients. We deliver on this purpose through an extensive ecosystem of relationships and dependencies which forms the social, political, regulatory and economic environment (together, our overall operating environment) in which we operate.

Our sustainability over the long term is intricately linked to our ability to provide value to our clients and to be a positive contributor to all stakeholders in our overall operating environment, by successfully navigating the challenges and embracing the opportunities emerging from this environment. Our refreshed FutureFit strategy described on page 54 signifies our response to optimise value creation in the context of our overall operating environment. We deliver on our strategy through a revised business model, described on page 11.

The impact of our insurance and investment activities and strategy implementation, and the outcomes for our key stakeholders are described throughout the report.

Our values



CARE

It's in everything we do



COLLABORATION

It's how we unlock our #winningasone spirit



INNOVATION

It's how we strive for continuous improvement



INTEGRITY

It's all about doing the right thing

Santam is a general insurance group based in South Africa with diversification across market segments, insurance classes and geographies.

Financial results

GROUP NET OPERATING RESULT
Per segment report

R4 504 million

[2022: Restated to R3 612 million]

Conventional Insurance

GROSS WRITTEN PREMIUM (GWP)
GROWTH*

**6% to
R37.4 billion**

[2022: 8% to R35.4 billion]

NET EARNED
PREMIUM

R29.3 billion

[2022: Restated to R27.7 billion]

NET UNDERWRITING
MARGIN*

3.5%

[2022: Restated to 5.1%]
Target range: 5 to 10%

INVESTMENT RETURN
ON INSURANCE FUNDS

2.6%

[2022: Restated to 1.2%]
Target range: 2 to 2.5%

ACQUISITION
COST RATIO

30.3%

[2022: Restated to 29.9%]

ALTERNATIVE RISK TRANSFER
(ART) OPERATING RESULT

R443 million

[2022: Restated to R332 million]

HEADLINE EARNINGS
PER SHARE

2 310 cents

[2022: Restated to 1 817 cents]

RETURN ON
CAPITAL*

28.5%

[2022: Restated to 18.5%]

ECONOMIC CAPITAL
COVERAGE RATIO

155%

[2022: 156%]
Target range: 145 to 165%

FINAL
DIVIDEND

**905 cents
per share**

[2022: 845 cents per share]

STANDARD & POOR'S
GLOBAL RATING

South African national scale

zaAAA

[2022: zaAAA South African
national scale]
Local currency, global scale:

BB

[2022: BB]

* Financial performance metrics linked to the group's short-term incentive scorecard – refer to the remuneration report for more detail.

Our strategic ESG performance

EMPLOYEES

6 472

[2022: 6 339]

BLACK BROKER PROGRAMME

603

[2022: 571]

Certified as a
TOP EMPLOYER
by the Top Employer
Institute for the

8th

consecutive year

GWP WRITTEN THROUGH BLACK INTERMEDIARIES

R1.2 billion

[2022: R1 billion]

SANTAM OMBUDSMAN FOR SHORT-TERM INSURANCE (OSTI) OVERTURN RATIO*

11.03%

[2022: 7.61%]

MIWAY OSTI OVERTURN RATIO*

8.87%

[2022: 7.5%]

NPS SCORE

52

[2022: 48]

BBBEE RATING

Level 1

[2022: Level 1]

MUNICIPALITIES SUPPORTED

through the partnerships for
risk and resilience (P4RR)
initiatives since 2012

95

[2022: 82]

Contributions to investment
funds with ESG focus:
**RESILIENT INVESTMENT
FUND** that focuses on social
impact

R171 million

[2022: R150 million]

ASISA FUND:

R117 million

[2022: R117 million]

Constituent of
**FTSE4GOOD INDEX
SERIES AND FTSE/
JSE RESPONSIBLE
INVESTMENT
TOP 30 INDEX**

Member to **CLIMATEWISE**
and **UN GLOBAL
COMPACT**

Signatory to
UNEPFI PSI
and the **TCFD**

At Santam, our purpose is to safeguard what is important to our clients in a manner that enables wealth creation and protection for all stakeholders. Even in the context of changing weather patterns, we continue to deliver on this purpose, as evidenced by paying out R29.9 billion in claims in 2023.

* Source: These results were extracted from the 2022 OSTI Annual Report. This is due to the 2023 OSTI Annual Report that will only be published during the latter part of 2024.

What we do

OUR OPERATING MODEL

Conventional Insurance

Santam Client Solutions

Our digital-first omni-channel insurance business in South Africa

- Direct
- Sanlam tied agents
- Santam franchises
- Santam Switch

Santam Broker Solutions

Our multi- and independent intermediary channels in South Africa and Namibia

- Independent intermediaries
- Outsourced business
- Digital intermediary

Santam Partner Solutions

Our partnership, and niche ART solutions business, which also focuses on generating new alternative revenue streams from

- Telco partnerships – MTN
- Financial services – Sanlam
- Other partnerships to penetrate the uninsured market
- Ecosystems and platform services Home+ and new acquisition Kandua

Santam Re and International

Our reinsurance business in South Africa and international markets

Santam Specialist Solutions

Our specialist insurance business portfolio in Africa, India and Southeast Asia

- Agriculture
- Niche
- Pan-African partnership with SanlamAllianz

MiWay

Our direct insurance business in South Africa

- Outbound
- Inbound
- Commercial tied agents
- Value-added products and services

Alternative Risk Transfer (ART)

ART

Our ART businesses

- Centriq
- Santam Structured Insurance

We exist to safeguard what is important to our clients and do this by meeting their insurance needs. Whether mainstream or niche, we work to develop an in-depth understanding of all sectors we operate in. This allows us to provide innovative and insightful solutions that meet the specific needs of our clients and help them manage risk. We offer general insurance solutions to individuals, small and big businesses, the agricultural sector, and various other specialist sectors. We do this through focused business units within our portfolio.

In 2023, we changed our operating model to enhance our multi-channel distribution¹ ability in line with the needs expressed by our clients. This internal reorganisation positions us to effectively execute our refreshed strategy described on page 54. Specifically, the new operating model focuses on growing our broker business, a segment that we dominate, while scaling our direct and partnerships businesses.

We aim to meet our market's needs by offering various services, products, and solutions through multiple business units.

¹ Multi-channel distribution allows clients to purchase a policy using their preferred channel (telephone, website, mobile phone etc.). This ensures all of our products are accessible to different target audiences.

Conventional Insurance

Santam Client Solutions

Our Santam branded omni-channel insurance business. Omni-channel refers to a seamless experience across all channels. This will allow a client, for example, to start the process of taking out a policy on their computer and complete it later on their mobile phone, telephonically or face-to-face with an intermediary. We also offer independent administration through Brolink.

Areas of strength

- Diverse product and service offering
- Strong Santam brand
- Omni-channel distribution capability

Channels

- Direct
- Tied agents
- Franchises
- Digital

Customer segments

- Personal (middle-income to affluent with a specific focus on growing the younger segment)
- Commercial including small and medium enterprises (SMEs)

Strategic initiatives

- Enable growth by building a digital-first omni-channel experience
- Digitise the customer journey, from sales to service and claims
- Expand franchises through tactical acquisitions and sales enablement
- Enable strategic referral partnerships
- Increase tied agents' reach and size through an agent vesting strategy in alignment with Sanlam's distribution network
- Data enablement to improve operational efficiency, customer experience and sales capability

Outputs

- Digital-first omni-channel experience
- Multiple classes of insurance:
 - » Motor
 - » Property
 - » Business
- Value-added products

Santam Broker Solutions

Our multi- and independent intermediary channels in South Africa and Namibia.

Areas of strength

- Relationships with clients, intermediaries, suppliers and partners
- Diverse product and service offerings
- Extensive geographic footprint and distribution network
- Technical underwriting and claims capabilities

Channels

- National and independent intermediaries
- Outsourced portfolio administrators

Customer segments

- Personal (middle and high net worth segments)
- Commercial including SME, real estate and hospitality and leisure

Strategic initiatives

- Achieve incremental growth in segment solutions
- Grow multi-channel approach, encompassing support, online platforms and binders
- Prioritise automation and self-service to enhance operational efficiency

Outputs

- Exceptional client and broker experience
- Multiple classes of insurance:
 - » Accident and health
 - » Engineering
 - » Liability
 - » Marine
 - » Motor
 - » Property
- Value-added products including:
 - » BusinessAssist is a suite of value-added products for the SMME market
 - » SmartProtect allows brokers and clients real-time access to selected Santam procurement contracts and services through the client portal and broker portal

Conventional Insurance

Santam Partner Solutions

This business houses our partnerships, ecosystem and platform services, and alternative risk transfer solutions. This business is laying the foundation for future growth in new customer segments that we cannot reach through traditional distribution channels. The vision is to lower the risk protection gap by co-creating financially inclusive products, driving growth in new customer segments and creating new earnings. ART 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 management for clients over the medium to long term.

Alternative Risk Transfer

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

Areas of strength

- Partner-led niche solutions
- Ability to scale fast through partnerships
- Cross-sell with Sanlam
- Strong market position
- Expert and entrepreneurial skills
- **Centriq and SSI** have the flexibility to be innovative in the alternative insurance solutions space
- Alternative earnings streams for shareholders

Channels

- Partnerships e.g. financial services, retailers, telecommunications, motor industry, Sanlam etc.
- Ecosystem and platform services (Home+ and Kandua)
- Contact centres
- Underwriting management agencies (UMAs)
- Sanlam tied agents

Customer segments

- Personal (low, middle and high segments)
- Commercial including SMEs and corporates

Strategic initiatives

- Deliver frequent and relevant interaction to gain access to clients at scale through our own as well as strategic partner digital platforms
- Make the digital acquisition of clients a key success indicator
- Scale and launch new ecosystems and platform services
- Build partnerships across the retail, telecommunications and bancassurance¹ sectors
- Develop low-complexity product solutions by leveraging key data from ecosystems and key partnerships

Outputs

Strategic partnerships

- Value-added products
- Standalone device insurance
- Low priced motor insurance
- No or low advice legal, home and content solutions to affinity markets

Ecosystem and platform services

- Enable the group and partners with ecosystem-as-a-service to support creating new and improved value propositions for existing as well as new clients
- Financial inclusion by enabling informal artisans/heroes through training and job creation
- Our underlying platform is a strategic enabler to the demand and supply side of the ecosystem, promoting agile growth through strategic partnerships

Centriq

- Conventional and structured insurance policies
- Multi-year insurance structures
- Blended risk transfer or retention insurance policies
- First-party cells
- Specialist UMA solutions via cell captive structures
- Alternative distribution and brand affinity third-party cells

SSI

- Individually designed domestic and cross-border risk finance solutions
- Post-retirement medical aid products

¹ Bancassurance is an arrangement between a bank and an insurance company allowing the insurance company to sell its products to the bank's client base.

Conventional Insurance

Santam Re and International

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 an independent general reinsurer 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.

Areas of strength

- Strong Santam brand
- Strong analytical, reinsurance underwriting and actuarial technical skills
- Tightly defined risk management framework
- A high-quality portfolio of treaty participations

Channels

- Reinsurance brokers
- UMA
- Direct

Customer segments

- Primary insurers

Strategic initiatives

- Drive diversification and expansion
- Strengthen the underwriting capacity
- Invest in our people

Outputs

- Treaty reinsurance, proportional and non-proportional
- Multiple classes of insurance products:
 - » Accident and health
 - » Agriculture
 - » Engineering
 - » Liability
 - » Marine
 - » Motor
 - » Property

Conventional Insurance

Santam Specialist Solutions

Santam Specialist Solutions insures large and complex risks in niche market segments in Africa and selected emerging markets. Underwriting these classes of insurance requires expert technical skills, which this unit's underwriting managers and niche businesses offer.

- Emerald Risk Transfer provides property insurance solutions for large industrial and corporate businesses across the African continent
- Stalker Hutchison Admiral (SHA) is the leading provider of third-party liability insurance solutions, covering 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-sized to large motor fleets
- Santam Agriculture is the leading crop insurer in South Africa, focusing on named peril insurance and multi-peril crop insurance
- Mirabilis Engineering Underwriting Managers offers a comprehensive range of engineering insurance solutions in Africa and selected international markets
- Santam Transport is the leading heavy commercial vehicle insurer in South Africa and offers comprehensive cover to transport contractors
- Santam Marine is a leading marine underwriter covering cargo, hull and liabilities
- 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
- Santam Aviation specialises in general aviation for commercial and private sector insurance including hull, third-party and passenger liability insurance
- Vulindlela Underwriting Managers (VUM) specialises in a range of insurance solutions for owners of minibuses, midibuses and metered taxis in South Africa. VUM recently entered the SMME market to include other assets and motor vehicles in previously underinsured markets

Areas of strength

- Strong Santam brand (our clients include 80 of the top 100 listed JSE companies in South Africa)
- Leadership position in the specialist insurance market
- Financial strength, selected international capabilities, and access to an established Pan-African footprint (writing business in 33 countries in Africa and selected international markets)
- SanlamAllianz distribution arrangement
- Diverse products backed by unmatched technical expertise and knowledge in specialist insurance solutions

Channels

- International and national brokers
- UMA
- Direct
- Digital

Customer segments

- Large and niche corporates
- SME and mid-market commercial segment
- Personal/retail segments

Strategic initiatives

- Drive international expansion and diversification in key selected markets
- Use data and risk management to select and underwrite targeted clients and segments requiring specialist solutions
- Leverage SanlamAllianz and build specialist capability
- Enhance seamless specialist value proposition

Outputs

- Multiple classes of insurance products:
 - » Accident and health
 - » Aviation
 - » Crop
 - » Engineering
 - » Liability
 - » Marine
 - » Motor
 - » Property
 - » Transport
 - » Travel

Conventional Insurance

MiWay

Our direct insurance business in South Africa predominantly underwrites personal lines short-term insurance business through direct selling. This is supported by a smaller intermediated personal lines business. MiWay also underwrites commercial lines insurance.

Areas of strength

- 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
- Transparent client communication through a dedicated client website
- MiWay Blink is a fully digital motor insurance offering

Channels

- Direct contact centre
- Digital
- Face-to-face

Customer segments

- Personal
- Commercial

Strategic initiatives

- Grow our inbound and tied agent channels to strengthen our distribution network
- Expand the customer value proposition and product mix to meet a broader range of customer needs
- Elevate the customer experience by implementing measures that enhance service quality and satisfaction through our “Lead by Service, Led by Service” culture
- Enhance our digital offering and presence to cater to the evolving preferences of our customers
- Be a preferred company to work for

Outputs

- Motor insurance
- Property insurance
- Liability insurance
- Value-added products and services
- Business insurance

Why invest in Santam

Exceptional track record

We have a solid legacy and a consistent, proven record of sustainable value creation. Despite extraordinary challenges, we have proven to be a resilient business with robust performance. This consistency makes us a trusted brand, especially in South Africa.

Santam has provided sustainable value to stakeholders over our 105 years in business

Consistently achieve real GWP growth in line with our target of exceeding SA GDP + CPI growth

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

Economic capital coverage ratio of 155% is well within our long-term target range of 145% to 165%

Settled claims of R29.9 billion in 2023, supporting financial resilience

Over the past decade, we have achieved consistent results

Average **net underwriting margin** of 7%, within our target range

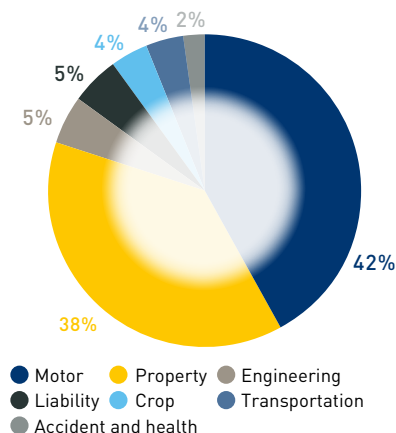
Average **return on capital** of 23%

Ordinary dividend per share compounded growth of 7%, enabled by a stable dividend policy
Total special dividends of R33.80 per share over the past 10 years

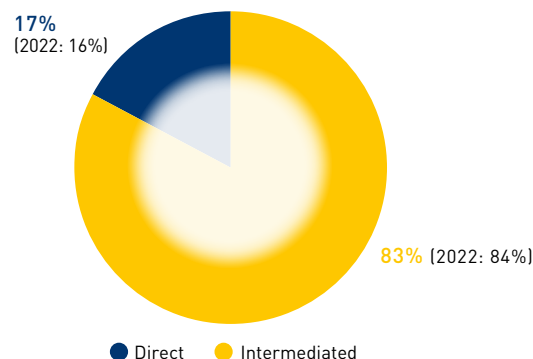
Increasing scale and diversification

We are the leading insurer based in South Africa with a portfolio that offers diversity across product lines, distribution channels and geographies. Although we derive most of our revenue from property and motor lines, we also offer diversification across our specialist lines of business. In most of these specialist lines, we are the market leader.

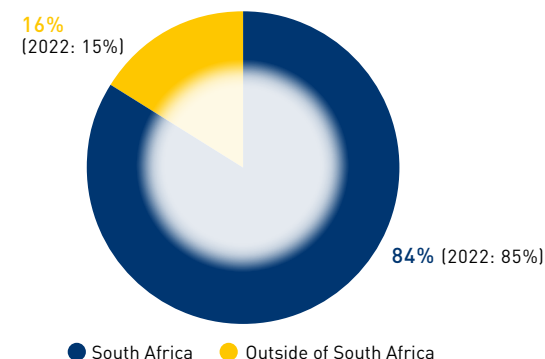
CONVENTIONAL GWP PER INSURANCE CLASS (2023)



CHANNEL DIVERSIFICATION (% OF GWP)



GEOGRAPHICAL DIVERSIFICATION OF TOTAL GWP



Why invest in Santam (continued)

Responsible corporate citizen

We acknowledge that our business operates within environmental and social thresholds. Operating in a nested ESG system necessitates that we take ESG issues and sustainability seriously. The Santam group is committed to being a good corporate citizen and contributing to a sustainable and transformed South African economy. Our sustainability approach is shaped by our long-term aspiration of narrowing the risk protection gap in the markets we operate in, through collaboration, proactive risk management and provision of inclusive risk management solutions.

Our strategic ESG pillars focus on what is important to our stakeholders and what is most material to our business. Geared towards contributing to a sustainable and transformed South African economy, our pillars include:

- Running a responsible business
- Helping to build resilient societies
- Nurturing talent and culture



Running a responsible business

Diverse board appointed to oversee governance

Board approved the reviewed Code of Ethics during the year

Strong governance policies in place, including:

- Anti-bribery and anti-corruption
- Conflict of interest
- Whistleblowing

Board approved the group's first coal position statement and conducted climate scenarios in alignment with the TCFD recommendations

Invested **R171m** in companies that reduce long-term systemic risk through the Santam Resilient Investment Fund

Inclusion of ESG KPI measurement criteria for management



Helping to build resilient societies

Paid **R29.9bn** in claims in FY2023

Launched South African digital insurance solution for informal businesses and township economy with MoyaApp

13 million people reached through the P4RR since 2012, supporting a total of 95 municipalities

Increased minimum salary to **R180 000** per annum in line with the South African living wage

Through our consumer financial education (CFE) work in partnership with the South African Insurance Association (SAIA), reached:

- 4.5 million radio listeners
- 93 000 SMME's through the Building Resilient Business Programme



Nurturing talent and culture

Over **600** emerging intermediaries in our Black Broker Development programme.

Skills Development Spend **R13.6m**

Santam HR recognised for excellence in talent acquisition, learning and development and digital HR at the Annual Institute of People Management Excellence Awards.

Ranked **8th** for the Top Employer Survey and only insurance company in the top 10.

Maintained BBBEE Level 1 status since **2018**

Why invest in Santam (continued)

Being a signatory to the TCFD means that we understand that climate change presents a financial risk to the global economy and are thus cognisant of the need to understand the nature of our own exposure to climate-related risks and opportunities. Below is a summary table that highlights our progress against the four pillars of the TCFD recommendations.

Progress made in 2023 to manage climate-related risks and opportunities

 <p>Governance</p>	 <p>Strategy</p>	 <p>Risk management</p>	 <p>Metrics and targets</p>
<p>How does the board assess and manage climate-related risks and opportunities? Does the organisation have top-level governance on climate-related matters?</p> <ul style="list-style-type: none"> • The SES committee, a board subcommittee with oversight of ESG, including climate change, met four times this year and discussed climate-related topics in addition to sustainability matters • The board approved the group's position statement on coal • Implemented ESG-related performance measurement indicators for executive management • The board engaged with and shared our approach to managing climate risk and organisational resilience with prudential authority in May and November 2023 	<p>What are the potential and actual impacts of climate-related risks and opportunities on the business strategy and financial planning?</p> <ul style="list-style-type: none"> • We assessed our coal exposure compared to the uptake of renewable energy projects we underwrote • We conducted a group-wide climate scenario analysis to assess climate-related risks and opportunities and their impact on our strategy. This was done using the Network for Greening the Financial System (NGFS) scenarios. The outcomes of the scenario analysis are provided in the risk management section of the 2023 TCFD report 	<p>How is the organisation managing climate-related risks and opportunities? How are climate-related risks integrated into the overall risk management framework?</p> <ul style="list-style-type: none"> • Assessed the impact of an increase in weather-related events on Santam's modelled underwriting result and solvency capital requirement • Geocoding our insurance book and conducted flood risk assessments to better understand our risk exposure to extreme weather-related events • The businesses continue to be responsible for identifying and managing risks faced by the business in accordance with the ISO 31000 rated enterprise risk management (ERM) framework and risk management process 	<p>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?</p> <ul style="list-style-type: none"> • In 2023, our ClimateWise score improved to 73% from 72% (2022) • 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







Why invest in Santam (continued)

Growth opportunities

Our market dominance, financial capacity and technical expertise position us well to scale our business profitably. Technology and partnerships are two key levers to unlock growth.

Technological enhancements

We know our growth needs to be supported by technology and rich data. This thinking has been embedded in our FutureFit 2030 strategy.

Underwriting			Client-facing		
 <p>World-class underwriting capabilities, including diverse and specialist insurance skills</p>	 <p>Furthered the roll-out of our geocoding system across our property book, measurably reducing losses</p>	 <p>Where we can, we proactively reduce risk. Based on recent claims data, we engaged with clients on high-risk motor claims to maintain acceptable risk levels this year</p>	 <p>Digitally enhanced intermediary platform improves experience and efficiency</p>	 <p>Santam Switch and MiWay Blink improve the experience for clients and offer self-service capability</p>	 <p>Home+ digital app introduced to strengthen direct engagement with clients</p>

Growth market segments

We have identified market segments where we can grow to support our growth and diversification strategy. This is supported by strategic relationships that we will leverage to scale our business, improve our product offering and unlock exponential growth.

Large market share in South Africa in both the broker and specialist segments	<ul style="list-style-type: none"> Enhance growth through improved client and broker value propositions and experience
Underrepresented in the direct market	<ul style="list-style-type: none"> MiWay inbound and face-to-face commercial distribution model Dedicated focus on direct under the Santam brand in the Santam Client Solutions business unit
Growth opportunity in lower middle and entry-level segments <i>These segments cannot be reached through traditional channels and need low-cost methods of distribution</i>	<ul style="list-style-type: none"> Executed through Partner Solutions business – partnerships and growing non-insurance revenue sources and client engagement through ecosystems Cross-selling opportunities with Sanlam in South Africa Access to a new customer base through our partnership with MTN in South Africa
Growing outside of SA through Santam Re and Specialist	<ul style="list-style-type: none"> SanlamAllianz joint venture (JV) provides growth opportunities in specialist lines across Africa Grow Santam Re with treaty business across a wide geography (Southeast Asia, Middle East and Africa)

How we operate – business operating model

Santam's business model reflects the inter-connectedness of our overall operating environment, the key resources we are dependent on, the challenges and opportunities we are exposed to and how we manage these in an integrated manner to deliver on our purpose.

The availability and quality of the key resources we depend on

enable us to deliver on our strategy



How we operate – business operating model (continued)

to facilitate value-adding business activities, outputs



and outcomes

to create value for our stakeholders

● Created ● Maintained ● Eroded

Created, maintained or eroded, as compared to last year




	Clients	Employees	Providers of capital	Suppliers	Intermediaries	Communities	Government and regulators
Financial capital <ul style="list-style-type: none"> Fund business activities such as acquisitions, investments in technology and training Help municipalities preserve manufactured capital through P4RR Improve socio-economic conditions, particularly in South Africa Pay claims, dividends, taxes and other expenses such as salaries 	●	●	●			●	●
Human capital <ul style="list-style-type: none"> Remunerate fairly Expand and transfer skills Improve employee diversity Collaborate with industry associations, such as SAIA and the Financial Intermediaries Association of Southern Africa (FIA) 		●		●	●		
Manufactured capital <ul style="list-style-type: none"> Insure physical assets Invest in infrastructure development projects Incentivise responsible behaviours Intellectual capital Keep the client at the core Maintain our competitive advantage Innovate in product development Underwrite responsibly Act responsibly with client data 	●			●		●	

and outcomes

→ to create value for our stakeholders

● Created ● Maintained ● Eroded

Created, maintained or eroded, as compared to last year

		Clients	Employees	Providers of capital	Suppliers	Intermediaries	Communities	Government and regulators
 Intellectual capital <ul style="list-style-type: none"> Keep the client at the core Maintain our competitive advantage Innovate in product development Underwrite responsibly Act responsibly with client data 	<ul style="list-style-type: none"> Continued to improve MiWay Blink digital product based on customer needs Implemented the MiWay inbound and tied agency strategy Launched Santam Business Assist Continue to be the best intermediary enabler – enabled more than 3 000 intermediaries digitally Cross-selling with Sanlam 	●			●	●		
 Social and relationship capital <ul style="list-style-type: none"> Develop supply chain preferential partners Support SMME suppliers Black Broker Development programme Build resilient societies through P4RR, CSI and employee volunteerism 	<ul style="list-style-type: none"> Santam Ombudsman for Short-Term Insurance (OSTI) overturn ratio 11.03% (2022: 7.6%) MiWay OSTI overturn ratio 8.87% (2022: 7.5%) R2.8 billion spent with SMME suppliers (2022: R2.6 billion) 603 black intermediaries supported through Black Broker Development programme (2022: 571) Supported 95 municipalities through P4RR since 2012 (2022: 82) No material incidences of fraud Intermediary NPS of 59 (2022: 44.1) 	●			●	●	●	●
 Natural capital <ul style="list-style-type: none"> Impact on insured portfolios (extreme weather-related claims) Invest responsibly Procure responsibly Operational reduction of energy and water use, waste 	<ul style="list-style-type: none"> Invested in four enterprise and supplier development funds Published second TCFD report ClimateWise score 73% (2022: 72%) CDP score B (2022: B) Constituent of the FTSE4Good index and FTSE/JSE responsible investment Top 30 index 			●				●

Santam's key stakeholder relationships

As a leading general insurer, Santam is an integral part of society and, therefore, is accountable to 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 that we follow industry and international best practices in managing the requirements of our stakeholders. These include the International Association for Public Participation (IAP2) and International Finance Corporation's (IFC) key components of good stakeholder engagement.

Each material stakeholder grouping is assigned to executive and secondary relationship owners. These executives provide quarterly feedback to the head of stakeholder relations through our digital stakeholder hub, facilitating accurate and consistent reporting. Relationship owners track the types of interaction, matters discussed, the next steps taken, and who the relevant responsible individuals are.

How we govern stakeholder relationships

The head market development, responsible for stakeholder relations functions, reports material stakeholder matters to the 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 practices.

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 matters to the board.

A RAG status is used to analyse the health of our stakeholder relationships. The colour red signifies that the connection is in danger of failing. Immediate intervention is required. Amber suggests that the connection requires support. The colour green shows that the connection is in excellent condition.

Our stakeholder engagement matrix defines the key stakeholders and the individuals responsible for managing those relationships. We review our stakeholder universe annually to ensure that new and emerging stakeholders are included.



Santam provides flood and fire rescue equipment to municipalities to improve their ability to respond to emergencies – read more on page 62

Our key stakeholders

Clients

Our priorities are to retain existing clients by improving their experience across the entire client journey, ensuring that the solutions we offer remain relevant to their needs and continuously enhance the overall value propositions. Our goal is also 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

Examples of engagements in FY2023

We engaged with numerous stakeholders, including 404 clients, through the Santam Insurance Barometer Report.

We have also engaged with our clients through social media, radio and written communication.

We also engaged with our intermediaries through conferences and road shows.

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 client privacy
- The assurance that we will pay legitimate claims and provide relief in times of significant financial strain

What was learned during engagements

Clients indicated an appetite for demand-based insurance covers to enhance affordability. They also indicated a desire for access to tech-based services to help manage their coverage.

How we assess value creation, preservation or erosion

- TCF is a regulatory and supervisory approach driven by principles that address the consistent delivery of fair client outcomes. Santam's conduct is assessed to 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 NPS

How Santam is responding/will respond to needs or expectations

Santam Switch, an app-based insurtech solution that allows clients to customise and turn cover on and off according to their lifestyle needs.

Our value-added products, BusinessAssist and SmartProtect offer clients and intermediaries real-time access to selected Santam procurement contracts and services through the client portal and broker portal. Our SmartPark initiative offers reduced rates to motor insurance clients that travel less than 15 000 km per year.

Employees



In my time here so far, I have realised that Santam is truly the best place to be. It is a place with heart and where values drive us. We have got a good thing going here and I'm finding that my blood is turning yellow quickly. This attracts some of the best people which also makes Santam a hunting ground for our competitors. We're okay with that because we believe the talent we nurture is not only for the group but for the industry.

Norah Sehunoe, executive head: human resources (HR)

Our 6 472 diverse and skilled employees assist us in executing our 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
- Chief executive officer (CEO) roadshow and management conference
- Talent and performance management

Examples of engagements in FY2023

We rolled out the CEO roadshow across all regional offices to create a platform for the executive committee to explain the strategy refresh and changes to the operating model.

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 ways of working
- An ethical, fair, inclusive and safe work environment
- Protection of labour and human rights

What was learned during engagements

Employees appreciated the opportunity to engage with the CEO and executive team in person.

How we assess value creation, preservation or erosion

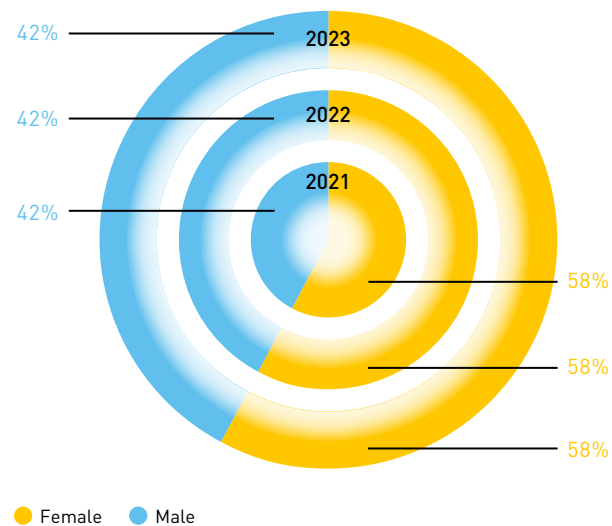
- A diverse and inclusive employee profile
- Employee engagement and Barrett Culture Surveys
- Santam's occupational health and safety approach ensures compliance with the Occupational Health and Safety Act and Regulations, 85 of 1993, the Compensation for Occupational Injuries and Diseases Act, 130 of 1993, and local bylaws

How Santam is responding/will respond to needs or expectations

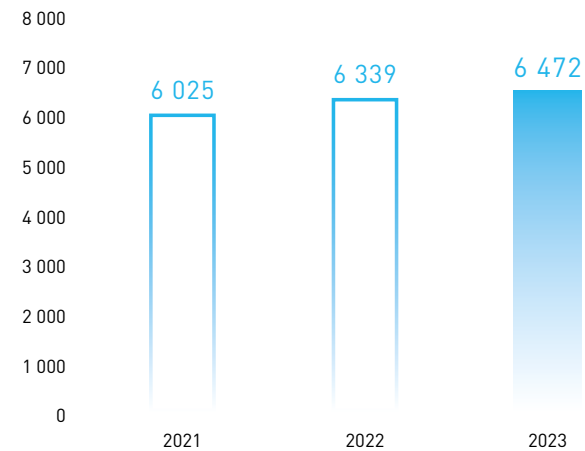
We will continue communicating progress about the roll-out of our strategy and operating model.

A profile of our employees

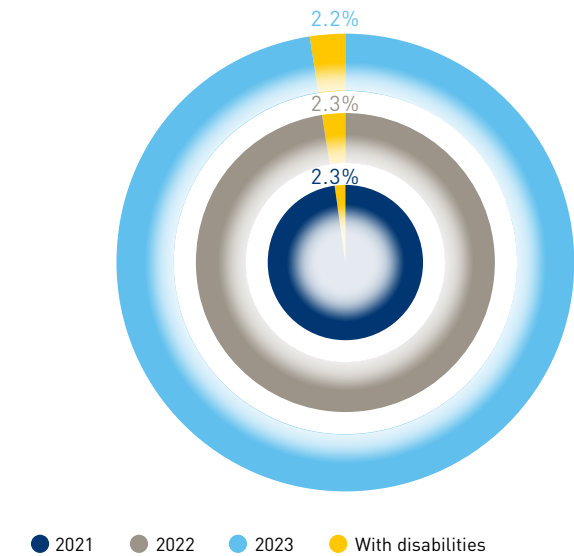
EMPLOYEES BY GENDER (%)



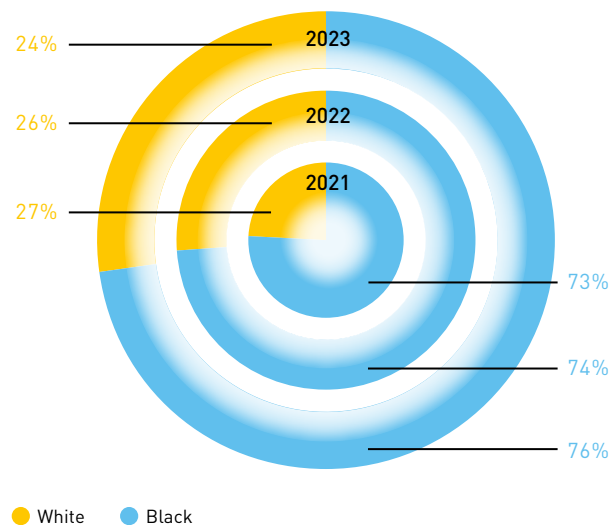
NUMBER OF PERMANENT EMPLOYEES



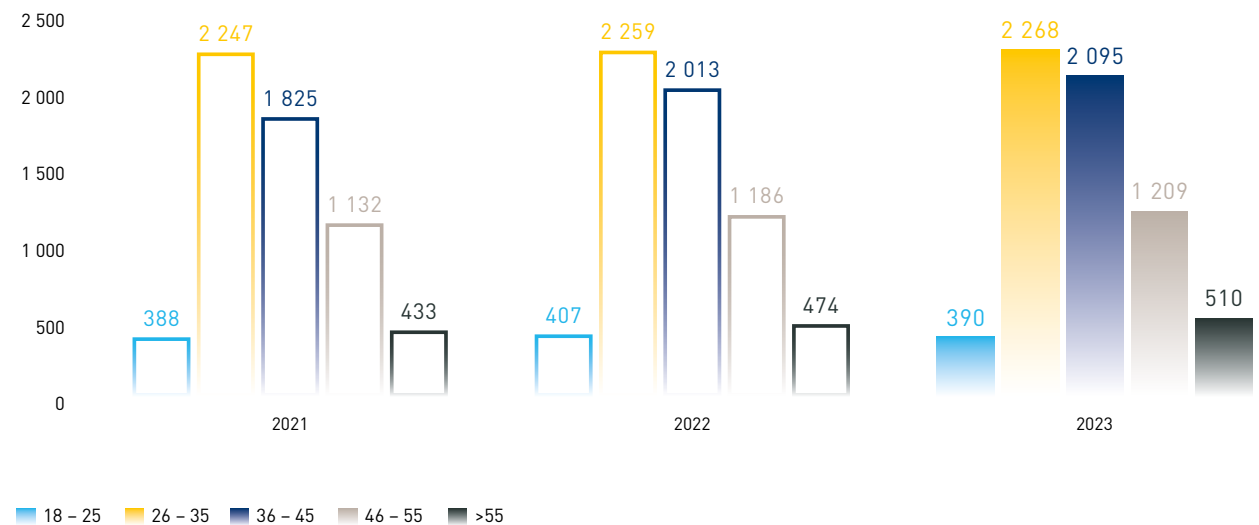
EMPLOYEES WITH DISABILITIES (%)



EMPLOYEES BY RACE (%)



EMPLOYEES BY AGE (NUMBER)



Capital providers

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.

How we engage

- Annual general meeting
- Results presentations
- Investor conferences
- One-on-one meetings
- Reports
- The Vault online investor relations communication tool

Examples of engagements in FY2023

The Santam CEO, financial director, and head of investor relations held a series of engagements with the investor community. These included:

- An investor perceptions study about Santam
- Results meetings with local and international investors

Their needs and expectations

- Return on investment in line with cost of capital
- Transparency, accountability and good corporate governance
- A strong balance sheet and effective growth strategy
- Long-term sustainability

What was learned during engagements

A continued need for regular and planned engagements.

How we assess value creation, preservation or erosion

- Shareholder voting on resolutions at our AGM
- Feedback at shareholder engagements
- Our providers of capital have a vested interest in Santam's long-term sustainability and monitor our ESG ratings
- Demand for debt issuances
- Share price performance

How Santam is responding/will respond to needs or expectations

We incorporate regular and planned engagements into our investor engagement strategy.

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. We maintain strong relationships with suppliers, business partners and industry associations. Ongoing engagement is critical to ensure compliance, ethical conduct, and adherence to contracts.

How we engage

- Procurement processes
- Industry bodies
- Supplier development initiatives
- Engagement on compliance, ethical conduct, and adherence to contracts

Examples of engagements in FY2023

All scheduled quarterly meetings with suppliers' associations took place.

Their needs and expectations

- Suppliers expect Santam to meet its contractual terms and agreements
- Long-term beneficial relationships, regular engagement and support

What was learned during engagements

For example, this year's discussions with the South African Towing and Recovery Association (SATRA) were about load shedding, fuel allowances, labour/towing rates, and funding.

How we assess value creation, preservation or erosion

- Supplier feedback
- Client complaints about suppliers

How Santam is responding/will respond to needs or expectations

In response to SATRA's needs, Santam offered a fuel allowance of R230 excluding VAT per motor assessment and a 9% labour rate increase. Grant funding will be made available upon application.

Intermediaries

Santam's 3 000 intermediaries guide clients through the structure of policies and offer advice, information and assistance regarding risk management strategies and claims processes.

How we engage

- Broker portal
- Virtual and face-to-face roadshows
- Online training initiatives
- We engage with the FIA and black intermediaries regarding industry transformation imperatives

Examples of engagements in FY2023

We received 167 intermediary responses through the Santam Insurance Barometer Report this year.

Their needs and expectations

- 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

What was learned during engagements

Survey feedback from intermediaries and commercial clients indicated that, while they understood the need for cyber security, more awareness was needed to understand specific mitigation actions and insurance cover options.

How we assess value creation, preservation or erosion

- 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 NPS

How Santam is responding/will respond to needs or expectations

Santam is working on a simpler quotation process to promote better adoption of cyber cover. The tool stimulates conversations with intermediaries and their clients about the cover, risk mitigation measures companies have in place, and the strength of their IT systems and policies. Going through the quoting process reveals the level of risk preparedness.

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.

How we engage

- P4RR
- Corporate Social Investment (CSI) initiatives
- Consumer financial education
- Employee volunteerism

Examples of engagements in FY2023

Through the P4RR, we supported three additional district municipalities:

- uMgungundlovu
- Joe Gqabi
- Pixley ka Seme

Their needs and expectations

- Skills development
- Employment opportunities
- Financial education and inclusion
- Contributions to social and environmental issues
- Transparent and comprehensive reporting on material ESG-related risks and opportunities

What was learned during engagements

Our partner municipalities appreciate our assistance and confirm that our contributions improve their ability to manage disasters.

How we assess value creation, preservation or erosion

- We increase the number of municipalities we support through P4RR and engage with them to ensure we are creating value
- We monitor CSI spend
- Our investment in consumer financial education and the value communities derive from it

How Santam is responding/will respond to needs or expectations

We will continue working with selected partners to support the resilience of our communities.

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. The Chief Risk Officer provided input into the Climate Guidance Note released by the Prudential Authority.

How we engage

- 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

Their needs and expectations

- 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

How we assess value creation, preservation or erosion

- In-person feedback
- Annual and quarterly regulatory reporting and compliance

Examples of engagements in FY2023

Examples of the routine engagements we have with the government and the regulator include:

- The board met with the PA in May and November to discuss organisational resilience
- The transformation office engaged with the Financial Sector Transformation Council to support industry initiatives and to review the Financial Sector Code
- The finance office engaged with the National Treasury and the South African Revenue Service around implementation of IFRS 17

What was learned during engagements

Santam abides by the regulations set out by government entities. As such, no major concerns were raised or need to be addressed.

How Santam is responding/will respond to needs or expectations

We will continue to maintain a healthy working relationship with relevant regulators.

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

- Annual discussions on renewal reinsurance programmes
- Discussions during catastrophe events

Examples of engagements in FY2023

Santam attended the Baden-Baden Reinsurance conference and hosted a breakfast presentation. The opportunity was used to introduce the new Santam Re management team and the refreshed strategy. We also explained our risk exposure management and geocoding initiatives.

Their needs and expectations

- 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

What was learned during engagements

Reinsurers are cautious about deploying catastrophe capacity in South Africa following losses from COVID-19, KwaZulu-Natal riots and KwaZulu-Natal floods. Reinsurers faced losses from natural catastrophes, including the earthquake in Türkiye, floods/hailstorms in Europe and wildfires in Hawaii. As a result, reinsurance rates will remain.

How we assess value creation, preservation or erosion

- Support from diverse reinsurance panel
- Fairly priced reinsurance contracts

How Santam is responding/will respond to needs or expectations

We continue to engage with reinsurers to secure cost-effective reinsurance. We will continue to improve our internal risk management initiatives to limit passing premium increases on to our clients.

The media

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

How we engage

- Santam's "always on" approach, where expert opinion on insurance matters is regularly provided to the media
- The use of television, radio, digital platforms, print and our social media platforms to convey messaging
- Regular provision of thought leadership commentary
- Focused engagements

Examples of engagements in FY2023

During the year under review Santam hosted a number of engagement sessions with the media, including:

- Interviews with company experts on topical issues affecting the short-term insurance industry
- The group CEO and chief financial officer (CFO) held a series of interviews with the media during the presentation of the annual and interim results
- Santam launched the results of the 2023 Insurance Barometer Report, which tracks emerging risk trends in the country

Their needs and expectations

- Transparency and availability
- A clear purpose and values

What was learned during engagements

The media is an important platform which, if managed appropriately, allows Santam an opportunity to tell its story in a manner that leads to respect for the brand from stakeholders.

How we assess value creation, preservation or erosion

- Assess mainstream media sentiment regarding Santam coverage

How Santam is responding/will respond to needs or expectations

Santam considers the media an important stakeholder. The company will continue to nurture and sustain the relationship with media stakeholders.

4

Ensuring good governance



Reflections from our chairperson

Resilience in the face of volatility

The global insurance industry has been under unrelenting pressure since 2020. This year we saw increased volatility in the markets we operate in due to the increasing frequency of extreme weather events and geopolitical tensions. The industry was further challenged by cost-of-living pressures and, in our home market, high competition, load shedding and slow economic growth.

I am proud to see how Santam showed remarkable resilience in these conditions, supported by mature governance structures and embedded processes. These continue to evolve to ensure dynamic and appropriate responses and prudent decision making that considers all our stakeholders.

Overseeing FutureFit strategy implementation

The management team implemented the refreshed FutureFit strategy on 1 January 2023, along with the new operating model. Every quarter, business and functional units report to the board on progress towards the FutureFit strategy targets. The board was satisfied with the milestones achieved during the financial year and is confident in the new management team's ability to deliver on the refreshed strategy. The board provided pertinent input on several matters related to strategy, including:

- Diversification of Santam's portfolio across market segments, insurance classes and geographies
- Opportunities for collaboration with Sanlam Group, including shared services and cross-selling initiatives
- Santam group's digital strategy and IT roadmap
- Hybrid operating model for employees
- Heightened client centricity and focus on treating customers fairly

The board is also satisfied that the strategy still adequately addresses the opportunities and challenges the business is expected to face in the short to medium term, and that there were no significant changes to the list of material matters in this financial year.

A turbulent world can make it hard to re-imagine a better tomorrow, especially as our society is challenged by so many fears and negative outcomes. Against these odds, Santam remains a visionary leader that is committed to our purpose of safeguarding what is important to our clients.

Nombulelo Moholi



ESG governance

The board recognises that extreme weather events will continue to increase in frequency and severity in the coming years. We are seeing these impacts locally and in the global insurance industry. As a board our role is to oversee that climate-related risks and opportunities are effectively managed.

In fulfilment of this responsibility, we achieved the following this year:

- We approved Santam's coal position statement. This includes a commitment to gradually align our underwriting guidelines and standards with our reinsurers' transparency requirements around coal and to actively monitor our exposure to coal to reduce it over time.
- We implemented ESG-related performance measures for the management team to ensure the achievement of our sustainability targets
- We shared our climate-risk management approach with the Prudential Authority in May and November 2023

Diverse team

Additional changes were made this year to strengthen and diversify the board in line with the group's diversity policy. Changes that took place included:

- Hennie Nel, who was Santam's chief financial officer (CFO) for more than a decade, left Santam on 30 June 2023 and moved to the Sanlam Group
- Wikus Olivier was appointed as finance director, CFO, Debt Officer and member of Santam's risk and investment committees effective 1 July 2023
- Due to her long-standing tenure on the Board of Directors, Dawn Marole retired on 30 September 2023 after serving on the board for a decade, notably as chairperson of the HRRC and SES committee and member of the nominations committee
- We welcomed Lucia Adele Swartz to the board as an additional independent non-executive director effective 1 June 2023, succeeded Dawn Marole as the new Chair of the HRRC (effective 01 October 2023). Lucia's appointment to the Board was primarily made to enhance the overall skill set of the Board and to further strengthen the Board's collective expertise and capability
- Caroline da Silva, an existing independent non-executive director of the board, was also appointed as an additional member to the HRCC effective 1 June 2023, succeeded Dawn Marole as the new Chair of the SES Committee (effective 1 October 2023)
- Monwabisi Fandeso, an independent non-executive director and Santam's Lead Independent Director succeeded Dawn Marole as a new member of the Nominations Committee effective 1 October 2023

The board is satisfied with the balance of Santam's leadership and confident that its composition reflects an appropriate mix of knowledge, skills, experience, diversity and independence.

Board and management succession planning was also a focus for the year and we are satisfied with the succession plan we have in place.

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 zero-tolerance stance when matters of ethical misconduct are brought to our attention.

The board reviewed and approved a range of policies and group statements this year, including the group's ethics strategy and the code of ethics, which were extensively reviewed and endorsed by the SES committee.

The board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the 2023 financial year.

Outlook and appreciation

We continue to have concerns about the socio-political risk, high unemployment and continued failing infrastructure due to poor maintenance at the municipal level. This degradation of infrastructure has negative impacts on our clients, motor and property portfolios. Our response is to continue to commit to work with municipalities and support their resilience.

I would like to express gratitude to my colleagues on the board for guiding the Santam group through another challenging year. I would also like to thank Tavaziva and the executive management team for achieving positive financial performance despite the headwinds that Santam faced.

I am inspired by the positive financial results we are already seeing as we bed down the new operating model and revised FutureFit strategy.

I am confident that we will continue to see positive results in the coming years as the strategy is rolled out by our diverse and talented employees with the board's support.

Nombulelo Moholi
Chairperson

The Santam board at 31 December 2023

The board of directors

Role and mandate

The board oversees the Santam group. The board is the custodian of corporate governance and is responsible for directing, administering, and controlling the group's affairs in a transparent, fair, ethical and responsible manner.

This includes achieving and maintaining an appropriate balance of knowledge, skills, experience, diversity, and independence to ensure that the board can 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 sustainably.

This ensures that Santam operates a sustainable business that creates value for its stakeholders. In addition, the board is at liberty as and when necessary to delegate some of its responsibilities to its board committees and 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, approve strategic plans to achieve the objectives, monitor operational performance, ensure effective risk management and internal controls, and monitor legislative, regulatory and governance requirements
- Ensure 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 opportunities, business model, performance and sustainable development are all inseparable elements of the value creation process and give effect to this
- 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
- Oversee the group's investments, the strategic investments and corporate actions

The members of the board of directors (profiles)

As at 31 December 2023, Santam's Board comprised 11 non-executive directors (of which 7 were classified as "independent") and two executive directors.

Independent non-executive directors



Nombulelo Moholi (63) 🇷🇷

**Chair of the Board of directors and
Chair of the nominations committee**
*Qualifications: BSc (Electrical and Electronics
Engineering)*

Date of appointment: 3 June 2021

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



Caroline Da Silva (58) 🇧🇷

Chair of the SES Committee
*Qualifications: BA, Executive Leadership
Management Practice*

Date of appointment: 3 June 2021 (Chair of the
SES Committee with effect from 1 October 2023)

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 (63) 🇷🇷

**Previously the Chair of the HRRC and
the Chair of the SES Committee**
*Qualifications: BCom, Dip (Tertiary
Education), MBA*

Date of appointment: 13 December 2011
(Retired: 30 September 2023)

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, Shoprite Holdings and is a trustee of the Emthunzini B-BBEE Community Trust.



Deborah (Debbie) Loxton (60) 🇷🇷

Chair of the Risk Committee
Qualifications: BCom, BAcc, CA(SA)

Date of appointment: 3 June 2021

Debbie is a chartered accountant with more than 30 years' experience in audit, risk, finance and governance, including 15 years' experience in the insurance industry. She spent 6 years as an audit partner at PwC, has held various executive positions at the Old Mutual Group, and has several years of experience serving as an independent non-executive director on boards within the financial services industry.

Independent non-executive directors (continued)



Lucia Swartz (66) 🌍

Chair of the HRRC

Qualifications: BA (Psychology and Geography), Dip (Human Resource Management), Advanced Management Programme

Date of appointment: 1 June 2023 (Chair of the HRRC with effect from 1 October 2023)

Lucia is a senior human resource executive and strategic business partner, with international experience in corporate and start-up operations and a proven record of accomplishments of successfully building and aligning people's capabilities to the needs of the business. She serves on the board of Mr Price Group Ltd, Tiger Brands Ltd, Isizwe Advisory Services (Pty) Ltd, Fibertime Group (Pty) Ltd and Mazwie Viedges. She was also previously employed by AB InBEV Africa (Pty) Ltd/SABMiller Africa Ltd as the Vice President – People Africa Zone.



Mmaboshadi (Shadi) Chauke (44) 🌍

Qualifications: BCom, BAcc, CA(SA)

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 Sanlam Developing Markets, MiWay Insurance Group, Afrocentric Investment Corporation, The Small Enterprise Foundation, Mamor Capital (Pty) Ltd and Mamor Capital Ventures (Pty) Ltd.



Monwabisi Fandeso (65) 🌍

Lead Independent Director and Chair of the Investment Committee

Qualifications: BSc (Hons), MBA

Date of appointment: 15 January 2020

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



Preston Speckmann (67) 🌍

Chair of the Audit Committee

Qualifications: BCompt (SA) (Hons), CA(SA)

Date of appointment: 8 February 2017

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

Non-executive directors



Abigail Mueletwa Mukhuba (44) 🇷🇷

Qualifications: BCom (Hons), CA(SA), MCom (SA and International Taxation), 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 and Sanlam Life Insurance Ltd as well as a non-executive director of Sanlam Emerging Markets and Sanlam Investments (Pty) Ltd.



Junior John (JJ) Ngulube (65) 🇷🇷

Qualifications: BSc (Hons) (Agriculture), MSc (Agriculture), 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 Munich Reinsurance Company of Africa Ltd. He currently serves as the chair of Marsh South Africa, a non-executive director of Continental Reinsurance Company as well as a board member of Transition to Transformation NPC.



Mlondolozzi (Lotz) Mahlangeni (43) 🇷🇷

Qualifications: BBusSc (Hons), Fellow of the Institute of Actuaries, 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.



Paul Hanratty (62) 🇮🇪

Qualifications: BBusSc (Hons), Fellow of the Institute of Actuaries

Date of appointment: 11 August 2020

Paul has been the Group CEO of Sanlam Ltd since 2020. He is an expert in actuarial, risk and compliance as well as ethics governance. He obtained a BBusSc (Actuarial Science)(Hons) from the University of Cape Town and is a fellow of the Institute of Actuaries (FIA). Paul has held various leadership roles at large financial services companies in Africa, the UK and several other markets. He is currently a director of Sanlam Ltd, Sanlam Life Insurance Ltd, Sanlam Investment Holdings (Pty) Ltd, SIH Capital Holdings (Pty) Ltd and the AfroCentric Group.

Executive directors (*ex officio*)



Tavaziva (Tava) Madzinga (45) 🌍🌍

Group Chief Executive Officer

Qualifications: BBusSc, FASSA, Fellow of the Institute of Actuaries

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

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



Hennie Nel (54) 🌍

Group Finance Director and Chief Financial Officer

Qualifications: BAcc (Hons), CA(SA)

Date of appointment: 17 September 2012 (Resigned: 30 June 2023)

Hennie has been the Group Finance Director and Chief Financial Officer of Santam since September 2012. Prior to his role at Santam, he was a director at PwC where he has worked since 1993. His range of experience within the financial services industry covers general and life insurance as well as banking and investment management. Before Hennie stepped down as Santam's Group Finance Director, he also served as a director on the boards of several entities within the Santam group of companies.



Matthys Lodewikus (Wikus) Olivier (49) 🌍

Group Finance Director and Chief Financial Officer

Qualifications: BAcc (Hons), CA(SA)

Date of appointment: 1 July 2023

Wikus' expertise includes accounting, finance, financial markets and investments as well as general business and risk management. Prior to joining Santam as the deputy Chief Financial Officer on 1 January 2023, Wikus held several senior executive positions within the Sanlam Group, including serving as acting chief financial officer of Sanlam Limited and Sanlam Life Insurance Limited in 2019/2020, after which he assumed the role of Sanlam's Group executive: corporate strategy. He currently serves on the board of directors of the MiWay group of companies, the Centriq group of companies, the SSI Group of Companies, Guardian National Insurance Company Ltd and Santam Namibia Ltd.

Group Company Secretary



Ruwaida Eksteen (45) 🌍

Group Company Secretary

Qualifications: BCom (Law), LLB, Masters (Development Finance)

Date of appointment: 1 July 2022

Ruwaida assumed the role of Group Company Secretary of Santam Ltd in July 2022. She previously served in various senior governance, risk management, compliance, legal, commercial and company secretarial roles in the JSE Listings environment, the financial services industry, the FMCG industry as well as the energy sector before joining the Sanlam Group in 2018.

Our 2023 leadership team

Our refreshed strategy and new operating model coincided with attracting new executives into our leadership team. We look forward to witnessing the diverse team progress toward achieving our ambitious strategic targets.



Tavaziva Madzinga (45)

Group CEO

Appointed at Santam: 2022
Appointed in this role: 2022



Wikus Olivier (49)

Group CFO

Appointed at Santam: 2023
Appointed in this role: 2023



Gugu Mtetwa (44)

Group COO

Appointed at Santam: 2023
Appointed in this role: 2023



Asher Grevler (49)*

Chief Underwriting Officer (Acting)

Appointed at Santam: 2004
Appointed in this role: 2023



Atang Matebesi (35)

CEO: Client Solutions

Appointed at Santam: 2023
Appointed in this role: 2023



Burton Naicker (49)

CEO: MiWay

Appointed at MiWay: 2021
Appointed in this role: 2021



Charisse Ras (40)

Chief Risk Officer

Appointed at Santam: 2012
Appointed in this role: 2023



Fanus Coetzee (54)**

CEO: Broker Solutions

Appointed at Santam: 2001
Appointed in this role: 2023



Gareth Beaver (54)

CEO: Specialist Business Solutions

Appointed at Santam: 2008
Appointed in this role: 2023

* Asher Grevler fulfilled the role as Chief Underwriting Officer (Acting) until 31 December 2023. He is succeeded by Michael Cheng, who assumes his new role as Santam's Chief Underwriting Officer with effect from January 2024.

** Andrew Coutts resigned with effect from 30 November 2023. He was succeeded by Fanus Coetzee who assumed the role of CEO: Broker Solutions on 1 December 2023.

Our 2023 leadership team (continued)



Gloria Tapon Njamo (45)
CEO: Partner Solutions
Appointed at Santam: 2019
Appointed in this role: 2023



Karl Socikwa (55)
Executive: Group Market Development and Sustainability
Appointed at Santam: 2021
Appointed in this role: 2021



Norah Sehunoe (43)
Executive Head: Human Resources
Appointed at Santam: 2023
Appointed in this role: 2023



Quinten Matthew (60)***
Chief Commercial Officer
Appointed at Santam: 2003
Appointed in this role: 2023



Ruwaida Eksteen (45)
Group Company Secretary
Appointed at Santam: 2022
Appointed in this role: 2022



Sam Nkosi (54)
Chief Technology Officer
Appointed at Santam: 2023
Appointed in this role: 2023



Sory Diomande (51)
CEO: Santam Re and International
Appointed at Santam: 2023
Appointed in this role: 2023



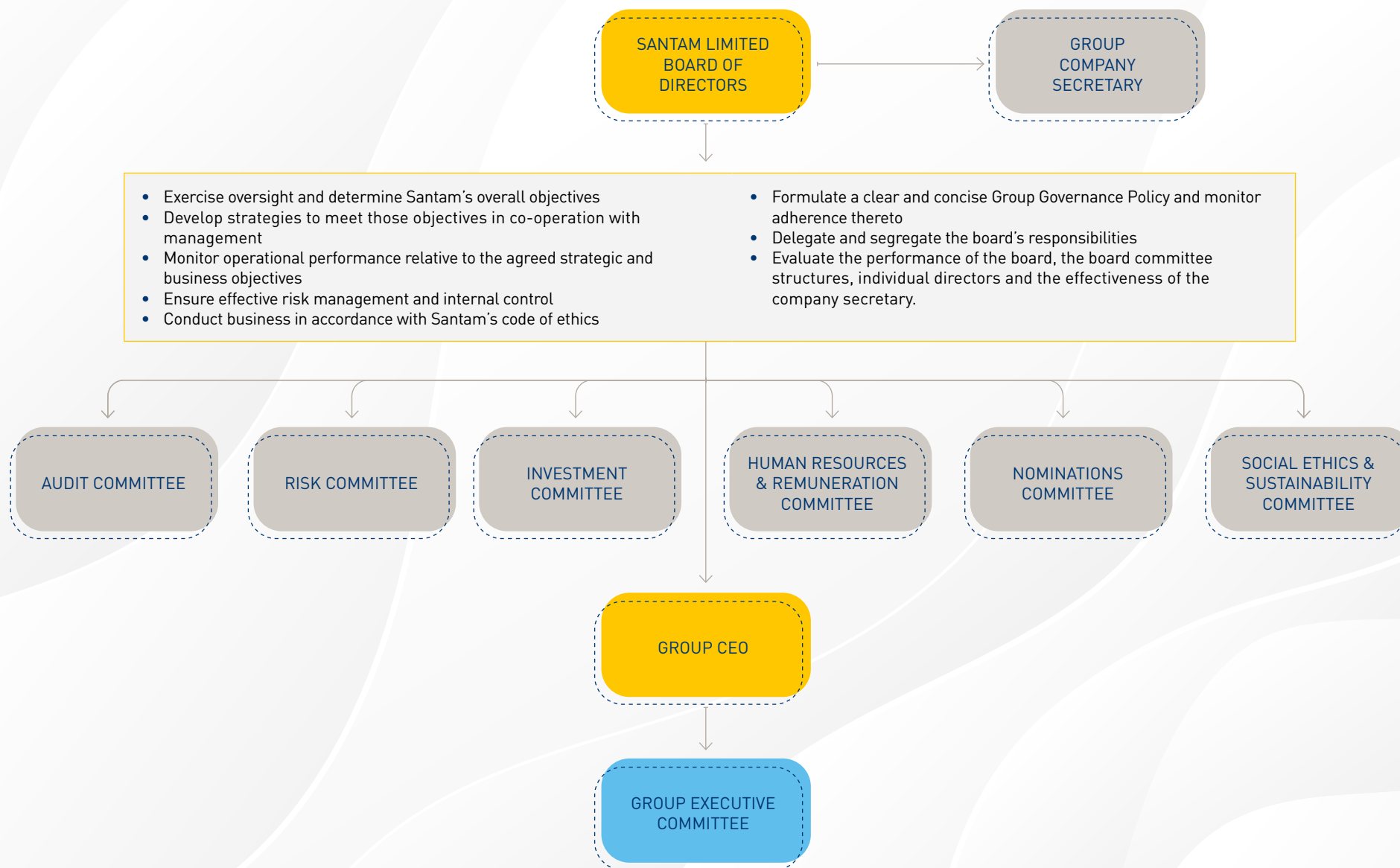
Thabiso Rulashe (44)
Head: Strategy and Investor Relations
Appointed at Santam: 2017
Appointed in this role: 2023



Tinyiko Ribisi-Termark (40)
Chief Legal Officer
Appointed at Santam: 2020
Appointed in this role: 2021

*** Edward Gibbens resigned as Chief Commercial Officer on 30 September 2023. He was succeeded by Quinten Matthew with effect from 1 October 2023.

Our governance structure



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 on our [website](#)

Governance of stakeholder relationships

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. Read more about our relationships with our key stakeholders on page 25.

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](#).

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.

The board is of the opinion that Santam complied with all applicable rules including the JSE Listings Requirements, the JSE Debt Listings Requirements and the Companies Act during 2023. 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 2023. Further detail on all governance-related matters can be found in our corporate governance report.

Board composition and mix

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.

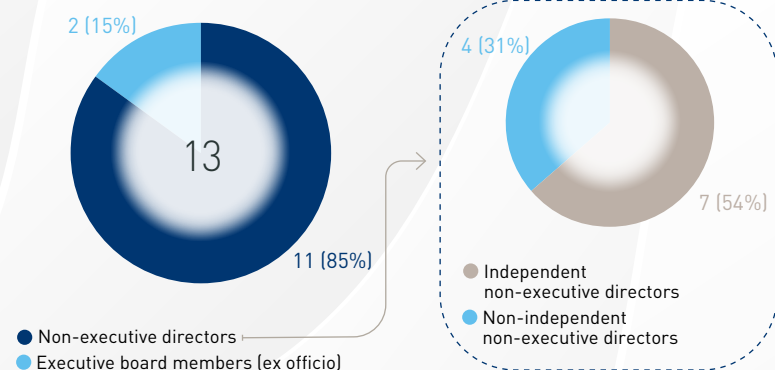
In the board's opinion, there is no business or other relationship within the current structure that could materially interfere with the impartial judgement of any of the non-executive directors.

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.

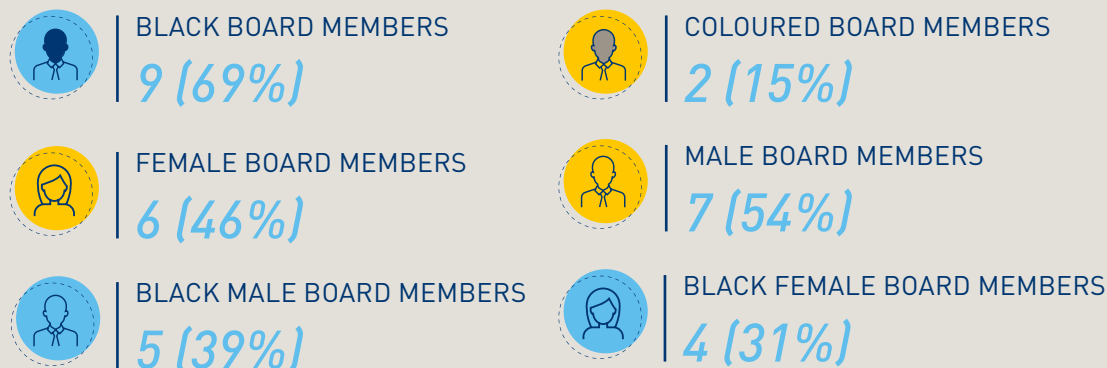
Key facts about Santam's board as at 31 December 2023

Composition

NUMBER OF BOARD MEMBERS



Diversity



Tenure and age

NEWLY APPOINTED BOARD MEMBERS IN 2023

2 (15%)

INDEPENDENCE CLASSIFICATION OF THE CHAIR OF THE BOARD & THE CHAIRS OF THE 6 BOARD COMMITTEES

100%

AVERAGE AGE OF BOARD MEMBERS

56 years

NUMBER OF BOARD MEMBERS ROTATING IN 2023

4 (31%)

Board meetings

VOTING RIGHTS PER BOARD MEMBER

7.69%

NUMBER OF BOARD MEETINGS HELD DURING 2023

4

NUMBER OF ESTABLISHED BOARD COMMITTEES

6

TOTAL NUMBER OF BOARD COMMITTEE MEETINGS HELD DURING 2023

30

BOARD STRATEGY SESSIONS HELD DURING 2023

1

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

The board held four meetings and one strategy session during the period under review. An overview of the topics that were discussed is shared below.

New operating model and strategy refresh

Santam's new multi-channel operating model came into effect on 1 January 2023 followed by the launch of the refreshed strategy. The board oversaw that progress toward strategic targets was on track based on quarterly summaries from the executive team. The board also reviewed Santam's investment strategy, reinsurance strategy and the group's enhanced approach to ESG that were aligned with the refreshed strategy.

The board also focused on Santam's diversification across market segments, insurance classes and geographical reach. This is being achieved through mergers and acquisitions, and strategic partnerships which the board continuously reviews. The board also oversaw corrective underwriting actions that were implemented, including the roll-out of geocoding, risk management actions, and other directed measures. Read more about our progress made towards our strategic objectives on page 56.

Shared services

Resources were allocated to perform a thorough review of the group's shared services operating model to maximise efficiencies between Sanlam and Santam. This included the brand management portfolio, marketing, sourcing and procurement, human capital, data management and IT. The board also reviewed the digital strategy and IT roadmap.

Succession planning

Identifying, monitoring and managing risks associated with the retirement of critical skills within our executive team, board and senior managers remained a priority this year. The board oversaw the implementation of actions, such as training and development, to mitigate this risk.

ESG

ESG-specific key performance indicators were provided for in the performance measurement criteria of group executive team and senior management. The implementation thereof is being monitored continuously by the board. More detail is available in Santam's 2023 remuneration report.

IFRS 17 implementation

Ongoing efforts were made to adjust Santam's systems and processes to ensure compliance with the new reporting requirements. Santam's IFRS 17 transition project was successfully closed in July 2023, followed by ongoing monitoring and reporting. Various training initiatives were undertaken to ensure the affected Santam representatives (including the members of the audit committee) were informed and familiar with the stated reporting requirements from an income statement and balance sheet perspective.

SAN JV transaction

In September 2023, the transaction to dispose of 10% of the Santam interest in SAN JV to Allianz Europe BV was concluded. R2 billion of the R2.6 billion proceeds from the transaction were subsequently paid to shareholders as a special cash dividend. This was in addition to the interim dividend that Santam declared in August 2023.

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, and is in line with the King IV requirements.

Details of member attendance at Board and Board Committee meetings [1 January 2023 – 31 December 2023]

The attendance at Board and Board Committee meetings during the 2023 financial year can be summarised as follows:

Board membership	Board meetings	Board Strategy session	Special Ad hoc Sub-Committee of the Board ⁶	Audit Committee	Risk Committee	Investment Committee	SES Committee	HRRC	Ad hoc HRRC	Nominations Committee
Total number of meetings held in 2023	4	1	1	4	4	4	4	4	1	4
Nombulelo Moholi (Chair)	C 4/4	C 1/1	C 1/1	I 2/4	I 2/4	–	–	M 4/4	M 1/1	C 4/4
Monwabisi Fandeso (LID)	M 4/4	M 1/1	–	M 4/4	M 4/4	C 4/4	–	–	I 1/1	M 1/1
Preston Speckmann	M 4/4	M 1/1	M 1/1	C 4/4	M 4/4	–	–	–	–	–
Dawn Marole ¹	M 2/3	–	–	–	–	–	C 3/3	C 3/3	–	M 3/3
Caroline da Silva ²	M 4/4	M 1/1	–	I 4/4	M 4/4	–	M 3/4 & C 1/4	M 1/1 & I 1/1	M 1/1	–
Paul Hanratty	M 4/4	M 1/1	–	–	–	–	–	M 4/4	–	M 4/4
Debbie Loxton	M 4/4	M 1/1	–	M 4/4	C 4/4	M 3/4	–	–	I 1/1	–
Abigail Mukhuba	M 3/4	–	–	I 3/4	M 3/4	M 3/4	–	–	–	–
Lotz Mahlangeni	M 4/4	M 1/1	–	I 4/4	M 4/4	I 3/4	–	–	–	–
Shadi Chauke	M 4/4	M 1/1	–	M 4/4	M 4/4	–	M 4/4	–	I 1/1	–
Junior Ngulube	M 4/4	M 1/1	–	–	–	–	M 4/4	–	I 1/1	–
Lucia Swartz ³	M 2/2	M 1/1	–	–	–	–	I 1/1	M 1/2 & C 1/2	C 1/1	–
Tava Madzinga	M 4/4	M 1/1	M 1/1	I 4/4	M 4/4	M 4/4	M 2/4	I 4/4	I 1/1	I 4/4
Hennie Nel ⁴	M 2/2	–	–	I 2/2	M 2/2	M 2/2	–	–	–	–
Wikus Olivier ⁵	M 2/2	M 1/1	–	I 4/4	M 2/2 & I 2/2	M 2/2 & I 2/2	–	–	–	–

¹ Retired on 30 September 2023.

² Appointed as Chair of the SES Committee on 1 October 2023.

³ Appointed to the Board on 1 June 2023 (appointed as Chair of the HRRC on 1 October 2023).

⁴ Resigned as a member of the Board on 30 June 2023.

⁵ Appointed to the Board on 1 July 2023.

⁶ This Committee was established as a one-off, specifically for the purposes of the Special Dividend declaration that took place in September 2023.

C Chair M Member I Invitee



5

Our value creation

A message from our group chief executive officer (CEO)

Santam entered 2023 in the aftermath of the year described as a perfect storm. Having endured these challenges, we were ready to face a new year with tenacity. Not surprisingly, the past year brought further volatility, signalling the “new normal” as we celebrate 105 years and re-imagine tomorrow.

Resilience continues to be an underlying theme for the global insurance market, which is navigating an incredibly difficult period introduced by the COVID-19 pandemic and continuing to experience volatility through the geopolitical tensions and extreme weather events we are seeing. It is an industry that will never be the same again. We shifted how we measure risk exposure, contract, care, and collaborate.

In these times, Santam’s response becomes more pronounced as South Africa’s largest general insurance company. Our ability to demonstrate resilience is a testament to this business’s strength. Our business model, scale, diverse product lines and distribution capability create sustainable endurance and are our key levers for growth.

A volatile operating environment

Factors that impacted us globally included rising geopolitical tensions, including the conflict between Russia and Ukraine. Natural catastrophe losses have been elevated over the last

Operating conditions impacted our growth and profitability prospects. Despite that, we made good progress in implementing our client-facing, multi-channel operating model to grow market share and access new client segments.

Tavaziva Madzinga, Group CEO

few decades due to high-loss events such as wildfires, storms and floods. The size and frequency of catastrophe claims have increased around the world.

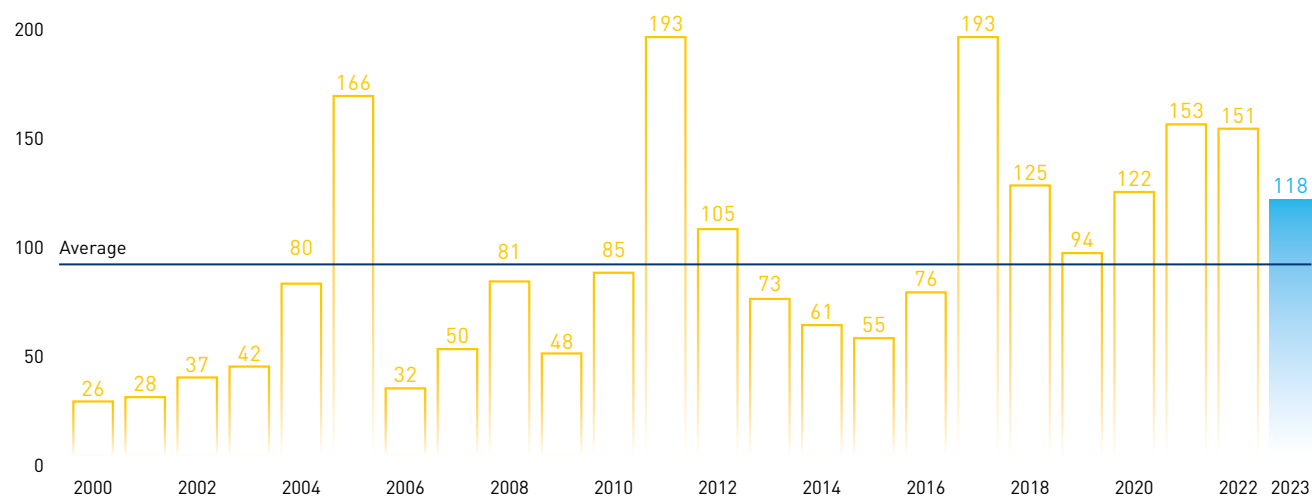
The global cost of living crisis is also very evident in South Africa. Here we furthermore faced:

- A deteriorating operating environment characterised by failing infrastructure and significantly increased levels of load shedding
- Constrained economic growth
- Elevated inflation due to a weak exchange rate and rising interest rates
- Significant pressure on personal disposable income
- Increasing demand for sustainability and climate disclosures
- A highly competitive insurance industry

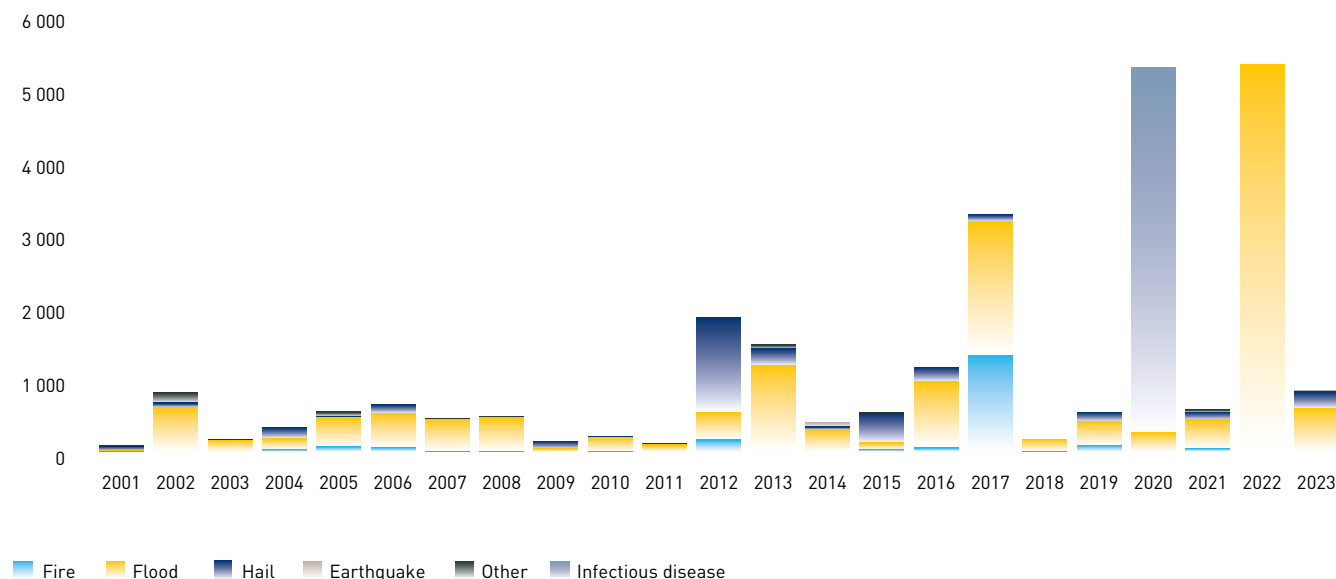


For Santam, this means that the cost of insurance is going up. Reinsurance rates continue to harden, and global reinsurers are implementing pricing and structural changes to their cover. This forces us to take on more risk, such as attritional losses related to local weather incidents.

GLOBAL INSURED LOSSES: ALL PERILS (\$ BILLION)



SANTAM GROSS TOTAL CATASTROPHIC CLAIMS: ALL PERILS (R MILLION)



Extreme weather events demonstrate the acceleration of climate change, leading to unprecedented claims and a widening risk protection gap. These numbers can never quantify the impacts on communities and the tragic loss of lives, which also reached record highs this year.

Salient financial performance features

Despite a very challenging year, Santam recorded an **overall solid financial performance**. This was, in part, achieved due to changes made in line with our refreshed FutureFit strategy. We launched the strategy at the end of 2022 and implemented a **new multi-channel operating model** on 1 January 2023. We explain the operating model in detail on page 11.

The group's Conventional Insurance business achieved NEP growth of 6% to R29 billion (2022: R28 billion) and a net underwriting margin of 3.5% (2022: 5.1%). We paid R29.9 billion in insurance claims to individuals and businesses, exacerbated by large fire losses, attritional weather events, the Western Cape floods and other losses. In September 2023, the transaction to **dispose of Santam's 10% interest in SAN JV** to Allianz Europe BV was concluded. R2 billion of the R2.6 billion proceeds from the transaction have been paid to shareholders as a special cash dividend. We maintain our presence in African markets through Santam Specialist and Santam Re.

Our **diversification across market segments, insurance classes and geographical reach** continued to stand us in good stead. Recent corrective underwriting actions are positively affecting us, with further benefits expected as we continue with the roll-out of geocoding, enhanced risk management, and other measures. Our geocoding initiative, which creates a comprehensive risk-based view of property locations in South Africa, is progressing well, and the value of losses prevented is steadily increasing.

Conventional insurance

Conventional insurance results, which include Santam Broker Solutions, Santam Client Solutions, Santam Partner Solutions, Santam Specialist Solutions, MiWay and Santam Re, showed net earned premium growth of 6%. We received solid contributions from all businesses apart from Santam Re. Santam Re's strategic decision to exit non-profitable and concentrated business negatively impacted comparative net earned premiums but positioned it well for longer term success.

The Santam Client Solutions and Santam Broker Solutions businesses achieved good growth. New business written through the MTN partnership in Santam Partner Solutions continued to gain traction with over 151 000 new policies sold to date.

By geocoding our property book, we can understand the detailed nature of risks. Geocoding metrics include proximity to fire stations, flood lines and flood plains. Information like this helps us improve pricing and set appropriate excesses and exclusions, thus optimising property exposure and reducing the cost of claims.

The transfer of the in-force book of MTN device insurance received regulatory approval and encompassed 340 000 policies and an annual GWP of R390 million. The transaction became effective in January 2024.

Santam Specialist Solutions showed muted growth on the back of a high comparative base for Agri in 2022 and the non-renewal by Emerald of risks that have become unsustainably priced by the market. The other Specialist Solutions businesses achieved good growth. MiWay showed improved sales in the second half of the year despite the current economic environment putting pressure on affordability, and therefore collections. The strategic focus on an inbound model and tied business unit agents are driving positive growth in policy count, complemented by good growth in business insurance and value-added services.

Underwriting performance was particularly impacted by weather-related events (floods and hail) and further losses from property fire claims. The Western Cape floods, which amounted to R403 million in net claims, put significant pressure on Santam Broker Solutions, Santam Client Solutions and MiWay.

The investment return on insurance funds benefitted from strong returns in local investment on interest-bearing funds compared to the lacklustre performance in the 2022 financial year,

with the key float portfolio delivering excess returns compared to the benchmark. The float income added 2.6% to net insurance result (2022: 1.2%). Net investment income benefitted from foreign exchange gains of some R254 million as well as a revaluation of the group's stake in Shriram General Insurance by R435 million.

ART insurance

The ART business, consisting of Santam Structured Insurance (SSI) and Centrig, demonstrated strong operating results, with excellent growth in fee income and underwriting results and solid investment margins.

International business

We continue focusing on growing our international contribution through Santam Re and existing capabilities in Santam Specialist Solutions.

Shriram achieved strong growth in net earned premiums attributable to outperformance in direct distribution bolstered by the recovery of sales in the Shriram ecosystem. Shriram's net insurance margin continues to benefit from an improved claims ratio and portfolio growth.

Progress with ESG commitments

The focus on ESG performance has increased globally, especially in the context of COVID-19 and extreme weather events. These phenomena have widened the risk protection gap and highlighted health and safety concerns. We remain committed to playing our role through collaborative and proactive risk management activities. Santam is a founding signatory of the UNEP FI Principles for Sustainable Insurance, which has been guiding our assessment of ESG risks and opportunities since 2011.

Our major contributions and focus areas in the past year included:

- The board approved Santam's **coal position statement**
- Through the **P4RR** programme, we continued to build capacity and resource municipalities to address fire, flood and drought risk in the following ways:
 - » We concluded agreements with **13** additional municipalities.
 - » We partnered with the Council for Scientific and Industrial Research (CSIR) to create climate change adaptation plans for **10** municipalities (9 District and 1 Metro) using the Greenbook online tool.
 - » We trained **252** individuals in firefighting, safety and disaster management and reached over **30 000** individuals with disaster risk education and awareness.

- We continued our **CSI** efforts which are aligned with the objectives of the P4RR:
 - » With the National Sea Rescue Institute (NSRI), we trained 190 000 children in water safety
 - » In partnership with the National Department of Basic Education, we provided risk assessments for **11** schools with learners who have special needs. Findings were shared with the Department and National Disaster Management Centre.

Outlook

- **We expect operating conditions to remain challenging.** We anticipate more focused responses to operating challenges with improved performance as we embed our new operating model
- **Data insights and technology improvements** will continue entrenching our competitive position and improve risk management solutions
- As we **mature our measurement and implementation of the refreshed FutureFit strategy**, we will further optimise repricing, rolling out geocoding across the portfolio and risk management
- Efforts to **diversify distribution channels, reduce the cost of acquisition and expand our intermediary network** will continue, enabling us to better respond to clients' changing demands and multi-channel preferences. Intermediaries will remain an important part of the insurance value chain

- We are excited about the potential of our **key partnerships**, including with MTN and Sanlam, that can bring in higher client volumes and help us lower our cost of acquiring new customers, and support diversifying our geographic footprint. This improves our margins, enabling us to remain within our net underwriting target range, grow the business, and become more resilient
- In the long run, we regard an **underwriting margin** of 5-10% as sustainable and achievable for Santam

Appreciation

I deeply appreciate our employees who remained committed and connected to our purpose and values in a year of mounting claims and hardship for clients while adjusting to a new operating model and leadership changes. Thank you for continuing to diligently support our clients.

We also remain grateful for other stakeholders, such as our suppliers, who form a valued part of our clients' claims experience.

I want to thank the Santam board for their support and guidance. They ensured that we created value for our partners, intermediaries, clients and other stakeholders now and in the future.

Three individuals have left Santam this year after many years of service. We express enormous gratitude to them for the contributions they made to Santam.

- We bid farewell to Dawn Marole, who retired this year after serving on the board for more than a decade
- Hennie Nel, our ex-CFO, spent 11 years at Santam and is moving on to the Sanlam Group. We look forward to continuing to work with him in his new role
- Finally, Edward Gibbens, who spent 31 years with the group, also leaves Santam to explore new opportunities

Tavaziva Madzinga
Group CEO

The importance of closing the risk protection gap becomes increasingly apparent to us as ESG-related risks continue to manifest. Consequently, our commitment to collaborative risk management is unwavering.

A revised strategy to ensure we remain fit for the future

We revisited our strategy in light of changing risks and opportunities in our overall operating environment. The revisions are implemented through our new operating model, which came into effect on 1 January 2023.

We present our refreshed FutureFit strategy, including the targets we have set for ourselves, below. Thereafter, we articulate how we performed against it this year.

Our refreshed FutureFit 2030 strategy











FutureFit 2030 contains elements of previous strategies, but focuses on three growth levers. These levers will deliver on Santam's ambitions and purpose, to safeguard what is important to our clients, to 2030 and beyond.



Targets we have set to achieve by 2030	Why we consider them important
GWP growth rate: CPI+GDP+1 to 2%	Ensures our growth exceeds that of the economy and inflation.
Net underwriting margin: 5 to 10%	The net underwriting margin is the difference between premiums collected, acquisition costs incurred and claims paid out. Remaining within this margin ensures that we do not underwrite business that is too risky, and do not depend on investment returns to maintain our profit margins.
Diversification: International GWP: >20% Direct GWP: >30%	To diversify our book from a geographic and distribution channel point of view, we will track the volume of business, in relation to total business, coming from these channels.
Return on capital: >24% Dividend growth: in line with growth of our insurance book	Tracking our return on capital and dividend growth helps us remain an efficient business that is attractive to investors. Most importantly, these metrics are proof points that we reward investors for backing our business.
Capital coverage ratio: 145 to 165%	The capital coverage ratio ensures that we remain in a position with sufficient surplus capital to meet obligations to policyholders in the long term.
Market share: >24% Policy count: >2 million	We want to at least maintain the dominant position we hold in our home market, even in the face of fierce competition and a rapidly changing operating environment, while also growing the number of clients we reach.
Customer experience (NPS): >60	Insurance is an industry notorious for poor customer engagement. In contrast, we endeavour to be fair and transparent in our engagements with customers and use the NPS as an independent measure of our efforts.
Employee engagement score: >75% Maintain BBBEE Level 1 (Broad-Based Black Economic Empowerment)	Being an employer of choice demands that we are responsive to the needs of employees. Employee engagement is an indicator that we live up to this ambition. We are proud to be a truly diverse company and wish to maintain this status going forward.

How we performed against our strategy in 2023

Strategic theme		Our performance in 2023
 Strengthen leadership position in South Africa Linked material matters: <ul style="list-style-type: none">  The South African context and the need for geographical expansion  Digital trends disrupting the insurance industry 	We achieve this by: <ul style="list-style-type: none"> • 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 • Investing in partnerships 	<ul style="list-style-type: none"> ● Implemented a multi-channel operating model ● Maintained market share of above 24% ● Grew our intermediaries to 3 015 (2022: restated to 2 966) ● Continued to drive diversified growth through our Specialist Solutions business ● Launched Inbound and Tied agency
 Drive international expansion and diversification Linked material matters: <ul style="list-style-type: none">  The South African context and the need for geographical expansion 	We achieve this by selectively building other international business through leveraging SanlamAllianz, Specialist Solutions capability and scaling reinsurance	<ul style="list-style-type: none"> ● Steadily grew our GWP from outside South Africa as a percentage of our total conventional GWP ● Santam has the option to participate in 50% of specialist business written through the SanlamAllianz network as per co-operation agreement that governs the relationship between Santam and SanlamAllianz ● Scale Reinsurance
 Scale ecosystems and explore new markets through partnerships Linked material matters: <ul style="list-style-type: none">  Our clients at the core, and addressing the risk protection gap  Digital trends disrupting the insurance industry 	We are leveraging Sanlam and our partnerships to expand our reach to new markets and segments: <ul style="list-style-type: none"> • Ecosystem/platform play • Partnerships • Cross-sell with Sanlam 	<ul style="list-style-type: none"> ● We have acquired the MTN device insurance book ● More than 151 000 new policies sold for devices through our partnership with MTN ● Santam launched South Africa's first digital insurance solution for micro-township enterprises in partnership with MoyaApp ● Launched Santam Home+ app that gives homeowners access to a list of verified tradespeople; electricity, water and mobile data purchases; and a panic button for armed response. Further acquired Kandua to accelerate the ecosystem play
● Achieved ● Satisfactory progress made ● Insufficient progress		

Strategic theme

Our performance in 2023



Unlock and develop data capabilities to solidify our competitive advantages

Linked material matters:



Digital trends disrupting the insurance industry



An evolving regulatory environment



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

We achieve this through:

- Leveraging data and AI to enhance innovation and underwriting
- Enablement of a data-driven culture
- Implementation of a fit-for-purpose data architecture and modern infrastructure
- Effective use of internal and external data sources

This enables us to ensure that our clients:

- Remain satisfied with our value offering
- Experience safety, fairness and inclusion

- Geocoding, which integrates more detailed risk data into our underwriting processes, is being rolled out through our property book. Although this programme has only been rolled out in approximately 86% of the core properties, we have seen the benefits with estimated losses of approximately R55 million prevented during the Western Cape flooding through risk mitigation actions we took in response to the geocoding initiative
- In response to learnings from claims in 2022, we enhanced risk assessments, segmented premium increases, changed excess amounts and improved security requirements for high-risk vehicles. These actions significantly improved profitability and reduced power surge losses
- Made progress introducing digital offerings, including Home+
- Furthered the usage of digital portals such as the Santam Switch, MiWay Blink app and our intermediary digital platform
- Further enhanced our multi-channel communication to clients through digital assets such as WhatsApp and client apps both in MiWay and Santam
- Continued to improve MiWay Blink app based on learnings from our clients
- Simplified policy wording



Good Corporate Citizen and Drive Transformation

Linked material matters:



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



Ethical leadership and the trust deficit



ESG embeddedness



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

Santam is a responsible corporate citizen; we:

- Invest responsibly
- Drive transformation
- Practise sound governance
- Align with global industry norms
- Understand ESG impacts
- Have a positive impact on society

Santam's ESG focus:

- Running a responsible business
- Demonstrate stakeholder safety, fairness and inclusion
- Demonstrate good governance
- Address sensitive risks, particularly climate change

Santam helps build resilient societies by:

- Redistributing risk
- Developing new markets and innovative business solutions to address the risk protection gap
- Helping to mitigate risk by partnering for resilience through P4RR
- Taking decisive action on climate change
- Investing in financial education for underserved communities
- Narrowing the risk protection gap

- Maintained a client NPS of more than 50%
- Consistently improved on Santam's Hello Peter Trust Index
- Maintained our inclusion in the FTSE/JSE Responsible Investment Top 30 Index
- Achieved a ClimateWise score of 73%
- Published our first coal position statement
- Identified specific transition and physical risks by conducting climate scenarios

- Maintained our Level 1 BBBEE rating
- Consistently increased the number of black intermediaries contracted to the group
- Partnered with 95 municipalities to reduce risk and build resilience since 2012
- Helped narrow the risk protection gap by continuing to write access policies
- Partnered with SAIA to deliver various CFE programmes:
 - » Took 12 employees through a financial mentorship bootcamp
 - » Delivered 32 interviews reaching 4.5 million radio listeners
 - » Workshops targeted 600 start up beneficiaries
- Made a pilot online platform available to 270 school learners

● Achieved ● Satisfactory progress made ● Insufficient progress

Strategic theme

Our performance in 2023



Win the war on talent

Linked material matters:



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

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 well-being
- Improve employee engagement
- Our executive management team have appropriate accountabilities and incentives linked to financial and non-financial indicators to drive high performance

- Appointed a diverse leadership team
- Won several awards in recognition of some of the hard work we have done:
 - » Recognised as the only South African insurance company in the top 10 of the 2023 Top Employer survey
 - » Won talent and acquisition award
 - » Won award for work done related to disabilities
- Maintained high engagement scores across two sets of surveys: Barrett Culture and Sentiment Pulse
- Aligned our minimum wage with the living wage in South Africa to keep pace with increasing costs of living
- Collaboration with Sanlam to retain top talent in the group
- Santam Employee Bot (SEB) integrated into our HR platform
- Various financial and psycho-social wellbeing programmes including a partnership with Interface that assists with debt rehabilitation, budgeting and establishing clinics at our Alice Lane, Hill on Empire and MiWay offices



Optimising our financial performance: deliver sound results through cost excellence

Linked material matters:



Ethical leadership and the trust deficit

Read about our financial performance in the CFO report on page 75.

● Achieved ● Satisfactory progress made ● Insufficient progress

Our market in context

Recent years have been the most disruptive in our history. Despite this, we continue to prove that we are a partner that can be trusted to safeguard our clients and to protect our stakeholders.

The South African context

South Africa's growth rate for 2023 is estimated to be 0.6%.¹ This figure is expected to improve slightly and average 1.1% over the 2024 to 2025 period. These figures lag the IMF's projected growth rate of 4.1% for emerging economies and 1.6% for advanced economies for the same period. The country's economic potential continues to be dampened by power shortages, failing infrastructure and poor governance.

High interest rates and elevated inflation, 6% in 2023, also contribute to sluggish growth and impact consumers' ability to spend. Deloitte's 2023 Food Frugality Index survey found that South Africa ranked highest among 14 countries surveyed regarding frugality. Consumers are opting for lower-cost ingredients, reducing food waste, and cutting luxuries to make ends meet. When under strain, we typically see weaker premium collection rates, an increase in fire risk as businesses cut maintenance budgets, and elevated insurance fraud risk.

Socio-economic challenges continue to cause volatility. In 2023, social unrest flared up during the taxi protest in the Western Cape which was fortunately resolved relatively quickly. Crime remains a long-term issue and we felt the direct impacts thereof through a spike in vehicle hijackings and thefts of specific vehicles in certain geographies. More detail is provided on page 52.

Extreme weather events, including intense rainfall and golf ball-sized hail, caused damage to private property and national infrastructure such as roads. This had a severe impact on our business.

Our market share in South Africa

We maintained our leading market share of more than 24%. We are conscious of competitors using technology-driven processes and ecosystem platforms to attract and retain clients. We are responding through our refreshed strategy and new operating model to ensure that we continue to protect and grow our leading position in the industry.

The international context

The global economy still faced headwinds in 2023 as most countries faced cost of living crises. Conflict between Russia and Ukraine, as well as between Israel and Hamas might have caused supply chain challenges. These events elevate the risk of persistently high inflation. Extreme weather events have increased in frequency and severity.

Global outlook

On a positive note, we may have reached the turning point of the current increasing interest rate cycle as global inflation eases, which will provide support to economic growth prospects. The IMF¹ estimates global real growth of 3.1% in 2023 and is projected to remain at 3.1% for 2024 before rising modestly to 3.2% in 2025. Swiss Re projects real growth in non-life insurance to expand by 1.6%² in 2024 before reaching 2.6% in 2025. Commercial property insurance is expected to remain in a hard market, supporting premium growth.

The onset of the El Niño weather pattern is likely to create additional uncertainty in the global economy and may have implications for agricultural production and shifting weather patterns. The El Niño phenomenon will not affect the world uniformly and may, for example, lead to increasing drought conditions in South Africa but less flood risk.

¹ IMF.

² Swiss Re Sigma 6/2023.

³ AON Climate and Catastrophe Insight 2024.

Overall economic losses from natural catastrophes reached USD380 billion for 2023, 22% higher than the 21st century average, according to AON³. These losses were driven by earthquakes and severe convective storms in the United States and Europe. Insured global losses totalled USD118 billion, 31% above the 21st century average.

Our material matters

We reviewed our material matters in 2023 as part of our strategy refresh and are satisfied that those we have identified are still relevant to our business. We view the material matters as medium- to long-term trends and therefore do not expect them to change dramatically year-on-year, even though we review them annually. Each material matter has the potential to impact Santam's performance materially and can create, protect and erode value for our stakeholders.

We describe how we respond to these material matters in our strategy section on page 56 where we also detail progress made this financial year.



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

When unforeseen events happen and individuals or businesses are not insured, the impacts can be terrible. When communities are uninsured, the impacts can be devastating. This results in what is known as the risk protection gap – the difference between total economic losses and the losses covered by insurance when an unforeseen event takes place. Emerging risks such as extreme weather, infrastructure decay and cyber security widen this gap.

In this, we see both a responsibility and an opportunity for Santam. The opportunity is to offer tailored, low-cost insurance in underpenetrated market segments and offer value-added risk management solutions. Digitally enabled insurance has catalysed our ability to do this effectively. Our responsibility is to support community resilience where we operate. Both of these align with our purpose – to safeguard what is important to our clients in a manner that enables wealth creation and protection for all stakeholders.

We also know that proactive risk assessment and management can reduce risk and insurance costs. We weave this philosophy into our business and into the partnerships we engage in, including the P4RR initiative. In addition to our proactive response to manage risks, we also provide disaster relief to communities through our CSI programmes after catastrophes.

Case study

Provision of firefighting foam for Mangaung Metro

In recent years, South Africa has experienced more frequent disasters from extreme weather, including droughts and floods. Climate change, linked to rising temperatures, causes extended dry seasons and reduced rainfall, making drier vegetation more susceptible to fires. The World Bank¹ notes that natural disasters in South Africa, driven by climate change, result in significant social and economic losses. Vulnerable municipalities, which lack resources and infrastructure, are hit the hardest. These disasters also lead to more insurance claims and may limit reinsurance.

At Santam, we recognise our role in building community resilience. We help by supporting vulnerable communities and collaborating with municipalities. Santam has partnered with 95 municipalities through the P4RR programme for disaster risk management since 2012.

In a recent intervention with Mangaung Metro Fire Services in the Free State, Santam provided firefighting foams and blowers to help the city combat wildfires in surrounding rural areas. The donation proved valuable a month later when the metro's fire services, using the foam, successfully contained a major industrial fire, also protecting adjacent properties insured by Santam.

¹ <https://climateknowledgeportal.worldbank.org/country/south-africa/vulnerability>



Specialised foam concentrate enhances firefighting ability



Case study

Santam helped strengthen the disaster response capability of the uMgungundlovu District Municipality

uMgungundlovu District Municipality in KwaZulu-Natal faces growing disaster risks, worsened by factors like population growth, poverty and the impacts of climate change. In addition, the district's roads pose dangers, with frequent collisions, including incidents involving displaced animals due to urban expansion. Over the past year, the district suffered from storms and heavy rainfall, causing significant infrastructure damage, disrupting lives and negatively impacting the economy.

This has led to substantial financial setbacks, affecting tourism and job opportunities and ultimately leaving communities more vulnerable. With climate change predictions indicating an increase in extreme events, proactive response measures are vital.

Recognising the district's vulnerability, Santam donated R500 000 worth of life-saving equipment, including hydraulic rescue tools. This support proved crucial when, three weeks later, a serious accident occurred on the N3 highway. The district used the donated equipment to rescue five lives and assist 78 injured individuals. The incident prompted further assistance, including a hazmat trailer for handling hazardous materials.

These contributions enhance the municipality's capacity to respond to emergencies, safeguard lives and mitigate economic impacts on the communities.



Hydraulic rescue tools, donated by Santam, are critical for rescue operations

The South African context and the need for geographical expansion

Santam is and has been the dominant insurer in the South African market and across numerous lines of specialist business despite fierce competition. There remain opportunities for growth in the younger and lower-middle-income segments, which we are already proactively pursuing. We see these as medium- to long-term markets that will mature over time. Therefore, to achieve our long-term growth ambitions we need to grow outside of South Africa, selectively through our reinsurance and specialist offerings. Not only is there less competition in these markets, but many of these economies are also growing rapidly and we see potential for our business to play an integral role to close the risk protection gap.

Digital trends disrupting the insurance industry

Cyber security

South Africa ranks as the sixth most affected country affected by cyber crime². Despite this acknowledgement, there is inertia in both risk management and risk transfer efforts in South Africa. Insurers are concerned that the country is "lagging the globe" in terms of cyber security uptake. There is a clear need for education around cyber security to assist individuals and businesses better protect themselves against cyber attacks. Business being exposed from a cyber security perspective can have substantial impacts on their long-term viability, which has ripple effects on our business. It is, therefore, within our interests to build awareness, improve security and provide adequate cyber security cover for our clients and potential clients.

Technology-backed insurance

The integration of technology in the insurance industry is most obviously seen through the growth of fintech insurers. In addition, emerging technology opens new possibilities for the insurance industry such as parametric insurance that triggers a pay-out when certain metrics are breached (e.g., volume of rainfall). This type of technology can shift the dial on financial inclusion by making a level of insurance affordable to emerging farmers. Satellite technology makes it possible to survey large geographic areas at low cost. We also expect to see more innovation from the Internet of Things-related technology with immediate applications in fire- and geyser-risk monitoring. Geocoding technology, detailed on page 57, is another related advancement.

² Mimecast 2023 "State of Email Security" report.

ESG embeddedness

The impact of climate change is unrelenting across the world. Overall economic losses from natural catastrophes reached USD380 billion for 2023, 22% higher than the 21st century average, according to AON³.

We see the same trends in South Africa with a growing number of large catastrophe claims such as the KwaZulu-Natal floods in 2022, and the Western Cape floods in 2023. The losses that occur are magnified when infrastructure is poorly maintained. For example, blocked stormwater drainage can amplify flood losses and malfunctioning fire equipment can delay responses, turning partial losses into total losses.

As a result of higher economic losses due to natural catastrophes, global protection increased to average levels in 2023 after the lowest gap recorded in 2022. This meant that 69% of economic losses were not insured, leaving many households and corporations underinsured. This provides opportunity to narrow the protection gap, strengthen the impact of insurance sector, and contribute to building resilient communities.

We are embedding ESG thinking into our business in various ways to build resilience in the face of increasingly severe and intense extreme weather events. For example, we are integrating geocoding across our property book, as described above. We also published a coal position statement this year to support the low-carbon transition. In addition, we contribute to ESG-focused funds that invest in businesses that create positive social and environmental impacts. An example of such a fund is the Association for Savings and Investment South Africa’s (ASISA) enterprise and supplier development (ESD) fund.

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

As part of the metrics and targets set, the group measures its internal environmental performance by monitoring consumption patterns such as energy, water, waste, and recycling through an internal IT system. The group’s facilities team has oversight of the environmental performance of the Santam Head Office buildings in Belville and Sandton, Hill on Empire in Parktown and the contact centre in Auckland Park. Santam also tracks some material Scope 3 emissions. Below are our historical emissions for Scope 1, 2 and 3, in figure 5 and our targets set for the group’s environmental performance in table 3:

Figure 5: Santam’s GHG emissions [Scope 1, 2 and 3]

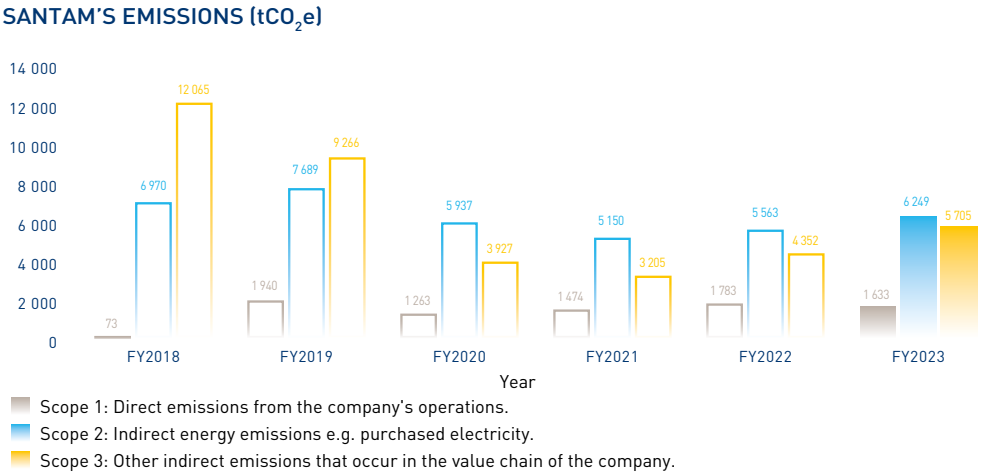


Table 3: Resource efficiency targets for 2025

Performance domain	Indicator	Unit	2025 quantitative/qualitative targets
Group resource efficiency	Energy initiatives	kWh	10% reduction on the previous five years (2015 – 2019)
	Water initiatives	kL	10% reduction on the previous five years (2015 – 2019)
	Waste initiatives (waste to landfill)	kg	10% reduction on the previous five years (2015 – 2019)
	Waste initiatives (waste to landfill)	%	10% reduction on the previous five years (2015 – 2019)

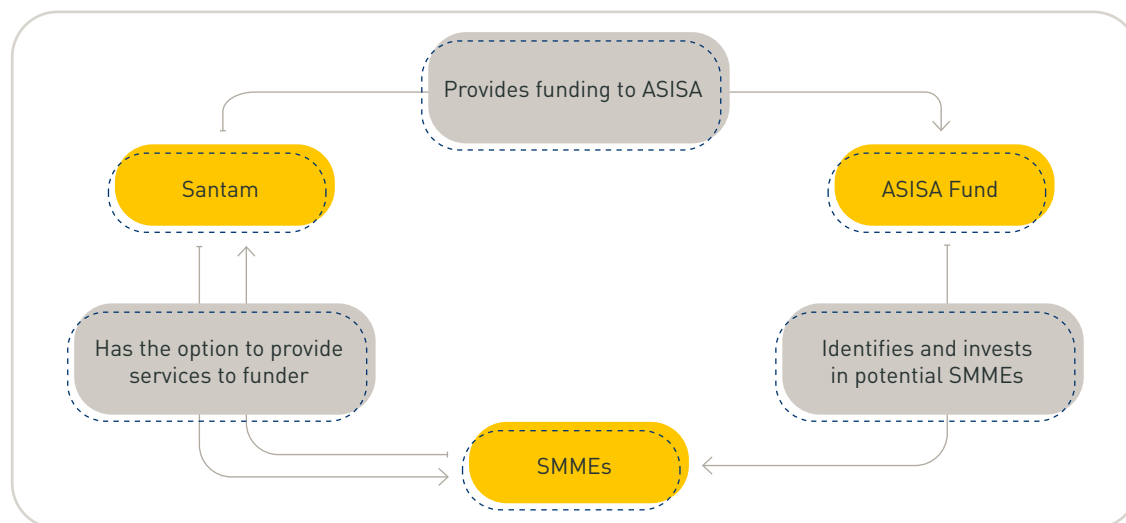
³ AON Climate and Catastrophe Insight 2024.

Case study

Santam's role in driving growth for SMMEs in collaboration with ASISA

Investing in SMMEs is crucial for driving economic growth and job creation. However, these enterprises often face challenges and struggle to grow due to a lack of funding.

Recognising this, the ASISA ESD fund focused on impactful investments in scalable businesses that contribute to job creation and social impact. Investments are directed towards SMMEs that can benefit from and integrate with the value chains of their funders, including Santam:



To date, Santam has contributed R117 million to the fund. Notable projects include:

- A mentoring partnership with the Sanlam ESD programme, emphasising measurable achievements and enabling businesses to tailor projects, boost sales, and generate job opportunities by addressing specific gaps
- Waste Want is a family recycling business funded by the ASISA programme for its impact on the local economy and innovative waste management. It is a significant job creator known for excellent waste management, recycling efforts and youth involvement
- TCJ Auto Body, a black woman-owned SMME, strategically benefitted from the ASISA fund's 2019 investment. With a remarkable 44% revenue growth since, TCJ has partnered with Santam, adding a revenue stream

Investing in these and other South African SMMEs is a strategic decision that yields positive economic, social and business outcomes. By strengthening our supply chain through SMME investments, we enhance efficiency, reduce costs, and cultivate mutually beneficial business relationships. This approach also promotes innovation and contributes to the welfare of communities.

Case study

Job creation through the Sanlam Resilient Investment Fund

SMMEs are pivotal to creating jobs, which are desperately needed in the South African economy. To accelerate their ability to scale, and to create more employment, SMMEs need financing.

Business Fuel is one such business that needed financing to grow its footprint in the fintech alternative lending market and simultaneously transform its own workforce. This business grants loans to SMMEs of up to R3 million using a unique product that combines the best of traditional and alternative funding. This allows Business Fuel to process and respond to applications within 24 hours, and offer loans at rates significantly cheaper than competitors. The finance from Business Fuel is used by SMMEs to fund their working capital requirements and to scale.

Santam has contributed R171 million to the Sanlam Resilient Investment Fund, a social impact fund with a job creation mandate, over the past 6 years. These contributions were used to invest in businesses like Business Fuel, which created 18 new direct jobs, of which 10 were filled by females. The most significant impact is the number of jobs preserved and created by the SMMEs that Business Fuel funds. Business Fuel lacks advanced mechanisms to accurately monitor employment data in its portfolio, but estimates that it is able to preserve 3 000 jobs with the investment from Sanlam Investments.

An evolving regulatory environment

We continue to monitor regulatory themes which are constantly evolving. We pay particularly close attention to developments related to cyber security, consumer regulation, data privacy, as well as ESG. Specific changes we saw this year included:

- The Road Accident Fund (RAF) Amendment Bill – the Amendment Bill proposes a move from the current compensation model, where the RAF steps into the shoes of the common law wrongdoer, to a benefits model designed with a wide list of exclusions. These amendments may have the effect of increasing passenger liability and third-party liability claims for some general insurers in South Africa, as RAF may no longer be the first point of contact for claimants where the insured has passenger liability or third-party liability cover under their short-term insurance policy
- Data privacy and competition law – the interaction between technology and competition has also been a focus of the South African Competition Commission considering its latest market inquiries into the distribution of media content on digital platforms, as well as the online intermediation platform market. We continue to make our employees aware of data privacy implications and competition law
- ESG standards – while not regulation, IFRS introduced voluntary sustainability standards this year which were well received by the market. We are paying close attention to developments in this space
- Climate Change Bill – this piece of legislation was passed in the National Assembly in October 2023 and will impose climate-related obligations on public entities. The bill makes SA's nationally determined contribution, an emissions reduction target committed to as part of the Paris Agreement, a legally binding obligation for public and private sector emitters

We ensure we have a thorough understanding of the regulatory landscapes we operate in. We participate in the development of regulation through industry bodies. We also ensure that we effectively meet and implement all regulatory requirements.

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

Having adequately skilled and experienced people is essential for the success of our business, and to successfully execute our strategy. The competition for this talent in the insurance sector continues to be challenging. We are confident that our efforts to develop, attract and retain talent benefit our business and industry (read more on page 27). This ensures that we remain attractive in the industry.

Risk management role of intermediaries

Going forward, in addition to embracing technology, intermediaries will need to play a risk management role for their clients. This means conducting risk assessments, identifying exposures, and offering advice for commercial and individual clients. By better understanding their clients' risks, intermediaries can give insurers a more granular view of risks. This allows insurers to tailor solutions and price more accurately.

Risk mitigation awareness with clients

Our efforts to build risk management capabilities go beyond working with employees and intermediaries. Based on feedback from the Santam Insurance Barometer Report, we know that 89% of consumers and 78% of businesses want help from insurers and intermediaries to manage risks through tech-based services. Some had started taking risk-mitigating actions such as clearing gutters and installing surge protection to prevent damage to electrical appliances based on guidance from insurers.

Ethical leadership and the trust deficit

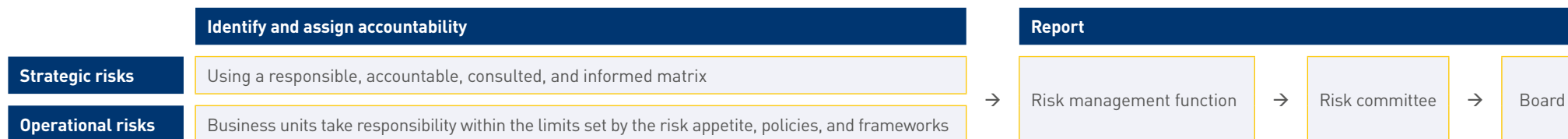
Our role in society and our relationship with clients are fundamentally built on trust. In contrast to this, trust and ethical leadership are in decline globally. The growing trust deficit erodes functioning economies and compromises the growth of insurance. The direct impacts on Santam and its clients are numerous, such as the degradation of public infrastructure and outbursts of social unrest seen in recent years. The global economy has also been impacted by evolving geopolitical landscapes. These changes have influenced the cost of reinsurance, as well as supply chain dynamics, which have increased repair costs for Santam. We remain committed to our values and continue to thrive, despite these challenges.

Our key risks and opportunities

Risk management at Santam





We use a comprehensive risk management system to support the group's growth, to protect value for stakeholders and to make more informed decisions. Our risk management process supports Santam in building its leadership position from a financial, reputation and market share perspective. It also ensures we protect our policyholders.











The risk management process we follow:











Our top risks

Our top risks and opportunities are aligned to our material matters and strategy.

Risk	Description	Trend	Mitigating actions and opportunities
 <p>Political and social risks, including unemployment</p>	<p>South Africa's socio-economic situation remains volatile with low economic growth exacerbating high unemployment, inequality, and macro-vulnerabilities. Inflation also impacts consumer spending, which directly affects our clients' ability and appetite to spend money on risk mitigation. Reinsurers are increasingly more stringent around riots, strikes and civil commotion cover.</p>		<ul style="list-style-type: none"> Santam is a corporate citizen committed to social resilience in the communities where we operate Read more about transformation in our value chain on page 24 We have several partnerships with government and industry bodies through which we proactively address certain areas of concern. Read more on pages 29 and 31 Our international diversification strategy mitigates concentration risk
 <p>Climate risk, including catastrophe events and extreme weather</p>	<p>Climate change poses serious risks to the stability and quality of human society, and the global economy.</p> <p>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 its claims experience and business processes.</p>		<ul style="list-style-type: none"> 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 extreme weather events is quantified on the income statement and balance sheet, both gross and net of reinsurance Santam uses the TCFD framework and engages with ClimateWise and the UNEP PSI to understand physical and transition climate-related risks. More detail is available on page 19 and in our online TCFD report

Risk	Description	Trend	Mitigating actions and opportunities
 <p>Failing infrastructure and lack of maintenance in South Africa impacting claims</p>	<p>Failure to adequately invest in, upgrade or secure public infrastructure networks, commercial infrastructure, and private property can lead to pressures or breakdowns with systemic implications – specifically from an insurance perspective.</p>		<ul style="list-style-type: none"> Increased underwriting focus on the impact of failing infrastructure on claims experience Our P4RR initiative helps vulnerable municipalities improve their risk management 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 Our crisis management plan is applied and adopted for a wide range of crisis scenarios
 <p>Cyber risk</p>	<p>Cyber risk is the risk of a security breach of Santam's information technology systems affecting the Santam brand, confidentiality, availability and/or integrity of information, resulting in a financial loss and/or business disruption.</p> <p>The predominant risk in this respect lies with business risks not managed in the Sanlam/Santam-controlled environment.</p>		<ul style="list-style-type: none"> Sanlam and Santam have a shared service approach managing cyber risk By pooling resources, budgets and skills, the group mitigates cyber risks more efficiently 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 Santam performs significant third-party risk analysis to ensure that the risks posed to the business that are not managed within Sanlam/Santam's controlled environment are well understood
 <p>Ability to achieve premium growth targets</p>	<p>Santam's ability to grow the group at an acceptable rate is the single biggest risk we face in terms of creating sustainable shareholder value.</p>		<ul style="list-style-type: none"> 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 reviews of performance against strategy Significant focus on managing expense levels
 <p>Lack of A-rated paper on which to write international business</p>	<p>Santam's ability to write business outside of Africa is dependent on it being able to offer the market A-rated paper.</p> <p>Many insurers require a strong credit rating from a recognised rating agency in order to place business with that counterparty.</p>		<ul style="list-style-type: none"> Santam has a long-term 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 ceded, in totality, back to Santam for a fee Exploring international diversification options, including finalising a permanent A-rating paper solution
 <p>Skills shortage, including attracting and retaining top talent</p>	<p>There are industry challenges regarding shortages of certain skills and, more generally, the quality of skills available.</p> <p>The insurance industry competes with other sectors for suitably qualified and skilled candidates with the appropriate level of performance.</p>		<ul style="list-style-type: none"> We develop internal and external talent pipelines, including leaders, emerging talent, learners and graduates We review our talent and develop succession plans annually Santam has historically been successful in managing to retain key employees We provide an extensive suite of total rewards and benefits to attract, retain and motivate employees We support wider industry initiatives to increase the uptake of professional learning and qualifications Read more about our human resources related efforts on page 27

Risk	Description	Trend	Mitigating actions and opportunities
 Unsustainable management expense ratios	Expense ratios that grow at a faster rate than the growth in premiums erode Santam's net underwriting margin. A sustainable business model relies on containing costs.	▲	<ul style="list-style-type: none"> Detailed budgeting process followed included projections of future expenses Monthly financial performance reviews measuring actual versus budgeted expenses Strategic initiatives, including the use of technology, to improve operational processes and reduce expenses
 Prolonged economic stagnation	Prolonged economic stagnation will lead to a decline in premium volumes due to personal lines policyholders cutting back on expenses, and commercial lines clients reducing cover, e.g. opting for a lower sum insured.	▲	<ul style="list-style-type: none"> To bolster Santam's resilience, business units have specific plans to tailor Santam's offering to the needs of the policyholder Strategic initiatives, including the use of technology, to improve operational processes and reduce expenses International diversification is one of the three pillars of our refreshed FutureFit 2030 strategy
 Availability of sufficient reinsurance capacity at a reasonable price	<p>Over the 2020 – 2022 period, the South African market has experienced three significant catastrophe events: Business interruption claims due to COVID-19, the riots in KwaZulu-Natal and severe flooding in KwaZulu-Natal.</p> <p>Global reinsurers have suffered significant losses and are reconsidering the capacity they are willing to commit to South Africa.</p> <p>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.</p>	▼	<ul style="list-style-type: none"> 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 introduced and continually fine-tune geocoding across our insurance property book. This allows us to better understand our risk exposure and manage this exposure through underwriting and price actions. Geocoding also assists us to manage accumulations of risk in exposed geographies
 Failure of the electricity grid	<p>There is a risk that the electricity grid fails and South Africa experiences an extended period of time without electricity.</p> <p>The restoration of electricity following a complete grid failure is not a simple process and it can take up to two weeks to restore power to the country.</p> <p>We expect property damage and business interruption losses arising from a grid failure to be significant.</p>	▼	<ul style="list-style-type: none"> Government's management of the electricity grid through the use of load shedding reduces the likelihood of a complete grid failure Santam has systematically removed cover from policies due to both damage and non-damage sources We make use of time deductibles (an amount of time between payable losses) and reinsurance in the corporate property environment Sustainable solutions have been explored to allow Santam to continue to offer public utilities cover
 Improved ranking   Same ranking  Ranking deteriorated			

6

Remuneration report summary



Remuneration report summary

Santam has a total reward strategy for our people. This offering comprises remuneration (cash remuneration, short-term incentives (STI) and long-term incentives (LTI)), benefits (retirement fund, medical aid, risk benefits, 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 that are prescribed and 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 STI and LTI 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 businesses to attract, retain and reward their employees appropriately within an overarching policy. In this regard, there are some areas where good corporate governance, the protection of shareholder interests and those of the Santam brand or corporate identity require full disclosure, motivation and approval by human resources committees, either at group or business level.

The principle of pay for performance and management discretion about individual employees is central to the remuneration philosophy because all remuneration is based on merit.

Our performance this year was the result of our talented and dedicated employees, who epitomise the company value of 'caring' by serving with empathy and consideration, knowing that everything we do leaves a lasting impact and legacy.

Lucia Swartz, Chairperson: human resources and remuneration committee



Overview of our remuneration policy

Santam's remuneration philosophy and policy support the group's strategy by incentivising the behaviours required to meet and exceed our predetermined strategic goals. Short and long-term strategic objectives are measured and rewarded, and this blended approach strongly mitigates excessive risk-taking and balances longer-term strategic objectives with short-term operational performance. The remuneration philosophy is, therefore, also an integral part of the group's risk management structure. We consider prevailing economic conditions and local and international governance principles in setting up the reward structures. The group pays attention to correctly positioning the nature and the scale of remuneration relative to appropriate comparator groups, governance standards and international best practice.

Our remuneration policy is a key enabler of the Santam business strategy. Therefore, it must be market-competitive, 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 with our risk and governance frameworks
- Promote an ethical culture and behaviours consistent with our values and responsible corporate citizenship

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 to maintain a clear link 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 to ensure sustainability
- **Leverage and alignment:** Reward consequences for individual employees are 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 market comparison for specific skills groups or roles and differentiation concerning performance is imperative. Unfair differentiation is unacceptable
- **Attraction and retention:** Remuneration practices are recognised as key 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 as 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 for achieving excellent performance and results in relation to Santam's stated strategic objectives. The performance management process contributes significantly to lending structure to the process and obtaining this participation level
- **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, all employees understand the link between remuneration and Santam's strategic objectives
- **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 occur, 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 2023

In the context of the group's refreshed FutureFit strategy, the group STI scorecard was amended for 2023:

- To enhance focus on strategic execution, a 50/50 weighting has been introduced between financial and strategic performance conditions
- Additional financial performance metrics have been added, linked to the key drivers of shareholder value. These include absolute and relative total shareholder return metrics based on the performance of the listed Santam share

Key focus areas in 2023

The HRRC is responsible for overseeing and monitoring the development, implementation and execution of the remuneration policy and strategy of the group and ensuring that the policy objectives are met.

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference. Read more about the HRRC's terms of reference online and the composition and summarised terms of reference for the HRRC in the corporate governance report.

During 2023, 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 STIs and LTIs, as appropriate
- Benchmarking Santam executive directors and Santam executive committee members' remuneration against a suitable market

- Benchmarking Santam non-executive directors' remuneration against a suitable market and recommended fee proposals which were considered by shareholders at the 2023 AGM
- Review of Santam's remuneration policy and practices in South Africa against prudential standards, King IV Report, applicable governance principles and market best practice
- Remuneration design for heads of control functions 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
- Considering findings and analyses on race and gender pay equity across all levels in the group and approving appropriate actions in this regard
- Considering measures to support existing strategies to address people transformation at all levels of the organisation
- Review of Santam's STI scheme design and performance conditions

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.

Element	Purpose	Potential	Design	How delivered?
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.
STIs	Rewards performance over a 12-month period (financial year).	For executive committee STIs on-target ranges between 75% – 100% of TGP. Maximum STI caps are set at 200% of TGP.	Quantum for executive committee based on individual, business and group performance.	Cash settlement generally capped at 200% of TGP. For executive committee deferral principles apply at a minimum of 30% of STI.
LTIs	Rewards company performance over a 3-to-5-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 comprise 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 TGP.
Restricted Santam shares	For attraction and retention of key talent, as well as the mechanism for the partial deferral of executive committee STIs.	Potential is linked to market benchmarks for attraction and retention. For STI deferral shares, 30% of the annual bonus for executive committee is granted in RSPs.	Vesting profiles are dependent on the sign-on agreement and the delivery of strategic initiatives in case of attraction and retention. STI deferral shares vest after 3 years.	Vesting is subject to strategic and other performance conditions, employment and malus and clawback in the case of attraction and retention. For STI deferral shares, vesting is subject to continued employment and maintaining individual performance.
OPPs	Focused and bespoke incentives for a specific period (long-term) aligned to Santam's strategy and key strategic projects.	100% – 200% of TGP per annum.	Performance conditions are set considerably more stretched than LTIs. Due to the out-performance targets set the probability of vesting is lower than LTIs.	OPP's value measured and delivered in Santam shares to align with shareholders. By exception (and if good rationale exists) may be settled in cash, but this will be disclosed.

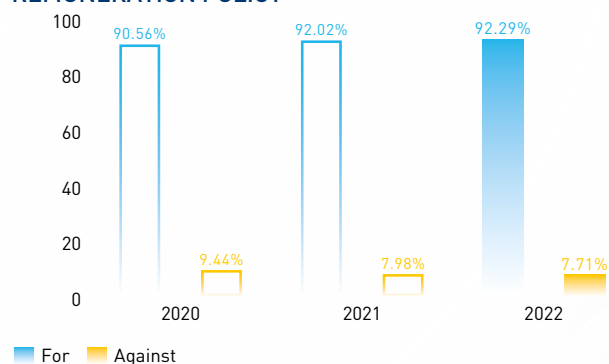
Engagement and voting outcomes from the last AGM

Through our individual engagements with shareholders, we received positive feedback on the consultations and actions taken to simplify remuneration design and increase disclosure. We welcome ongoing engagement with shareholders and extend a standing invitation to shareholders to engage 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 dialogues. This report expands on our disclosure in line with comments received from our engagements with shareholders.

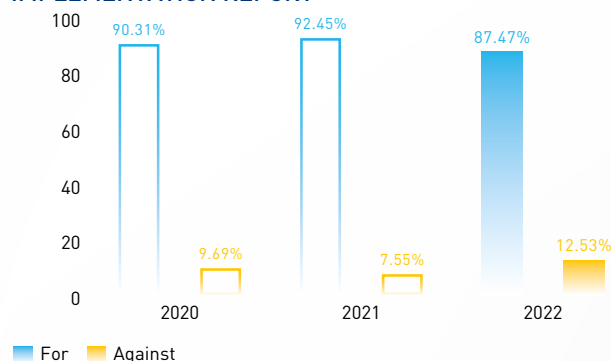
In terms of King IV, the company should obtain the endorsement of its shareholders relating to the company's remuneration policy and the implementation report of this policy at the AGM. If more than 25% of the total votes cast by the shareholders present and by proxy, are against either resolution the 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 2023 AGM (relating to the 2022 financial year), our remuneration policy received a positive vote of 92.29%, while our implementation report received a positive vote of 87.47%. We summarise the shareholder voting outcomes over the past three years below.

SHAREHOLDER VOTING OUTCOME – REMUNERATION POLICY



SHAREHOLDER VOTING OUTCOME – IMPLEMENTATION REPORT



2024 AGM

For the 2024 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 have up to 10% of their key performance metrics for their annual performance contracts linked to ESG metrics. From 2024, ESG metrics will have a weighting of at least 10%. In addition, as people and social imperatives are critical for our business, at least 10% is based on people, culture, transformation and development metrics.

An OPP was agreed for the Santam CEO to drive the key aspirations of the business aligned to the refreshed FutureFit strategy. The full details of this incentive, the relevant company financial performance conditions and strategic targets are set out in the remuneration policy and implementation report.

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



7

Financial performance overview

Financial and operational review

Key features

- Santam's strong brand and diversification provided resilience amid challenging operating conditions
- Net income attributable to equity holders up 64%
- Return on capital of 28.5% exceeds hurdle rate
- Robust growth in net earned premiums reflects the strength of the Santam brand and distribution channels
- MiWay growth accelerating – solid progress with new strategic initiatives
- Underwriting actions yielding positive results
 - » A turnaround in the profitability of motor book – claims inflation and high-value vehicle theft successfully managed
 - » Power surge losses mitigated
- Exceptional underwriting performance by Specialist Solutions
- Conventional underwriting margin below target range due to adverse claims experience
- Strong investment returns earned on float and capital portfolios

Executive summary

The group achieved a resilient performance in 2023 under challenging operating conditions. Our diversification across market segments, insurance classes and geographies enabled us to grow shareholder value in excess of our 24% hurdle rate. Our ability to demonstrate resilience is a testament to our business' core strength – we have a solid legacy and a consistent, proven record of sustainable value creation. We have faced extraordinary headwinds over the past number of years, and despite these, we have proven to be a resilient business, managing to achieve superior performance. This consistency makes us a trusted, reliable brand, able to deliver to the expectations of our diverse stakeholders.

Our ability to demonstrate resilience is a testament to our business' core strength – we have a solid legacy and a consistent, proven record of sustainable value creation.



We faced several challenges in 2022 that placed pressure on our growth prospects and underwriting results. We recognised that most of these conditions would persist into 2023, which year eventually turned out even more challenging than we anticipated:

- The overall operating environment was not conducive to insurance growth. Weak economic growth in South Africa, our largest market, dented any prospects of a meaningful improvement in employment levels. Consumer disposable income also remained under pressure despite recent easing in inflation
- Adverse rainfall conditions drove high claims frequency in the first quarter of 2023, followed by two severe flooding events in the Western Cape province in June and September. The Türkiye earthquake in the first half of the year and hail in Gauteng during November contributed further to the losses from natural events
- Continuous electricity supply disruptions outpaced past experience by a significant margin, increasing the risk of losses from power surge claims
- Claims inflation also remained elevated, exacerbated by a weak exchange rate
- The cost of reinsurance increased substantially following the significant losses experienced globally and in the South African market since 2020

We responded through several strategic and operational measures to navigate these conditions.

We refreshed the FutureFit strategy at the end of 2022, going live with a new omni-channel operating model on 1 January 2023. The Commercial and Personal multi-channel business was restructured into three business units to focus on the distribution channels where we interact directly with clients (Client Solutions), through brokers (Broker Solutions) and partnerships (Partner Solutions). The other client-facing businesses – MiWay, Specialist Solutions and Santam Re continue to provide growth and diversification benefits. These business units remain part of conventional insurance for segmental reporting purposes. The new operating model provided an immediate focus that enhanced our ability to weather the challenges.

Being a data-driven organisation is a key strategic enabler of the refreshed FutureFit strategy. We made good progress in driving value through better use of data, with several data-based use cases in the implementation phase. Among these is an expansion of our geocoding initiative, which creates a comprehensive risk-based view of property locations in South Africa. We gained significant traction in implementing geocoding, with approximately 86% of the core property book covered to date. We have seen the benefits with several losses avoided during the Western Cape floods through risk-mitigating actions we took in response to the geocoding initiative.

We continue to drive diversified growth, evidenced by a substantial profit contribution from the Specialist Solutions business that provided welcome relief to the adverse claims experience in the Broker Solutions, Client Solutions and Santam Re businesses.

We implemented several underwriting actions in response to the 2022 claims experience, including enhanced risk assessments in underwriting, segmented premium increases, changes to excess amounts and enhanced security requirements for high-risk vehicles. These actions are yielding positive results, with a marked turnaround in the profitability of the motor book and mitigation of power surge losses. The latter remains an insurable peril and an important value proposition for our clients.

We increased property rates as part of the management actions to date. However, the weather and fire-related claims experience in 2023 indicate that premiums, risk mitigation and surveying are not yet appropriate due to continued poor experience in this class of business.

These measures contributed positively to our financial performance in 2023.

Performance measure	Long-term goal	2023 performance	Rating
Growth in size of book	CPI + GDP + 1 to 2% (7.5% – 8.5% for 2023)	Gross written premium (GWP): 5.5% (9% excluding cancelled business) Net earned premium (NEP): 5.8% (8% excluding cancelled business)	●
Net underwriting margin	5% – 10%	3.5%	●
Diversification			
• International	>20% by 2030	16%	●
• Direct	>30% by 2030	17%	●
Return on capital	24%	28.5%	●
Dividend growth	In line with GWP (5.5% for 2023)	7%	●
Capital coverage ratio	145% – 165%	155%	●

Excluding large one-off items, an underwriting margin of 8.4% was achieved, which exceeds the comparable 6.0% in 2022. Investment market conditions were more favourable than in 2022, which, together with an outperformance of benchmarks, contributed to a return on insurance funds of 2.6% of net earned premiums compared to 1.2% in 2022. The 2023 net insurance margin of 6.1% compares to a margin of 6.3% in 2022.

The Alternative Risk Transfer (ART) businesses reported excellent operating results, supported by solid growth in fee income and positive investment and underwriting results.

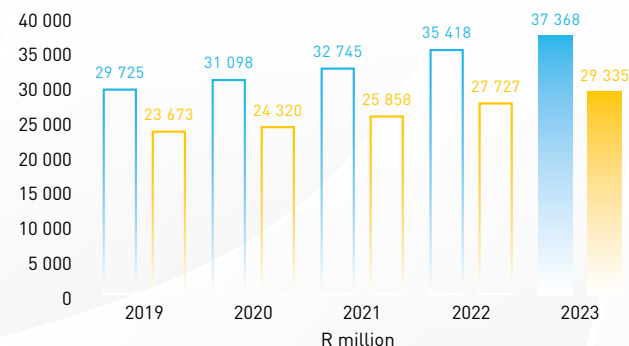
The adoption of IFRS 17 *Insurance contracts (IFRS 17)* did not have a material impact on the group's results. It also does not affect the group's key performance indicators and operational management.

Business volumes

NEP, a key indicator of the size of business retained, for Conventional insurance business increased by 5.8%. Risk management actions taken during the year had a negative impact of R579 million on the growth in NEP. These included pruning underperforming business at Santam Re and Broker Solutions, limiting concentration risk in selected portfolios and the non-renewal of business at Emerald that were inappropriately priced by the market. Excluding the impact of these actions, NEP grew by 8%. The risk management actions align with our strategic focus on enhancing shareholder value through profitable growth. We are prepared to lose premium volumes if we believe the business is unlikely to meet our return hurdles.

GWP, an indicator of the size of the business written before reinsurance, increased by 6% and by 9%, excluding the impact of the risk management actions highlighted above.

CONVENTIONAL BUSINESS VOLUMES



■ Gross written premium ■ Net earned premium

Periods before 2022 not restated for IFRS 17 adoption.

By business unit

Broker Solutions, our most mature business, achieved good growth and realised the targeted premium increases in response to high claims inflation and frequency.

Client Solutions recorded acceptable growth, albeit lower than expectations. The business remained focused on managing the quality of business written.

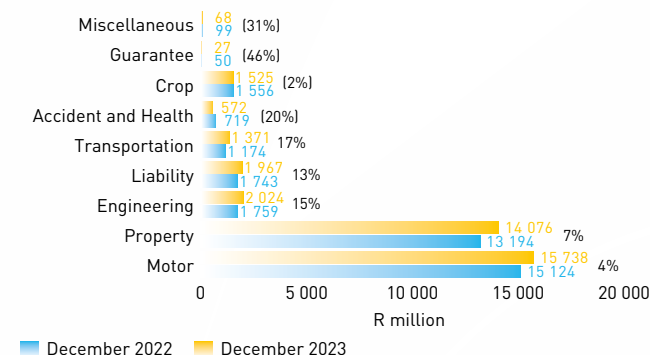
The launch of new business through the MTN partnership resulted in a substantial increase in Partner Solutions' contribution from a low base. 151 339 policies, well in excess of initial expectations, have been sold since launch in April 2023 at attractive underwriting margins.

MiWay's monthly growth almost doubled towards the end of the year compared to the first-half 2023 results, ending at an increase of 5% for the full year. Commercial and value-added services continue to perform well, supported by an acceleration in personal lines sales. MiWay's focus on addressing all of the key pressure points, namely rejected debit orders, quote volumes, conversions, and average premiums, are yielding positive results. The new strategic initiatives (tied agency for commercial business and inbound marketing strategy) contributed to the growth.

Specialist Solutions achieved satisfactory overall growth. The impact of a high comparative base at Agri and the non-renewal of business at Emerald largely offset solid growth at the other business units.

Santam Re's cancellation of non-profitable business resulted in a decline in its contribution.

By insurance class



The motor class recorded a growth of 4% in GWP. Double-digit growth from Broker Solutions' broker services distribution channel was partly offset by muted growth at MiWay and Outsourced Business and the cancellation of non-profitable business. Excluding the latter, the motor class grew by 7%.

GWP in the property class grew by 7%, attributable to solid growth at Santam Re and Broker Solutions. Specialist Solutions' volumes declined by 8% following the non-renewal of business at Emerald. Excluding cancelled business, property volumes grew by 11%.

The engineering class achieved excellent growth of 15%, recovering well from 2022 due to solid growth at Santam Re and new business at Mirabilis from outside South Africa.

Transportation GWP increased by 17%, with Santam Re and the Specialist Solutions business being the main contributors.

The liability class also performed well, supported by the Specialist Solutions businesses and Santam Re.

Geographical analysis

South Africa remains the most significant contributor to GWP at 84% (2022: 85%), with GWP from this market increasing in line with inflation by 5% to R31.5 billion (2022: R30 billion). GWP from outside South Africa, written on the Santam Ltd and Santam Namibia Ltd licences, made up 16% (2022: 15%) of total GWP and grew by 7% to R5.8 billion (2022: R5.5 billion). Growth in the proportion of business written outside of South Africa was hampered by the cancelled business at Santam Re.

Our collaboration with Sanlam Pan-Africa (SPA) across the African continent in specialist business continues to yield positive results, with excellent GWP growth of 43% to R822 million (2022: R574 million), following solid growth achieved in the engineering and marine businesses.

Earnings

	2023 R million	2022 R million	Variance
Conventional	2 910	2 328	25%
Net insurance result	1 790	1 743	3%
Investment return on capital	1 120	585	91%
Net income ART	516	368	40%
Associated companies	786	54	>100%
Amortisation and other	(113)	(24)	(391%)
Income before tax and non-controlling interests	4 099	2 726	50%
Tax and non-controlling interests	(849)	(746)	(14%)
Net income	3 250	1 980	64%

Conventional insurance

	2023 R million	% of NEP	2022 R million	% of NEP
Gross written premium	37 368		35 418	
Net earned premium	29 335	100%	27 727	100%
Claims incurred	19 420	66.2%	18 030	65.0%
Acquisition cost	8 884	30.3%	8 295	29.9%
Commission	4 049	13.8%	3 860	13.9%
Management expenses	4 835	16.5%	4 435	16.0%
Underwriting result	1 031	3.5%	1 402	5.1%
Investment return on insurance funds	759	2.6%	341	1.2%
Net insurance result	1 790	6.1%	1 743	6.3%
Combined ratio		96.5%		94.9%

Net income increased by 64%, benefitting from solid growth in ART earnings, favourable investment return earned across all fixed-interest portfolios, profit realised on the disposal of the group's interest in SAN JV and a revaluation of the economic interest held in Shriram General Insurance in India.

Underwriting result

Underwriting profit declined by 26% at a margin of 3.5% for 2023 compared to 5.1% in 2022.

Several large items impacted the comparability of the results:

- Claims from the Western Cape floods and the hail storm in Gauteng amounted to R403 million and R180 million, respectively
- Santam Re's performance was severely impacted by run-off losses in respect of the cancelled motor business (R401 million) (2022: R115 million) and exposure to the Türkiye earthquakes (R150 million). The remainder of the Santam Re book delivered a satisfactory performance despite some flooding claims in Australia and China
- Fire claims remain a concern, negatively impacting the profitability of the property class of business. Losses in excess of R20 million, predominantly related to fire claims, amounted to R422 million in 2023 compared to R388 million in 2022. This is a particular area of focus in 2024
- Reinstatement premiums of R85 million were incurred in 2023 with respect to large claims compared to R100 million in the comparative 2022 period (excluding the KZN flooding)
- The comparative period of 2022 included net losses from the KZN flooding of R567 million (including reinstatement premiums related thereto)
- COVID-19-related CBI reserves of R215 million were released in 2023, compared to R714 million in 2022. The release of reserves is mainly attributable to the actual claims being lower than initial estimates. The current estimate of Santam's gross liability for open CBI claims at 31 December 2023 is R158 million, which is mostly covered by reinsurance. No significant uncertainty remains in respect of the outstanding claims. As a result, we do not anticipate any further reserve releases

Adjusting for these, an underwriting margin of 8.4% was achieved compared to 6% in 2022. This improvement reflects the positive impact of the underwriting actions taken since the second half of 2022, as referred to above. We remain focused on the implementation of underwriting actions in response to the increase in frequency and severity of natural and fire-related losses. These include segmented premium and excess increases, more stringent limits on concentration risk, enhanced surveying, utilisation of reinsurance and co-insurance, and accelerated roll-out of the geocoding initiative.

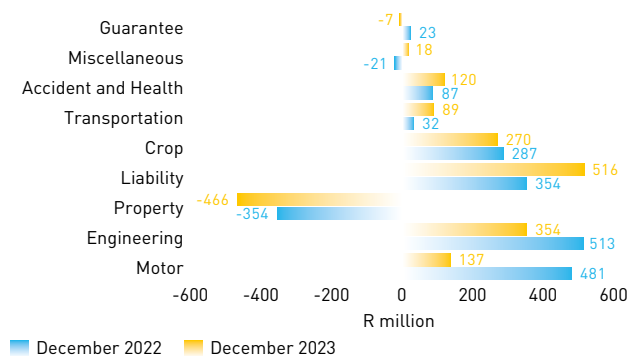
By business unit

Broker Solutions and Client Solutions were most significantly impacted by the weather-related attritional losses in the first quarter of 2023, the Western Cape flooding and the increase in the frequency and severity of fire claims. This was offset by an exceptional underwriting result from Specialist Solutions that exceeded the high base in 2022. Specialist Solutions benefitted in 2022 from a particularly benign claims environment at Agri, a relatively higher release of CBI reserves and positive claims development in the liability and engineering classes. Most lines of business experienced a lower frequency of large claims in 2023.

MiWay recorded a loss ratio of 59% (2022: 60%) and an underwriting profit of R168 million (2022: R254 million). Underwriting actions, which included claim efficiencies, segmented premium increases and adjusted risk covers, showed positive results. This was, however, offset by exposure to the Western Cape floods and the hail in Gauteng, as well as the investment in strategic initiatives. In addition, 2022 benefitted from lower employee variable incentive costs.

Santam Re reported an underwriting loss, negatively impacted by the losses highlighted above.

By insurance class



The motor book showed a strong recovery following the implementation of the underwriting actions highlighted above, with profit from this line of business increasing by 5%, excluding the run-off losses in Santam Re of R401 million (2022: R115 million) and the November Gauteng motor hail claims of R89 million.

The weather and fire-related claims negatively impacted the underwriting result of the property class, which was, to some extent, offset by the release of the CBI claims provision. The property class, however, remained unprofitable.

Engineering delivered strong underwriting results, albeit lower than the comparable period in 2022, which benefitted from positive claim estimate adjustments.

The liability class continued to deliver favourable underwriting results with limited adverse claims development and a low frequency of large claims. The comparable period included positive claim estimate adjustments.

Transportation recovered well compared to 2022 when it experienced underwriting losses in the marine business from the KZN flooding.

Crop reported good results but declined from 2022. The comparable period benefitted from a remarkably benign claims environment.

Expense management

The net acquisition cost ratio increased marginally to 30.3% (2022: 29.9%), with the net commission ratio at 13.8% compared to 13.9% in 2022.

The management expense ratio remained well-controlled at 16.5% (2022: 16.0%) on the back of continued focused cost containment efforts. The management expense ratio declined compared to 2022, excluding the positive impact of lower variable incentive costs in the comparable period.

Investment return on insurance funds

The investment return on insurance funds of 2.6% (2022: 1.2%) of net earned premium improved significantly, benefitting from strong returns on local and global fixed-income investments compared to lacklustre overall returns in the comparable period, particularly the first half of 2022. Volatility in fixed-interest markets subsided somewhat in 2023, with global returns also benefitting from a weaker rand exchange rate.

Investment return on capital

Investment return on capital increased from R585 million in 2022 to R1.1 billion in 2023. This is mainly attributable to improved investment market performance, with unrealised fair value adjustments on equities and bonds turning around from a net loss in 2022 to a net gain in 2023. Investment return includes foreign exchange gains of R254 million (2022: R229 million) following a weaker rand and an upward revaluation of the target shares of R433 million (2022: R346 million including the special dividend of R217 million received in respect of the KKR corporate action). The revaluation of the target shares in 2023 relates almost entirely to SGI and reflects an improved operational performance and prospects for the business, as well as foreign exchange gains. All key investment portfolios outperformed benchmarks, apart from equities, where the value bias resulted in some underperformance.

Alternative Risk Transfer business

The ART business reported strong profits of R516 million (2022: R368 million), which is the combination of 33% growth in operating earnings to R443 million (2022: R332 million) and 103% growth in investment return earned on capital to R73 million (2022: R36 million). Good growth was experienced across all main income lines (fee income, investment margin and underwriting margins), reflecting increased business under administration and improved investment return earned on assets under management.

India/Malaysia general insurance businesses

Santam's share of the GWP of SGI in India and Pacific & Orient Insurance Co. Berhad (P&O) in Malaysia increased by 31%. SGI's contribution increased by 41%, with solid growth from the Shriram Group and digital distribution channels. P&O continued to face significant competitive pricing in the market, depressing its contribution.

Net insurance results increased by 31%, supported by 35% growth at SGI. The SGI performance benefitted from book growth and reserve releases due to better-than-expected claims experience following good claims management.

Corporate transactions

We received Competition Tribunal approval during the period to acquire the MTN device insurance book in South Africa. The transaction is part of the broader strategic alliance between Sanlam and MTN through aYo Holdings Limited, the MTN Group's InsurTech platform. This enabled us to commence writing new device insurance business through this arrangement during April 2023. Initial sales volumes are very promising.

The transfer of the in-force book of business received regulatory approval in December 2023. This part of the transaction is unconditional with an effective transfer date of 1 January 2024. This will add 340 000 policies to the Santam licence and an annualised GWP of R390 million on the transition date. Santam's net capital outlay for the acquisition will amount to approximately R59 million. The profit share arrangement allows for good margin retention in line with our return on capital hurdle rate for this business.

On 4 May 2022, we announced that we entered into an agreement with Allianz, in which Santam would dispose of its 10% interest in SAN JV to Allianz. The transaction closed in the second half of 2023, with disposal proceeds of some R2.6 billion received in September. On the same date, we also entered into a 12-month zero-cost collar of EUR125 million to protect the SAN JV sale proceeds from the Rand strengthening against the Euro. The structure provided full downside protection below a EUR/ZAR exchange rate of R16.66 and entitled us to share in Rand weakness against the Euro up to a cap of R19.16. The structure expired on 4 May 2023 at a negative fair value of R122 million, of which R35 million was recognised directly in equity in the 2022 financial statements in terms of the hedge accounting requirements. This hedge accounting reserve has been recycled to the Statement of Comprehensive Income in 2023 to recognise the cumulative R122 million fair value loss as part of the profit on disposal of the investment.

The zero-cost collar was replaced with a forward exchange contract (FEC) on 4 May 2023, based on a notional amount of EUR125 million with cover up to 2 October 2023. The expiry date of the FEC was accelerated to align with the transaction closing date. The FEC rate at closing was broadly in line with the spot exchange rate.

Capital management

Capital management philosophy

The group's capital management philosophy remains focused on maximising return on shareholders' capital within an appropriate risk management framework that protects policyholder security. Aligned with this philosophy, return on capital is a key management performance indicator, which is also integrated into the vesting conditions of the group's short- and long-term incentive schemes.

Optimising return on capital over the long term requires the consideration and balancing of a number of factors that impact the amount of required capital as well as the expected future return, including but not limited to:

- Regulatory capital requirements set by the Prudential Authority in terms of the Solvency Assessment and Management (SAM) regime in South Africa
- The internal economic capital requirement, which is determined through the application of the group's Internal Capital Model
- The group risk appetite, which sets limits for, among others, earnings volatility and a target solvency range
- The utilisation of different sources of capital, including shareholders' equity and subordinated debt
- Strategic asset allocation within the investment portfolios, including the expected future returns on the various asset classes
- The mix of insurance business
- Counter-party exposure
- Reinsurance programmes

All of these factors are actively managed under the guidance of the Santam board and its investment committee. Santam targets a threshold return on capital of 24% over the long term.

Capital is allocated to the various businesses based on their mix of business, with the return on capital of each business and insurance class measured against the applicable threshold hurdle rate.

Carrying excess capital on the balance sheet is suboptimal as the threshold hurdle rate is well in excess of the expected investment return to be earned on the capital portfolio over the longer term. After allowing for potential corporate transactions, capital in excess of the group's requirements is commensurately returned to shareholders.

Capital management actions during the year and economic solvency

On 6 April 2023, Santam Limited issued additional five-year unsecured subordinated callable floating rate notes of R1 billion. The effective interest rate for the floating rate notes is equivalent to the three-month JIBAR plus a spread of 150 basis points. The notes have a maturity date of 6 April 2028. Santam also redeemed subordinated fixed rate notes issued in April 2016 of R500 million (with an effective interest rate of 11.77%), which became callable on 12 April 2023. The issued subordinated notes commensurately increased to R3.0 billion.

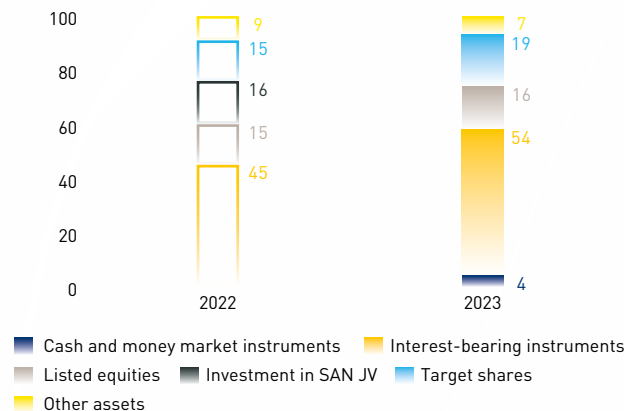
The board declared an interim dividend of 495 cents per ordinary share in August 2023, based on the group's solvency position at the time.

The disposal of the group's interest in SAN JV increased the group's capital coverage ratio in excess of the target range. The board commensurately declared a special dividend of 1 780 cents per ordinary share (total special dividend of approximately R2 billion) in September 2023 out of the disposal proceeds in line with the philosophy to return excess capital to shareholders.

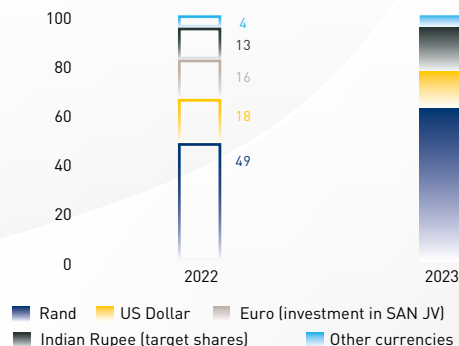
The group and all of its principal subsidiaries remain well-capitalised. Based on the internal model, the group economic capital requirement at 31 December 2023 amounted to R8.8 billion (December 2022: R8.6 billion) compared to the actual capital of R13.7 billion (December 2022: R13.4 billion). This equates to an economic capital coverage ratio of 155% (December 2022: 156%), at the midpoint of the capital target range of 145% to 165%. Santam Limited, the primary operating entity, had an economic capital coverage ratio of 151% at 31 December 2023 and a regulatory capital coverage ratio of 178%, well above the risk appetite levels.

No significant changes were made to the strategic asset allocation of the key investment portfolios. Therefore, the asset class and currency composition of the shareholder's fund at 31 December 2023 remained broadly in line with 2022.

SHAREHOLDERS' FUND ASSET MIX (%)



SHAREHOLDERS' FUND CURRENCY MIX (%)



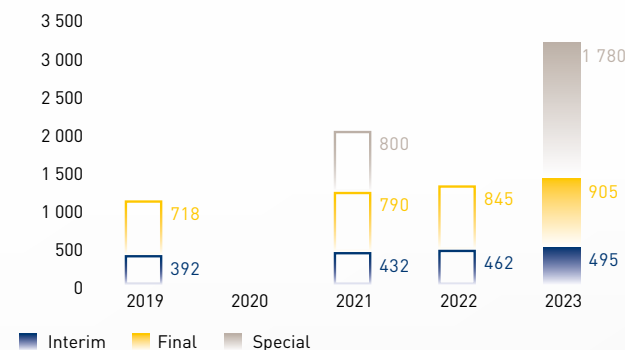
Dividend

The group's ordinary dividend policy aims to achieve stable dividend growth in line with longer term sustainable business growth while maintaining the group solvency ratio within the target range. Special dividends are considered when the group solvency ratio is expected to exceed the upper end of the target range over the medium to long term after allowing for any potential corporate transactions under consideration.

Given the group's sound solvency position at 31 December 2023, the board approved a final ordinary dividend of 905 cents per ordinary share in respect of the 2023 financial year, an increase of 7.1% on the final dividend of 845 cents declared in respect of the 2022 financial year.

Together with the interim dividend for the six months ended 30 June 2023 of 495 cents (June 2022: 462 cents), the total ordinary dividends declared in respect of the 2023 financial year amount to 1 400 cents per ordinary share, an increase of 7.1% on the total ordinary dividends of 1 307 cents declared in respect of the 2022 financial year. Including the special dividend of 1 780 cents declared in September 2023, total distributions to shareholders in respect of 2023 amount to 3 180 cents per ordinary share.

DIVIDENDS PER SHARE (CENTS)



Prospects

General operating conditions are not expected to improve markedly in 2024. Economic growth and employment levels will remain under pressure in South Africa, our main market, given structural limitations, in particular electricity supply and transport constraints that place severe pressure on economic activity and investor confidence. The joint effort between the government and the private sector to resolve these impediments provides some positive sentiment.

Personal disposable income should find some relief as both inflation and monetary interest rates have peaked by all indications. A decline in interest rates in the medium term will be supportive of GWP and NEP growth prospects.

We, however, remain confident in the group's prospects and the potential to deliver enhanced growth and profitability. The management actions in response to natural and fire-related losses will be a key contributor.

Investment markets are likely to remain volatile, especially in the context of escalating geopolitical risk. The non-rand-denominated investments expose the group to foreign currency volatility but also provide a hedge against a weakening rand's operational impact.

Adoption of IFRS 17

The group retrospectively applied the IFRS 17 *Insurance contracts* standard from 1 January 2023 and restated comparatives for the 2022 financial period. The key impacts on the group's results are as follows:

Conventional business

- The underwriting result for conventional business under IFRS 17 is R100 million higher than IFRS 4 for the 2023 financial year (2022: R13 million). This primarily relates to the treatment of risk-attaching reinsurance contracts – under IFRS 17, the reinsurance cost is spread over the coverage period of the underlying risk compared to IFRS 4, where the reinsurance cost was spread over the reinsurance contract period.
- The claims incurred liability benefits from the impact of discounting under IFRS 17, especially with respect to the longer-tailed business (e.g. liability), compared to IFRS 4, where the claims reserves were not discounted. However, this is largely offset by the accretion of interest, which represents the unwinding of discounting recognised in prior periods.
- Reinstatement premiums are recognised as a claims expense under IFRS 17 compared to a reduction in net earned premium under IFRS 4. This results in an increase in net earned premium for segmental reporting purposes, with a corresponding increase in net claims incurred. This impact is particularly pronounced for the 2022 comparative period when the group incurred reinstatement premiums of R481 million (mainly relating to the KZN flood losses) compared to R85 million in 2023.
- All binder fees were recognised in administration costs under IFRS 4, whereas the component relating to sales activity is recognised in commission expenses under IFRS 17. This increases the commission ratio, with a corresponding decline in the management expense ratio for segmental reporting purposes.

A comparison of the key management performance ratios for conventional business is as follows:

	2023				2022			
	IFRS 17 R million	%	IFRS 4 R million	%	IFRS 17 R million	%	IFRS 4 R million	%
NET INSURANCE RESULT								
Net earned premiums	29 335	100.0	29 188	100.0	27 727	100.0	27 221	100.0
Claims incurred	19 420	66.2	19 370	66.4	18 030	65.0	17 588	64.6
Cost of acquisition	8 884	30.3	8 887	30.4	8 295	29.9	8 244	30.3
Commissions	4 049	13.8	3 910	13.4	3 860	13.9	3 661	13.5
Expenses	4 835	16.5	4 977	17.0	4 435	16.0	4 583	16.8
Underwriting result	1 031	3.5	931	3.2	1 402	5.1	1 389	5.1
Investment return on insurance funds	759	2.6	759	2.6	341	1.2	341	1.3
Net insurance result	1 790	6.1	1 690	5.8	1 743	6.3	1 730	6.4

We continue to disclose gross written premium (GWP) and net earned premium (NEP) as additional information in line with past practice. It should be noted that GWP and NEP are not metrics reported under IFRS but management performance metrics, which are reconciled to IFRS 17 insurance revenue in the segmental information.

Alternative Risk Transfer business

The impact of the introduction of IFRS 17 on the Alternative Risk Transfer (ART) business is immaterial.

Net profit attributable to equity holders of the company

Net profit attributable to equity holders is R88 million higher under IFRS 17 than IFRS 4 for the 2023 financial year (2022: R10 million lower).

Net profit attributable to equity holders under IFRS 17 compares as follows to those prepared under IFRS 4:

	2023			2022		
	IFRS 17 R million	IFRS 4 R million	Diff %	IFRS 17 R million	IFRS 4 R million	Diff %
Net insurance result	1 790	1 690	6%	1 743	1 730	1%
Alternative risk transfer	516	516	0%	368	390	(6%)
Income from associated companies	786	786	0%	54	54	0%
Investment income	1 120	1 120	0%	585	585	0%
Amortisation of intangible assets	(31)	(31)	0%	(23)	(23)	0%
Other income and expenses	(82)	(82)	0%	(1)	(2)	(50%)
Income before tax	4 099	3 999	3%	2 726	2 734	0%
Taxation	(716)	(712)	1%	(649)	(645)	1%
Income after tax	3 383	3 287	3%	2 077	2 089	(1%)
Minority shareholders interest	(133)	(125)	6%	(97)	(99)	(2%)
Net profit attributable to equity holders	3 250	3 162	3%	1 980	1 990	(1%)

Events after the reporting period

In 2023, the company purchased MTN's device insurance book for R59 million. The transaction was subject to regulatory approval, which was received and the transaction became effective in January 2024.

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

ML Olivier

Group chief financial officer

28 February 2024

8

Summary consolidated financial statements

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 IFRS® Accounting Standards.

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
Group chief executive officer
28 February 2024

Preparation and presentation of the summary consolidated financial statements

The preparation of the summary consolidated financial statements was supervised by the group chief financial officer of Santam Ltd, ML (Wikus) Olivier (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 87 to 127, 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.

ML Olivier

Group chief financial officer

TC Madzinga

Group chief executive officer

28 February 2024

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

Group company secretary

28 February 2024

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 87 to 127 of the Santam 2023 Integrated Report, which comprise the summary consolidated statement of financial position as at 31 December 2023, 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 2023.

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 requirements of 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 28 February 2024. 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

7 March 2024

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

	Notes	Audited as at 31 December 2023 R million	Restated ¹ Audited as at 31 December 2022 R million	Restated ¹ Audited as at 1 January 2022 R million
ASSETS				
Intangible assets		1 226	1 073	989
Property and equipment		877	640	702
Investment in associates and joint ventures		542	467	2 284
Strategic investment – unquoted Sanlam target shares	7	2 030	1 596	1 691
Deferred income tax		162	139	130
Financial assets at fair value through income	7	43 748	36 069	31 188
Insurance contract assets	8	426	797	190
Reinsurance contract assets	8	10 087	14 005	13 980
Non-current assets held for sale	9.1	–	1 768	–
Loans and receivables	7	2 739	2 615	1 792
Current income tax		474	96	5
Cash and cash equivalents		4 819	5 387	4 496
Total assets		67 130	64 652	57 447
EQUITY				
Capital and reserves attributable to the company's equity holders				
Share capital		103	103	103
Treasury shares		(845)	(713)	(570)
Other reserves		10	(63)	37
Distributable reserves		11 424	11 537	11 807
		10 692	10 864	11 377
Non-controlling interest		714	670	634
Total equity		11 406	11 534	12 011
LIABILITIES				
Deferred income tax		1 103	100	70
Lease liabilities		824	669	764
Financial liabilities at fair value through income				
Debt securities	7	3 053	2 539	2 552
Investment contracts	7	6 286	5 214	3 798
Derivatives	7	7	35	1
Financial liabilities at amortised cost				
Repo liability		690	739	926
Collateral guarantee contracts		113	129	155
Insurance contract liabilities	8	34 650	36 221	30 896
Reinsurance contract liabilities	8	5 789	4 144	3 438
Provisions for other liabilities		141	139	188
Trade and other payables	7	2 830	2 855	2 243
Current income tax		238	334	405
Total liabilities		55 724	53 118	45 436
Total shareholders' equity and liabilities		67 130	64 652	57 447

¹ Comparative information was restated for the initial application of IFRS 17, in addition to a reclassification of accrued interest. Refer to note 2 for additional information.

Summary consolidated statement of comprehensive income

	Notes	Audited Year ended 31 December 2023 R million	Restated ¹ Audited Year ended 31 December 2022 R million
Insurance revenue		46 882	43 082
Insurance service expense		(37 230)	(38 694)
Net expense from reinsurance contracts held		(6 835)	(1 728)
Insurance service result		2 817	2 660
Finance expenses from insurance contracts issued		(1 980)	(1 245)
Finance (expense)/income from reinsurance contracts held		(66)	658
Net insurance service result		771	2 073
Interest income on amortised cost instruments	10	466	276
Interest income on fair value through income instruments	10	2 733	1 688
Other investment income	10	745	696
Net fair value gains/(losses) on financial assets and liabilities at fair value through income	10	746	(550)
Other revenue		464	387
Investment management services fees		(125)	(124)
Net investment income and other revenue		5 029	2 373
Other operating expenses		(722)	(521)
Investment return allocated to structured products		(497)	(208)
Amortisation and impairment of intangible assets		(77)	(105)
Total other operating expenses		(1 296)	(834)
Results of operating activities		4 504	3 612
Other finance costs		(438)	(323)
Net income from associates and joint ventures		81	68
Income tax recovered from structured products		258	126
Profit before tax		4 405	3 483
Total tax expense		(1 727)	(1 392)
Tax expense allocated to shareholders	11	(716)	(649)
Tax expense allocated to cell owners and structured products	11	(1 011)	(743)
Profit from continuing operations		2 678	2 091
Profit/(loss) from discontinued operations	9.2	705	(14)
Profit for the year		3 383	2 077
Other comprehensive income, net of tax			
Items that may subsequently be reclassified to income			
Exchange differences on translation of discontinued operations	9.2	–	(57)
Hedging reserve movement		(87)	–
Hedging reserve release on sale of discontinued operations		122	–
Foreign currency translation and other non-distributable reserves released on sale of discontinued operations		37	–
Total comprehensive income for the year		3 455	2 020
Profit attributable to:			
– equity holders of the company		3 250	1 980
– non-controlling interest		133	97
		3 383	2 077
Total comprehensive income attributable to:			
– equity holders of the company		3 322	1 923
– non-controlling interest		133	97
		3 455	2 020
Total comprehensive income for the year arises from:			
Continuing operations		2 678	2 091
Discontinued operations		777	(71)
		3 455	2 020
Earnings attributable to equity shareholders			
Earnings per share (cents)	13		
Basic earnings per share		2 973	1 806
Diluted earnings per share		2 952	1 794

¹ Comparative information was restated for the initial application of IFRS 17. Refer to note 2 for additional information.

Summary consolidated statement of changes in equity

	Attributable to equity holders of the company					Non-controlling interest R million	Total R million
	Share capital R million	Treasury shares R million	Other reserves R million	Distributable reserves R million	Total R million		
Balance as at 1 January 2022	103	(570)	37	11 862	11 432	630	12 062
IFRS 17 transitional adjustment	–	–	–	(55)	(55)	3	(52)
Balance as at 1 January 2022 (restated)	103	(570)	37	11 807	11 377	633	12 010
Profit for the year ¹	–	–	–	1 980	1 980	97	2 077
Other comprehensive income:							
Exchange differences on translation of discontinued operations	–	–	(57)	–	(57)	–	(57)
Total comprehensive income for the year ended 31 December 2022¹	–	–	(57)	1 980	1 923	97	2 020
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 2022¹	103	(713)	(63)	11 537	10 864	670	11 534
Profit for the year	–	–	–	3 250	3 250	133	3 383
Other comprehensive income:							
Hedging reserve movement	–	–	(87)	–	(87)	–	(87)
Hedging reserve release on sale of discontinued operations	–	–	122	–	122	–	122
Foreign currency translation and other non-distributable reserves released on sale of discontinued operations	–	–	37	–	37	–	37
Total comprehensive income for the year ended 31 December 2023	–	–	72	3 250	3 322	133	3 455
Issue of treasury shares in terms of share option schemes	–	89	–	(89)	–	–	–
Purchase of treasury shares	–	(221)	–	–	(221)	–	(221)
Share-based payment costs	–	–	–	117	117	–	117
Movement in foreign currency translation reserve	–	–	1	–	1	–	1
Transfer between equity holders and non-controlling interest	–	–	–	33	33	(33)	–
Dividends paid	–	–	–	(3 424)	(3 424)	(86)	(3 510)
Issue of equity interest in cell captive	–	–	–	–	–	30	30
Balance as at 31 December 2023	103	(845)	10	11 424	10 692	714	11 406

¹ Comparative information was restated for the initial application of IFRS 17. Refer to note 2 for additional information.

Summary consolidated statement of cash flows

	Notes	Audited Year ended 31 December 2023 R million	Restated ¹ Audited Year ended 31 December 2022 R million
Cash flows from operating activities			
Cash generated from operations		5 860	8 369
Dividends received ¹		178	457
Interest received ¹		2 688	1 541
Interest paid		(425)	(322)
Income tax paid		(1 220)	(1 545)
Net movement from acquisition and sale of financial assets		(6 414)	(4 957)
Net cash from operating activities		667	3 543
Cash flows from investing activities			
Proceeds from redemption of financial assets		-	92
Acquisition of subsidiaries, net of cash acquired	12	(99)	31
Purchases of equipment		(189)	(78)
Purchases of intangible assets		(82)	(58)
Proceeds from sale of intangible assets		-	16
Acquisition of associates and joint ventures	12	-	(2)
Proceeds from sale of non-current assets held for sale ²		2 632	-
Settlement of zero cost collar		(122)	-
Net cash from investing activities		2 140	1
Cash flows from financing activities			
Purchase of treasury shares		(221)	(237)
Purchase of non-controlling interest in subsidiaries	12	-	(6)
Proceeds from issue of unsecured subordinated callable notes		1 000	1 000
Redemption of unsecured subordinated callable notes		(500)	(1 000)
Dividends paid to company's shareholders		(3 424)	(2 264)
Dividends paid to non-controlling interest		(86)	(98)
Equity interest issued to cell captive		30	46
Repayment of equity interest in cell captive		-	(6)
Payment of principal element of lease liabilities		(134)	(123)
Net cash used in financing activities		(3 335)	(2 688)
Net (decrease)/increase in cash and cash equivalents		(528)	856
Cash and cash equivalents at beginning of year		5 387	4 496
Exchange (losses)/gains on cash and cash equivalents		(40)	35
Cash and cash equivalents at end of year		4 819	5 387

¹ Refer to note 18.2 for detail of restatement.

² Represents cash flow relating to disposal of discontinued operations.

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 Ltd Listings and Debt Listings Requirements, and the requirements of the Companies Act 71 of 2008, as amended, applicable to summary consolidated financial statements. The JSE Ltd Listings and Debt Listings Requirements require the summary consolidated financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS® Accounting Standards 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.

All amounts in the summary consolidated financial statements are presented in South African Rand, rounded to the nearest million, unless otherwise stated.

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:

Restatements other than adoption of IFRS 17

Restatement of statement of financial position

Accrued interest on financial assets was previously classified as loans and receivables, and has been restated to be appropriately included as part of the carrying value of financial assets. Refer to note 18 for detail of restatement.

Restatement of statement of comprehensive income

Investment management services fees (previously expenses for investment-related activities) have been moved on the statement of comprehensive income to be presented closer to other items of an investment nature.

Restatement of statement of cash flows

Cash flows relating to dividends and interest received within operating activities have been restated to be presented separately in the statement of cash flows. Refer to note 18 for detail of restatement.

Standards effective in 2023

The following new IFRSs and/or IFRICs were effective for the first time from 1 January 2023:

- IFRS 17 *Insurance contracts*
- Amendments to IFRS 17 *Insurance contracts*
- Amendments to IAS 12 *Income taxes (deferred tax related to assets and liabilities arising from a single transaction)*
- Amendments to IAS 12 *Income taxes (Income Taxes on International Tax Reform – Pillar Two Model Rules)*
- Narrow scope amendments to IAS 1 *Presentation of financial statements*, Practice statement 2 and IAS 8 *Accounting policies (changes in accounting estimates and errors)*

The adoption of these amendments to IFRS did not have a material impact, apart from the first-time application of IFRS 17 *Insurance contracts* and the amendments.

Standards not yet effective in 2023

- Amendment to IAS 1 *Presentation of financial statements (classification of liabilities as current or non-current)*
- Amendment to IAS 1 *Presentation of financial statements (non-current liabilities with covenants)*
- Amendment to IFRS 16 *Leases (sale and leaseback)*
- Amendments to IAS 7 *Statement of cash flows* and IFRS 7 *Financial instruments: Disclosures (on supplier finance arrangements)*
- Amendments to IAS 21 *The effects of changes in foreign exchange rates (on lack of exchangeability)*

The group did not early adopt any of the IFRS standards that are not yet effective. The group does not anticipate that the adoption of the new standards will have a material impact.

IFRS 17 *Insurance contracts* (IFRS 17)

Introduction

The IASB issued IFRS 17 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. The group adopted the standard on 1 January 2023 and restated comparative information.

Notes to the summary consolidated financial statements

2. Accounting policies (continued)

IFRS 17 Insurance contracts (IFRS 17) (continued)

Project governance

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

Transition approach

The group adopted IFRS 17 as of 1 January 2023 on a fully retrospective basis for all its portfolios except for certain life contracts. For the life portfolios where the fully retrospective method was deemed impractical, the fair value approach was applied. Comparative information has been restated as required by the transitional provisions of IFRS 17. The R52 million transition impact 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 change in carrying amounts of insurance and reinsurance assets and liabilities at the date of transition, has been recognised in retained earnings at 1 January 2022 (the comparative period).

Impact on opening reserves on transition to IFRS 17

	Impact on reserves at the beginning of 2022			Impact on reserves at the end of 2022		
	Audited as at 31 December 2021 R million	IFRS 17 restatement R million	Restated Audited as at 1 January 2022 R million	Audited as at 31 December 2022 R million	IFRS 17 restatement R million	Restated Audited as at 31 December 2022 R million
Distributable reserves	11 862	(55)	11 807	11 602	(65)	11 537
Non-controlling interest	630	3	633	669	1	670

Impact of changes in tax legislation

National Treasury promulgated the 2022 Taxation Laws Amendment Act in January 2023, which contained the changes to section 28 of the Income Tax Act (the Act) to cater for the implementation of IFRS 17. The main objective of these changes was to ensure that section 28 is aligned to the terminology and principles of IFRS 17, as well as to mitigate unintended tax implications as a result of the transition from IFRS 4 to IFRS 17. A phase-in period of three years applies to non-life insurers in respect of the transition amount (phasing-in amount).

The insurance sector engaged with National Treasury in this regard to effect changes to the Act. The 2023 Taxation Laws Amendment Act was promulgated on 22 December 2023, effective for the group's 2023 financial year. The changes made to section 28 of the Act did not address all unintended consequences as the interpretation of the IFRS 17 disclosure requirements continued to evolve during the year.

Based on the current provisions of the Act, the phasing-in amount is calculated with reference to the difference between the total insurance liabilities determined under IFRS 4 to only a portion of the insurance liabilities determined under IFRS 17. This results in an overstatement of the phasing-in amount. A deferred tax liability has been raised for the phasing-in amount which will be phased in over 3 years and constitutes a timing difference. The Act also allows short-term insurers in the first year of assessment commencing on or after 1 January 2023, to deduct premium debtors and creditors taken into account in determining insurance liabilities under IFRS 17. However, debtors and creditors forming part of IFRS 17 insurance liabilities are not limited to only premium debtors and creditors. These amounts can also include additional debtors and creditors balances such as commissions payable to brokers. That results in an increase of the deduction and an unintended permanent difference. The deferred tax asset raised on the assessed loss has been reduced for this unintended permanent difference.

Further amendments to the legislation are therefore required to ensure certainty in interpretation and to remove unintended phase-in amounts due to the disclosure and reclassification of certain items in terms of IFRS 17. The required amendments to the phase-in approach are expected to only have an impact on the timing of tax payable from a cash flow perspective.

The group, together with the rest of the industry, have made further submissions to clarify and refine the wording of section 28 in this regard.

The current legislation results in an increase in the deferred tax liability recognised in respect of the shareholders' fund and policyholders/cell owners' interests of respectively R947 million and R77 million, with a corresponding decrease in tax payable in respect of the 2023 financial year. The impact in respect of policyholders/cell owners' interests are for the account of clients and do not affect after tax profit attributable to equity holders of the group.

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 may differ from these estimates.

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 2023. Estimates and their underlying assumptions continue to be reviewed on an ongoing basis with revisions to estimates being recognised prospectively.

Notes to the summary consolidated financial statements

4. Significant events in 2023

Climate-related claim events

There were no individually significant weather and earthquake related claims in the year ended 31 December 2023.

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 2023.

There have been no material changes to the risk management policies since 31 December 2022.

6. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, 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 Broker Solutions, Santam Client Solutions, Santam Partner Solutions, Santam Specialist Solutions, MiWay and Santam Re;
- Alternative risk transfer (ART) insurance business written on the insurance licences of the Centriq Insurance group (Centriq) and the Santam Structured Insurance group (SSI); and
- Santam's share of the insurance results of the Sanlam general insurance businesses in India and Malaysia.

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.

Growth is measured for the Sanlam general insurance businesses based on the insurance revenue generated by the underlying businesses. The information is considered to be a reallocation of fair value movements recognised on the Sanlam 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 Sanlam 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.

Santam Ltd is domiciled in South Africa. Geographical analysis of the insurance revenue 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, Sanlam target shares and non-current assets held for sale.

Restatement of segment report

Due to the implementation of IFRS 17, the segment report was enhanced to provide more detailed disclosure to assist the CODM as well as users of the financial statements to better understand the impact of reclassifications and changes brought about by the implementation of the new standard. Refer to note 6.1.

Notes to the summary consolidated financial statements

6. Segment information (continued)

6.1 Segment report

For the year ended 31 December 2023

OPERATING SEGMENTS

	Conventional R million	Alternative risk transfer R million	Santam's share of Sanlam general insurance businesses ¹ R million	Investment R million	Total R million
Insurance revenue	36 895	11 353	937	1 958	51 143
External	36 042	11 353	937	1 958	50 290
Intersegment ⁶	853	-	-	-	853
Insurance service expense	(30 989)	(7 882)	(754)	-	(39 625)
Claims	(20 415)	(5 791)	(443)	-	(26 649)
Commission	(5 739)	(1 156)	(110)	-	(7 005)
Admin expenses ²	(4 835)	(935)	(201)	-	(5 971)
Net (expense)/income from reinsurance contracts held	(4 250)	(3 338)	(209)	-	(7 797)
Reinsurance premiums	(7 560)	(9 480)	(209)	-	(17 249)
Reinsurance claims	1 620	4 763	-	-	6 383
Reinsurance commission	1 690	1 379	-	-	3 069
Insurance service result	1 656	133	(26)	1 958	3 721
Finance expenses from insurance contracts issued	(1 223)	-	-	-	(1 223)
Finance income/(expense) from reinsurance contracts held	598	(40)	-	-	558
Net insurance service result	1 031	93	(26)	1 958	3 056
Reallocation of investment revenue	-	-	-	(1 958)	(1 958)
Investment return on insurance funds	759	350	221	-	1 330
Interest income on amortised cost instruments	-	-	-	252	252
Interest income on fair value through income instruments	-	-	-	93	93
Other investment income	-	-	-	401	401
Net fair value gains on financial assets and liabilities at fair value through income	-	-	-	887	887
Other revenue	141	-	-	-	141
Investment management services fees	-	-	-	(125)	(125)
Net investment income and other revenue	900	350	221	(450)	1 021
Other operating expenses	(223)	-	-	-	(223)
Investment return allocated to structured products	-	-	-	-	-
Amortisation and impairment of intangible assets	(31)	-	-	-	(31)
Total other operating expenses	(254)	-	-	-	(254)
Results of operating activities	1 677	443	195	1 508	3 823
Other finance costs ³	-	-	-	(315)	(315)
Net income from associates and joint ventures	-	-	-	81	81
Reallocation of operating result	-	-	(195)	-	(195)
Income tax recovered from structured products	-	-	-	-	-
Profit before tax from continuing operations	1 677	443	-	1 274	3 394
Profit from discontinued operations	-	-	-	705	705
Profit before tax from continuing and discontinued operations	1 677	443	-	1 979	4 099
Insurance and investment activities	1 790	-	-	1 120	2 910
Other income and expenses	(113)	-	-	-	(113)
ART activities	-	443	-	73	516
Associates	-	-	-	81	81
Discontinued operations	-	-	-	705	705

¹ Santam's share of Sanlam general insurance businesses' commission and claims included on a net basis within insurance service expenses.

² Includes depreciation of R240 million for Conventional and R8 million for ART.

³ Finance costs relating to lease liabilities is included in operating result.

⁴ Amortisation of computer software is included as part of operating result.

⁵ Reconciling items consist of the reallocation of net operating results relating to the underlying investments of the Sanlam target shares for management reporting purposes (as a result of the investments in Sanlam target shares being carried at fair value through income), and the reallocation of investment revenue for IFRS purposes.

⁶ Intersegment revenue includes revenue earned from the Santam's share of the Sanlam general insurance businesses segment.

RECONCILING ITEMS

Sanlam target shares and investment revenue ⁵ R million	ART investment return R million	Tax recovered from cell owners R million	Other income and expenses R million	Inward reinsurance commission R million	Foreign currency on technical reserves and investment return on insurance funds R million	Finance costs on leases and amortisation of intangible assets ^{3,4} R million	Total R million	Statement of comprehensive income R million
(2 895)	-	-	-	(1 366)	-	-	(4 261)	46 882
(2 895)	-	-	-	(1 366)	-	-	(4 261)	46 029
-	-	-	-	-	-	-	-	853
754	-	-	176	1 366	-	99	2 395	(37 230)
443	-	-	-	-	-	-	443	(26 206)
110	-	-	-	1 366	-	-	1 476	(5 529)
201	-	-	176	-	-	99	476	(5 495)
209	-	753	-	-	-	-	962	(6 835)
209	-	-	-	-	-	-	209	(17 040)
-	-	753	-	-	-	-	753	7 136
-	-	-	-	-	-	-	-	3 069
(1 932)	-	753	176	-	-	99	(904)	2 817
-	(475)	-	-	-	(282)	-	(757)	(1 980)
-	(668)	-	-	-	44	-	(624)	(66)
(1 932)	(1 143)	753	176	-	(238)	99	(2 285)	771
1 958	-	-	-	-	-	-	1 958	-
(221)	-	-	-	-	(1 109)	-	(1 330)	-
-	214	-	-	-	-	-	214	466
-	1 531	-	-	-	1 109	-	2 640	2 733
-	106	-	-	-	238	-	344	745
-	(141)	-	-	-	-	-	(141)	746
-	-	-	323	-	-	-	323	464
-	-	-	-	-	-	-	-	(125)
1 737	1 710	-	323	-	238	-	4 008	5 029
-	-	-	(499)	-	-	-	(499)	(722)
-	(497)	-	-	-	-	-	(497)	(497)
-	-	-	-	-	-	(46)	(46)	(77)
-	(497)	-	(499)	-	-	(46)	(1 042)	(1 296)
(195)	70	753	-	-	-	53	681	4 504
-	(70)	-	-	-	-	(53)	(123)	(438)
-	-	-	-	-	-	-	-	81
195	-	-	-	-	-	-	195	-
-	-	258	-	-	-	-	258	258
-	-	1 011	-	-	-	-	1 011	4 405
-	-	-	-	-	-	-	-	705
-	-	1 011	-	-	-	-	1 011	5 110

Notes to the summary consolidated financial statements

6. Segment information (continued)

6.1 Segment report (continued)

For the year ended 31 December 2022

OPERATING SEGMENTS

	Conventional R million	Alternative risk transfer R million	Santam's share of Sanlam general insurance businesses ¹ R million	Investment R million	Total R million
Insurance revenue	34 974	9 331	716	664	45 685
External	34 307	9 331	716	664	45 018
Intersegment ⁶	667	–	–	–	667
Insurance service expense	(33 222)	(6 969)	(691)	–	(40 882)
Claims	(23 315)	(5 088)	(438)	–	(28 841)
Commission	(5 472)	(1 066)	(29)	–	(6 567)
Admin expenses ²	(4 435)	(815)	(224)	–	(5 474)
Net (expense)/income from reinsurance contracts held	(29)	(2 316)	(85)	–	(2 430)
Reinsurance premiums	(7 247)	(7 945)	(85)	–	(15 277)
Reinsurance claims	5 606	4 372	–	–	9 978
Reinsurance commission	1 612	1 257	–	–	2 869
Insurance service result	1 723	46	(60)	664	2 373
Finance expenses from insurance contracts issued	(701)	(243)	–	–	(944)
Finance income from reinsurance contracts held	380	308	–	–	688
Net insurance service result	1 402	111	(60)	664	2 117
Reallocation of investment revenue	–	–	–	(664)	(664)
Investment return on insurance funds	341	221	209	–	771
Interest income on amortised cost instruments	–	–	–	276	276
Interest income on fair value through income instruments	–	–	–	284	284
Other investment income	–	–	–	757	757
Net fair value losses on financial assets and liabilities at fair value through income	–	–	–	(351)	(351)
Other revenue	129	–	–	–	129
Investment management services fees	–	–	–	(124)	(124)
Net investment income and other revenue	470	221	209	178	1 078
Other operating expenses	(130)	–	–	–	(130)
Investment return allocated to structured products	–	–	–	–	–
Amortisation and impairment of intangible assets	(23)	–	–	–	(23)
Total other operating expenses	(153)	–	–	–	(153)
Results of operating activities	1 719	332	149	842	3 042
Other finance costs ³	–	–	–	(221)	(221)
Net income from associates and joint ventures	–	–	–	68	68
Reallocation of operating result	–	–	(149)	–	(149)
Income tax recovered from structured products	–	–	–	–	–
Profit before tax from continuing operations	1 719	332	–	689	2 740
Loss from discontinued operations	–	–	–	(14)	(14)
Profit before tax from continuing and discontinued operations	1 719	332	–	675	2 726
Insurance and investment activities	1 743	–	–	585	2 328
Other income and expenses	(24)	–	–	–	(24)
ART activities	–	332	–	36	368
Associates	–	–	–	68	68
Discontinued operations	–	–	–	(14)	(14)

¹ Santam's share of Sanlam general insurance businesses' commission and claims included on a net basis within insurance service expenses.

² Includes depreciation of R203 million for Conventional and R11 million for ART.

³ Finance costs relating to lease liabilities is included in operating result.

⁴ Amortisation of computer software is included as part of operating result.

⁵ Reconciling items consist of the reallocation of net operating results relating to the underlying investments of the Sanlam target shares for management reporting purposes (as a result of the investments in Sanlam target shares being carried at fair value through income), and the reallocation of investment revenue for IFRS purposes.

⁶ Intersegment revenue includes revenue earned from the Santam's share of the Sanlam general insurance businesses segment.

⁷ Comparative information was restated for the initial application of IFRS 17, refer to note 1 for additional information.

RECONCILING ITEMS

Sanlam target shares and investment revenue ⁵ R million	ART investment return R million	Tax recovered from cell owners R million	Other income and expenses R million	Inward reinsurance commission R million	Foreign currency on technical reserves and investment return on insurance funds R million	Finance costs on leases and amortisation of intangible assets ^{3,4} R million	Total R million	Statement of comprehensive income R million
(1 380)	–	–	–	(1 223)	–	–	(2 603)	43 082
(1 380)	–	–	–	(1 223)	–	–	(2 603)	42 415
–	–	–	–	–	–	–	–	667
691	–	–	133	1 223	–	141	2 188	(38 694)
438	–	–	–	–	–	–	438	(28 403)
29	–	–	–	1 223	–	–	1 252	(5 315)
224	–	–	133	–	–	141	498	(4 976)
85	–	617	–	–	–	–	702	(1 728)
85	–	–	–	–	–	–	85	(15 192)
–	–	617	–	–	–	–	617	10 595
–	–	–	–	–	–	–	–	2 869
(604)	–	617	133	–	–	141	287	2 660
–	(347)	–	–	–	46	–	(301)	(1 245)
–	(100)	–	–	–	70	–	(30)	658
(604)	(447)	617	133	–	116	141	(44)	2 073
664	–	–	–	–	–	–	664	–
(209)	–	–	–	–	(562)	–	(771)	–
–	–	–	–	–	–	–	–	276
–	842	–	–	–	562	–	1 404	1 688
–	55	–	–	–	(116)	–	(61)	696
–	(199)	–	–	–	–	–	(199)	(550)
–	–	–	258	–	–	–	258	387
–	–	–	–	–	–	–	–	(124)
455	698	–	258	–	(116)	–	1 295	2 373
–	–	–	(391)	–	–	–	(391)	(521)
–	(208)	–	–	–	–	–	(208)	(208)
–	–	–	–	–	–	(82)	(82)	(105)
–	(208)	–	(391)	–	–	(82)	(681)	(834)
(149)	43	617	–	–	–	59	570	3 612
–	(43)	–	–	–	–	(59)	(102)	(323)
–	–	–	–	–	–	–	–	68
149	–	–	–	–	–	–	149	–
–	–	126	–	–	–	–	126	126
–	–	743	–	–	–	–	743	3 483
–	–	–	–	–	–	–	–	(14)
–	–	743	–	–	–	–	743	3 469

Notes to the summary consolidated financial statements

6. Segment information (continued)

6.1 Segment report (continued)

Additional information on Conventional insurance activities

	Audited Year ended 31 December 2023 R million	Restated ³ Audited Year ended 31 December 2022 R million
Insurance revenue	36 895	34 974
Gross written premium	37 368	35 418
Unearned premium and experience adjustments	(473)	(444)
Net earned premium	29 335	27 727
Gross insurance revenue	36 895	34 974
Reinsurance cost	(7 560)	(7 247)
Net claims incurred	19 420	18 030
Gross claims cost	21 638	24 016
Gross claims incurred	20 415	23 315
Unwinding of discount rate	1 223	701
Reinsurance claims	(2 218)	(5 986)
Reinsurance claims recovered	(1 620)	(5 606)
Unwinding of discount rate	(598)	(380)
Net commission	4 049	3 860
Gross commission incurred	5 739	5 472
Reinsurance commission received	(1 690)	(1 612)
Management expenses^{1,2}	4 835	4 435
Net underwriting result	1 031	1 402
Investment return on insurance funds	759	341
Net insurance result	1 790	1 743
Other income	141	129
Other expenses	(254)	(153)
Profit before tax from continuing and discontinued operations	1 677	1 719

¹ Amortisation of computer software is included in management expenses.

² Finance costs relating to lease liabilities is included in management expenses.

³ Comparative information was restated for the initial application of IFRS 17.

Notes to the summary consolidated financial statements

6. Segment information (continued)

6.1 Segment report (continued)

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

	Audited Year ended 31 December 2023		Audited Year ended 31 December 2022	
	Gross written premium R million	Underwriting result R million	Gross written premium R million	Underwriting result R million
Accident and health	572	120	719	87
Crop	1 525	270	1 556	287
Engineering	2 024	354	1 759	513
Guarantee	27	(7)	50	23
Liability	1 967	516	1 743	354
Miscellaneous	68	18	99	(21)
Motor	15 738	137	15 124	481
Property	14 076	(466)	13 194	(354)
Transportation	1 371	89	1 174	32
Total	37 368	1 031	35 418	1 402
Comprising				
Commercial insurance	22 519	1 053	21 327	1 287
Personal insurance	14 849	(22)	14 091	115
Total	37 368	1 031	35 418	1 402

¹ Comparative information was restated for the initial application of IFRS 17.

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 2023 R million	Restated ² Audited Year ended 31 December 2022 R million
Income from clients	703	510
Participation in underwriting results ¹	85	114
	788	624
Administration expenses	(345)	(292)
Operating result before non-controlling interest and tax	443	332
Non-controlling interest	(38)	(51)
Operating results before tax	405	281

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

² Comparative information was restated for the initial application of IFRS 17.

Notes to the summary consolidated financial statements

6. Segment information (continued)

6.2 Geographical analysis

	INSURANCE REVENUE		NON-CURRENT ASSETS	
	Audited Year ended 31 December 2023 R million	Restated ³ Audited Year ended 31 December 2022 R million	Audited As at 31 December 2023 R million	Audited As at 31 December 2022 R million
South Africa	41 148	37 653	2 635	2 168
Rest of Africa ¹	2 533	2 557	10	1 781
Southeast Asia, India and Middle East	3 985	3 614	2 030	1 596
Other	153	286	–	–
	47 819	44 110	4 675	5 545
Reconciling items ²	(937)	(1 028)	–	–
Group total	46 882	43 082	4 675	5 545

¹ Includes insurance revenue relating to Santam Namibia Ltd of R1 088 million (2022: R1 021 million).

² Reconciling items relate to the underlying investments included in the Sanlam target shares for management reporting purposes (as a result of the investments in Sanlam target shares being carried at fair value through income).

³ Comparative information was restated for the initial application of IFRS 17.

Notes to the summary consolidated financial statements

7. Financial assets and liabilities at fair value

The group's financial assets and liabilities at fair value are summarised below by measurement category.

	Audited as at 31 December 2023 R million	Restated ² Audited as at 31 December 2022 R million
Financial assets mandatory measured at fair value through income		
Strategic investment – unquoted Sanlam target shares	2 030	1 596
Financial assets at fair value through income	43 748	36 069
	45 778	37 665
Expected to be realised after 12 months ¹	32 251	26 391
Expected to be realised within 12 months	13 527	11 274
Financial liabilities		
Financial liabilities at fair value through income	9 346	7 788
Expected to be settled after 12 months	4 329	3 111
Expected to be settled within 12 months	5 017	4 677

¹ Including unquoted Sanlam target shares amounting to R2 030 million (2022: R1 596 million).

² Comparative information was restated for the initial application of IFRS 17, in addition to a reclassification of accrued interest. Refer to note 2 for additional information.

7.1 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 2022. 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 are valued using quoted prices with the main assumption that quoted prices might require adjustments due to an inactive market.
 - » Unlisted equities and similar securities are 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 input.¹
 - 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 are 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 the DCF method, 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 inflation.¹
 - » Derivatives are 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 market-traded 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.

Notes to the summary consolidated financial statements

7. Financial assets and liabilities at fair value (continued)

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

Audited as at 31 December 2023

	Level 1 R million	Level 2 R million	Level 3 R million	Total R million
Equities and similar securities				
Listed equities and similar securities	2 926	–	–	2 926
Unlisted equities and similar securities	–	2	2 171	2 173
Interest-bearing investments				
Government interest-bearing investments	–	5 336	–	5 336
Corporate interest-bearing investments	–	18 090	46	18 136
Mortgages and loans	–	125	–	125
Structured transactions				
Structured notes	–	296	–	296
Investment funds	–	10 324	–	10 324
Deposits and similar securities	–	6 462	–	6 462
Financial assets at fair value through income	2 926	40 635	2 217	45 778
Debt securities	–	3 053	–	3 053
Investment contracts	–	6 286	–	6 286
Derivative liabilities	–	–	7	7
Financial liabilities at fair value through income	–	9 339	7	9 346

Audited as at 31 December 2022 (restated¹)

	Level 1 R million	Level 2 R million	Level 3 R million	Total R million
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	–	4 675	–	4 675
Corporate interest-bearing investments	–	15 398	60	15 458
Mortgages and loans	–	88	–	88
Structured transactions				
Structured notes	–	241	–	241
Investment funds	–	9 065	–	9 065
Deposits and similar securities	–	3 539	–	3 539
Financial assets at fair value through income	2 861	33 006	1 798	37 665
Debt securities	–	2 539	–	2 539
Investment contracts	–	5 214	–	5 214
Derivative liabilities	–	–	35	35
Financial liabilities at fair value through income	–	7 753	35	7 788

¹ Restated for reclassification of accrued interest. Refer to note 18.1 for detail.

Notes to the summary consolidated financial statements

7. Financial assets and liabilities at fair value (continued)

7.1 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)/ assets R million	Total R million
31 December 2023				
Opening balance	1 738	60	(35)	1 763
Settlements	–	–	122	122
Gains/(losses) recognised in profit or loss	433	(14)	(7)	412
Losses recognised directly in equity	–	–	(87)	(87)
Closing balance	2 171	46	(7)	2 210
31 December 2022				
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

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

Of the R433 million gain (2022: R3 million gain) recognised on equity securities, a R433 million gain (2022: R3 million loss) relates to the Sanlam target shares, of which R121 million (2022: R58 million) relates to foreign exchange gains (2022: losses), and R312 million (2022: R55 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 Sanlam target share investment portfolio (excluding foreign exchange gains) were:

- In 2023, the increase in the value of SGI of R320 million (2022: R187 million) (excluding the impact of exchange rate movements) was attributable to higher new business volumes, coupled with improved claims ratio for 2023. SGI also reported a better claims experience than prior years and expects the claims ratio to gradually improve over the short term.
- In April 2022, KKR, a leading global investment fund acquired a 9.99% stake in SGI from the Shriram group. Prior to the transaction, Santam held a 15% economic participatory interest in SGI by way of a target share issued by Sanlam, which target share references Sanlam's effective shareholding in SGI. The transaction diluted Sanlam's effective shareholding in SGI, resulting in a dilution of Santam's economic interest in SGI from 15.0% to 14.1%. The enterprise value attributed to SGI for purposes of 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, Sanlam redeemed the target shares through which the Santam group held economic participation rights in the general insurance businesses of Sanlam in Africa (the African target shares). The African target shares were redeemed following the cash payment by Sanlam 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 in India and Malaysia.

Fair value (excluding Sanlam target shares) is determined based on valuation techniques where the input is determined by management, e.g. 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 (2022: 0.6 and 1.0). The value of unlisted equity instruments (excluding Sanlam target shares) is not material.

Notes to the summary consolidated financial statements

7. Financial assets and liabilities at fair value (continued)

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

The fair value of the Sanlam 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 894 million (2022: R1 459 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 14.9% (2022: 15.1%). A Rand/Indian Rupee exchange rate of 0.222 (2022: 0.205) was used to translate the DCF valuation result in Indian Rupee to Rand. An average net insurance margin over a 10 year period of 20.2% (2022: 21.4%) was incorporated. Should the discount rate increase or decrease by 10%, the investment would decrease by R365 million (2022: R277 million) or increase by R570 million (2022: R438 million), respectively. If the relative foreign exchange rate increases or decreases by 10%, the fair value will increase or decrease by R189 million (2022: R146 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 R149 million (2022: R117 million). The remaining Sanlam 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 fixed rate notes to the value of R500 million. The effective rate for the fixed rate notes amounted to 11.77%. The fixed rate notes of R500 million was redeemed on the optional redemption date of 12 April 2023.

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.

During April 2023, Santam issued additional five year 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 150 basis points. The notes have a final maturity date of 6 April 2028.

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.

The South African Revenue Bank (SARB) has indicated its intention to move away from the Johannesburg Interbank Average Rate (JIBAR) and to create an alternative reference rate for South Africa, namely the South African Overnight index Average (ZARONIA). The transition from JIBAR to ZARONIA in South Africa is expected in 2025. It is not expected to have a material impact on the company or group.

Santam's international credit rating was re-affirmed as BB in March 2023. 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.

Notes to the summary consolidated financial statements

7. Financial assets and liabilities at fair value (continued)

7.3 Derivatives

At 31 December 2023, the group had exchange traded futures with an exposure value of R319 million (2022: R968 million). The exchange trades futures relate to interest rate derivatives used to manage interest rate risk in Santam's fixed income portfolios.

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 provided full downside protection below a EUR/ZAR exchange rate of R16.66 and entitled 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 expiry, the group decided not to renew the collar structure and paid a final settlement of R122 million per fin review and level 3 recon to the counterparty. The group had retained the cash flow hedge reserve until it was recycled to profit or loss on disposal of SAN JV.

On 4 May 2023, upon expiration of the above mentioned zero-cost collar, the transaction with Allianz had not been finalised. The group decided to continue hedging the transaction by entering into a forward exchange contract (FEC) on a notional amount of EUR125 million with cover up to 2 October 2023. The contract rate at expiry on 2 October 2023 would have been R20.58. However, on conclusion of the transaction the final gain on the FEC was less than R1 million.

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 2023, the group had interest rate swaps and the currency swaps (2022: nil). The fair value of the swaps are 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 are classified as level 3 per the fair value hierarchy. The gross exposure asset and liability as at 31 December 2023 amounted to R22 million and R22 million respectively.

The movement in the hedging instrument and hedged item during 2023 was as follows:

	Audited as at 31 December 2023		Audited as at 31 December 2022	
	Hedging instrument R million	Hedged item R million	Hedging instrument R million	Hedged item R million
Carrying/fair value beginning of the year	(35)	2 264	–	–
New hedge item	–	–	–	2 039
Movement in carrying/fair value	(87)	379	(35)	225
Settlements	122	(2 643)	–	–
Carrying/fair value end of the year	–	–	(35)	2 264

The hedging instrument was the foreign exchange collar which expired and settled in full. The hedge was replaced with an FEC contract, and the hedged item was the forecast transaction for the disposal of the group's interest in SAN JV. The hedge remained fully effective, and no hedge ineffectiveness was accounted for in profit or loss during the period.

8. Insurance and reinsurance contracts

	Notes	Audited as at 31 December 2023 R million	Restated ¹ Audited as at 31 December 2022 R million
Insurance contract assets		(426)	(797)
Reinsurance contract assets		(10 087)	(14 005)
Insurance contract liabilities		34 650	36 221
Reinsurance contract liabilities		5 789	4 144
	8.1	29 926	25 563

¹ Restated as a result of the adoption of IFRS 17.

Notes to the summary consolidated financial statements

8. Insurance and reinsurance contracts (continued)

8.1 Insurance and reinsurance contracts by line of business

	Audited as at 31 December 2023			Restated ¹ Audited as at 31 December 2022		
	Assets R million	Liabilities R million	Net (assets)/ liabilities R million	Assets R million	Liabilities R million	Net (assets)/ liabilities R million
Insurance contracts issued						
General insurance						
Premium allocation approach	(408)	32 047	31 639	(696)	34 139	33 443
General measurement model	-	675	675	-	702	702
	(408)	32 722	32 314	(696)	34 841	34 145
Life insurance						
Premium allocation approach	(18)	293	275	(86)	329	243
General measurement model	-	1 635	1 635	(15)	1 051	1 036
	(18)	1 928	1 910	(101)	1 380	1 279
Insurance contract (assets)/liabilities	(426)	34 650	34 224	(797)	36 221	35 424
Expected to be settled after 12 months	(2)	5 711	5 709	-	5 204	5 204
Expected to be settled within 12 months	(424)	28 939	28 515	(797)	31 017	30 220
Reinsurance contracts held						
General insurance						
Premium allocation approach	(9 361)	119	(9 242)	(13 472)	68	(13 404)
	(9 361)	119	(9 242)	(13 472)	68	(13 404)
Life insurance						
Premium allocation approach	(25)	3	(22)	(57)	71	14
General measurement model	(701)	3	(698)	(476)	4	(472)
	(726)	6	(720)	(533)	75	(458)
Third party cell insurance contracts						
General insurance						
Premium allocation approach	-	1 290	1 290	-	1 139	1 139
General measurement model	-	1 480	1 480	-	1 518	1 518
	-	2 770	2 770	-	2 657	2 657
Life insurance						
Premium allocation approach	-	483	483	-	373	373
General measurement model	-	2 411	2 411	-	971	971
	-	2 894	2 894	-	1 344	1 344
Reinsurance contract (assets)/liabilities	(10 087)	5 789	(4 298)	(14 005)	4 144	(9 861)
Expected to be recovered after 12 months	(1 967)	14	(1 953)	(2 574)	4 025	1 451
Expected to be recovered within 12 months	(8 120)	5 775	(2 345)	(11 431)	119	(11 312)

¹ Comparative information was restated for the initial application of IFRS 17. Refer to note 2 for additional information.

Notes to the summary consolidated financial statements

8. Insurance and reinsurance contracts (continued)

8.2 Movement in carrying amounts of insurance liabilities and assets

8.2.1 Insurance contracts – premium allocation approach

The summary consolidated financial statements do not include all insurance and reinsurance contracts 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 2023. The notes containing the most significant portion of the business (insurance and reinsurance contracts relating to general insurance under the premium allocation approach) have been included as follows:

	Audited as at 31 December 2023			
	Liability for remaining coverage	Liability for incurred claims		
	Present value of expected future cash flows R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
Insurance contracts – premium allocation approach				
General insurance				
Net insurance contract liabilities opening balance	11 854	19 385	2 204	33 443
Opening insurance contract assets	(894)	187	11	(696)
Opening insurance contract liabilities	12 748	19 198	2 193	34 139
Insurance revenue	(40 005)	–	–	(40 005)
Insurance service expenses	5 251	28 410	(686)	32 975
Incurred claims and other insurance services expenses	–	26 583	914	27 497
Amortisation of insurance acquisition costs	5 251	–	–	5 251
Changes to liabilities for incurred claims that relate to past service	–	1 827	(1 600)	227
Insurance service result	(34 754)	28 410	(686)	(7 030)
Finance expense from insurance contracts issued	539	1 382	95	2 016
Net movements recognised in the statement of comprehensive income	(34 215)	29 792	(591)	(5 014)
Investment component	(505)	505	–	–
Net insurance contract cash flows	34 985	(31 775)	–	3 210
Premiums received	39 741	–	–	39 741
Claims and other insurance service expenses paid	–	(31 775)	–	(31 775)
Insurance acquisition costs paid	(4 756)	–	–	(4 756)
Net insurance contract liabilities closing balance	12 119	17 907	1 613	31 639
Closing insurance contract assets	(659)	220	31	(408)
Closing insurance contract liabilities	12 778	17 687	1 582	32 047

Notes to the summary consolidated financial statements

8. Insurance and reinsurance contracts (continued)

8.2 Movement in carrying amounts of insurance liabilities and assets (continued)

8.2.1 Insurance contracts – premium allocation approach (continued)

	Restated ¹ Audited as at 31 December 2022			
	Liability for remaining coverage	Liability for incurred claims		
	Present value of expected future cash flows R million	Present value of expected future cash flows R million	Risk adjustment for non- financial risk R million	Total R million
Insurance contracts – premium allocation approach				
General insurance				
Net insurance contract liabilities opening balance	7 578	20 144	1 684	29 406
Opening insurance contract assets	(145)	48	18	(79)
Opening insurance contract liabilities	7 723	20 096	1 666	29 485
Insurance revenue	(37 504)	–	–	(37 504)
Insurance service expenses	5 084	29 819	449	35 352
Incurred claims and other insurance services expenses	–	29 121	1 371	30 492
Amortisation of insurance acquisition costs	5 084	–	–	5 084
Changes to liabilities for incurred claims that relate to past service	–	698	(922)	(224)
Insurance service result	(32 420)	29 819	449	(2 152)
Finance expense from insurance contracts issued	305	692	71	1 068
Net movements recognised in the statement of comprehensive income	(32 115)	30 511	520	(1 084)
Investment component	(669)	669	–	–
Net insurance contract cash flows	37 060	(31 939)	–	5 121
Premiums received	41 899	–	–	41 899
Claims and other insurance service expenses paid	–	(31 939)	–	(31 939)
Insurance acquisition costs paid	(4 839)	–	–	(4 839)
Net insurance contract liabilities closing balance	11 854	19 385	2 204	33 443
Closing insurance contract assets	(894)	187	11	(696)
Closing insurance contract liabilities	12 748	19 198	2 193	34 139

¹ Refer to note 18.3 for the detail of the restatement.

Notes to the summary consolidated financial statements

8. Insurance and reinsurance contracts (continued)

8.2 Movement in carrying amounts of insurance liabilities and assets (continued)

8.2.2 Reinsurance contracts – premium allocation approach

	Audited as at 31 December 2023			
	Asset for remaining coverage Present value of expected future cash flows R million	Asset for incurred claims Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
General insurance				
Net reinsurance contract assets opening balance	1 564	(13 901)	(1 067)	(13 404)
Opening reinsurance contract assets	1 518	(13 923)	(1 067)	(13 472)
Opening reinsurance contract liabilities	46	22	–	68
Reinsurance expenses	6 724	–	–	6 724
Reinsurance income	–	(2 439)	407	(2 032)
Claims recovered and other reinsurance service income received	–	(2 214)	97	(2 117)
Other reinsurance service expenses recovered	–	276	–	276
Adjustments to incurred claims that relate to past service	–	(501)	310	(191)
Net expenses/(income) from reinsurance contracts held	6 724	(2 439)	407	4 692
Finance expense/(income) from reinsurance contracts held	3	(719)	(54)	(770)
Net movements recognised in the statement of comprehensive income	6 727	(3 158)	353	3 922
Net reinsurance contract cash flows	(8 713)	8 953	–	240
Premiums paid (net of ceding commissions)	(8 713)	–	–	(8 713)
Claims recovered and other reinsurance service income received	–	8 953	–	8 953
Net reinsurance contract assets closing balance	(422)	(8 106)	(714)	(9 242)
Closing reinsurance contract assets	(530)	(8 117)	(714)	(9 361)
Closing reinsurance contract liabilities	108	11	–	119

Notes to the summary consolidated financial statements

8. Insurance and reinsurance contracts (continued)

8.2 Movement in carrying amounts of insurance liabilities and assets (continued)

8.2.2 Reinsurance contracts – premium allocation approach (continued)

	Restated ¹			
	Audited as at 31 December 2022			
	Asset for remaining coverage	Asset for incurred claims		
	Present value of expected future cash flows R million	Present value of expected future cash flows R million	Risk adjustment for non- financial risk R million	Total R million
General insurance				
Net reinsurance contract assets opening balance	(753)	(12 361)	(644)	(13 758)
Opening reinsurance contract assets	(838)	(12 361)	(634)	(13 833)
Opening reinsurance contract liabilities	85	–	(10)	75
Reinsurance expenses	6 425	–	–	6 425
Reinsurance income	–	(6 291)	(381)	(6 672)
Claims recovered and other reinsurance service income received	–	(5 551)	(700)	(6 251)
Adjustments to incurred claims that relate to past service	–	(740)	319	(421)
Net expenses/(income) from reinsurance contracts held	6 425	(6 291)	(381)	(247)
Finance income from reinsurance contracts held	(5)	(448)	(42)	(495)
Net movements recognised in the statement of comprehensive income	6 420	(6 739)	(423)	(742)
Net reinsurance contract cash flows	(4 103)	5 199	–	1 096
Premiums paid (net of ceding commissions)	(4 103)	–	–	(4 103)
Claims recovered and other reinsurance service income received	–	5 199	–	5 199
Net reinsurance contract assets closing balance	1 564	(13 901)	(1 067)	(13 404)
Closing reinsurance contract assets	1 518	(13 923)	(1 067)	(13 472)
Closing reinsurance contract liabilities	46	22	–	68

¹ Refer to note 18.3 for the detail of the restatement.

Notes to the summary consolidated financial statements

9. Non-current assets held for sale and discontinued operations

9.1 Non-current assets held for sale

	Audited as at 31 December 2023 R million	Audited as at 31 December 2022 R million
SAN JV	-	1 768
Non-current assets held for sale	-	1 768

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 was subject to various regulatory approvals that were expected to be obtained before the end of 2023. The investment in SAN JV of R1 768 billion for group (previously included in "Investment in associates and joint ventures") had 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 asset held for sale was recognised at its carrying value as at 30 June 2022, being lower than the fair value less costs to sell. This was a non-recurring fair value based on the net asset value of the business. It was therefore also recognised within level 3 of the fair value hierarchy. Reserves relating to non-current assets held for sale were released on disposal.

On 4 September 2023 the regulatory approvals were fulfilled and the disposal became unconditional. The disposal proceeds of EUR126 million were received in cash. Refer to note 12 for detail.

Refer to note 8 of the group's annual financial statements for the year ended 31 December 2023, for information in respect of the hedging of the transaction against foreign currency risk.

9.2 Discontinued operations

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

	Audited Year ended 31 December 2023 R million	Audited Year ended 31 December 2022 R million
Profit on sale of investment in SAN JV	864	-
Release of foreign currency translation and other non-distributable reserves on sale of investment	(37)	-
Release of hedging reserve on sale of investment	(122)	-
Loss from associate	-	(24)
Tax credit on loss from associate	-	10
Profit/(loss) from discontinued operations	705	(14)
Exchange differences on translation of discontinued operations	-	(57)
Hedging reserve movement	(87)	-
Hedging reserve release on sale of discontinued operations	122	-
Foreign currency translation and other non-distributable reserves released on sale of discontinued operations	37	-
Other comprehensive income/(loss) from discontinued operations	72	(57)
Total comprehensive income/(loss) from discontinued operations	777	(71)

On 4 September 2023 Santam concluded the disposal of its 10% interest in SAN JV to Allianz. Refer to note 12 for detail.

Notes to the summary consolidated financial statements

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

	Audited Year ended 31 December 2023 R million	Restated ¹ Audited Year ended 31 December 2022 R million
Investment income	3 944	2 660
Interest income derived from	3 199	1 964
Financial assets measured at amortised cost	466	276
Financial assets mandatorily measured at fair value through income	2 733	1 688
Other investment income	745	696
Dividend income	205	520
Foreign exchange differences ¹	540	176
Net gains/(losses) on financial assets and liabilities at fair value through income	746	(550)
Net fair value gains/(losses) on financial assets mandatorily at fair value through income	947	(600)
Net realised gains/(losses) on financial assets excluding derivative instruments	242	(128)
Net unrealised fair value gains/(losses) on financial assets excluding derivative instruments	712	(496)
Net realised fair value (losses)/gains on derivative instruments	(7)	24
Net fair value (losses)/gains on financial liabilities designated as at fair value through income	(201)	50
Net fair value gains on debt securities	–	25
Net fair value (losses)/gains on investment contracts	(201)	25
	4 690	2 110

¹ Restated as a result of adoption of IFRS17. Foreign exchange differences relating to insurance contracts are disclosed as part of finance expenses/income from insurance and reinsurance contracts.

Notes to the summary consolidated financial statements

11. Income tax

	Audited Year ended 31 December 2023 R million	Restated ² Audited Year ended 31 December 2022 R million
Normal taxation		
Current year	690	1 354
Prior year	4	(11)
Other taxes	1	2
Foreign taxation – current year	51	57
Total income taxation for the year	746	1 402
Deferred taxation		
Current year	981	(10)
Total deferred taxation for the year	981	(10)
Total taxation as per statement of comprehensive income	1 727	1 392
Income tax allocated to cell owners and structured products	(1 011)	(743)
Total tax expense attributable to shareholders	716	649
Profit before taxation per statement of comprehensive income from continuing and discontinued operations	5 110	3 469
Adjustment for income tax allocated to cell owners and structured products	(1 011)	(743)
Total profit before tax attributable to shareholders from continuing and discontinued operations	4 099	2 726
Reconciliation of taxation rate (%)		
Normal South African taxation rate	27.0	28.0
Adjusted for:		
Disallowable expenses	0.3	0.1
Foreign tax differential	(1.1)	0.1
Exempt income ¹	(1.0)	(4.0)
Investment results	(0.5)	1.3
Income from associates, joint ventures and discontinued operations	(7.2)	(0.5)
Previous year's underprovision/(overprovision)	0.1	(0.4)
Other permanent differences	(0.2)	(0.1)
Other taxes	0.1	(0.7)
Net reduction	(9.5)	(4.2)
Effective rate attributable to shareholders (%)	17.5	23.8

¹ Exempt income consists mainly of dividends received.

² Restated as a result of adoption of IFRS17.

Notes to the summary consolidated financial statements

12. Corporate transactions

For the year ended 31 December 2023

Acquisitions

Sentravaal Brokers (Pty) Ltd

In July 2023, the Santam group acquired a 100% shareholding in Sentravaal Brokers (Pty) Ltd for R26.9 million in cash, in addition to contingent payments estimated at R12.9 million. Goodwill relates to synergies expected to be received.

	R million
Details of the assets and liabilities acquired are as follows:	
Intangible assets	32
Cash and cash equivalents	3
Current income tax	(1)
Net asset value acquired	34
Goodwill	6
Future contingent consideration payable	(13)
Purchase consideration paid	27

In2Insure (Pty) Ltd intangible asset

In September 2023, the Santam group purchased intangible assets of In2Insure (Pty) Ltd for R19 million in cash, in addition to contingent payments estimated at R9 million.

	R million
Details of the assets and liabilities acquired are as follows:	
Intangible assets	28
Net asset value acquired	28
Future contingent consideration payable	(9)
Purchase consideration paid	19

Vulindlela Underwriting Managers (Pty) Ltd

In October 2023, the Santam group acquired the remaining 53% in Vulindlela Underwriting Managers (Pty) Ltd for R14 million in cash, in addition to contingent payments estimated at R10 million. As a result of this transaction, the Santam group now effectively owns 100% shareholding in Vulindlela Underwriting Managers (Pty) Ltd, and it was classified as a subsidiary from November 2023. Goodwill relates to synergies expected to be received.

	R million
Details of the assets and liabilities acquired are as follows:	
Intangible assets	15
Property and equipment	1
Cash and cash equivalents	2
Net asset value acquired	18
Goodwill	25
Future contingent consideration payable	(10)
Gain on remeasurement to subsidiary	(19)
Purchase consideration paid	14

IDWork (Pty) Ltd, trading as Kandua

During December 2023, the Santam group purchased the underlying business of IDWork (Pty) Ltd, trading as Kandua for R42 million in cash. Due to the limited time available to perform a purchase price allocation a provisional allocation was recorded based on the IFRS historical cost values. Per IFRS 3 requirements a detailed valuation and allocation will be performed within 12 months of the purchase.

Notes to the summary consolidated financial statements

12. Corporate transactions (continued)

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 to Allianz. The completion of the sale was subject to various regulatory approvals. The investment in SAN JV of R1 768 billion for group (previously included in "Investment in associates and joint ventures") was 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 were released on disposal.

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. 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 expiry, Santam decided not to renew the collar structure and paid a final settlement of R122 million to the counterparty.

On 4 May 2023, upon expiration of the above mentioned zero-cost collar, the transaction with Allianz had not been finalised. The group decided to continue hedging the transaction by entering into a forward exchange contract (FEC) on a notional amount of EUR125 million with cover up to 2 October 2023. The contract rate at expiry on 2 October 2023 would have been R20.58. However, on conclusion of the transaction, the final gain on the FEC was less than R1 million.

On 4 September 2023 the regulatory approvals were fulfilled and the disposal became unconditional. As proceeds for the disposal the group received EUR126 million in cash, as well as a preference share in SAN JV RF (Pty) Ltd, a financial asset valued as a level 3 instrument. The preference share entitles Santam to receive future income upon the sale of two companies that was not within the scope of the Allianz transaction. Upon the disposal of Santam share in SAN JV, the profit on the sale of SAN JV was recognised in profit or loss, together with the release of the cashflow hedging reserve, translation reserve and other non-distributable reserves.

Profit on the sale of SAN JV	R million
Purchase consideration received in cash	2 632
Carrying value of Non-current asset held for sale	(1 768)
Fair value of preference share received ¹	-
Release of foreign currency translation and other non-distributable reserves on sale of investment	(37)
Release of hedging reserve on sale of investment	(122)
Total profit on the sale of associate	705

¹ Carrying value less than R1 million.

Notes to the summary consolidated financial statements

12. Corporate transactions (continued)

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 was 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 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

Refer to detail included for transactions for the year ended 31 December 2023.

Notes to the summary consolidated financial statements

13. Earnings per share

	Audited Year ended 31 December 2023	Restated ¹ Audited Year ended 31 December 2022
Basic earnings per share		
Profit attributable to the company's equity holders (R million)	3 250	1 980
Weighted average number of ordinary shares in issue (millions)	109.33	109.61
Earnings per share (cents)	2 973	1 806
Continuing operations	2 328	1 819
Discontinued operations	645	(13)
Diluted earnings per share		
Profit attributable to the company's equity holders (R million)	3 250	1 980
Weighted average number of ordinary shares in issue (millions)	109.33	109.61
Adjusted for share incentive schemes	0.75	0.74
Weighted average number of ordinary shares for diluted earnings per share (millions)	110.08	110.35
Diluted basic earnings per share (cents)	2 952	1 794
Continuing operations	2 312	1 807
Discontinued operations	640	(13)
Headline earnings per share		
Profit attributable to the company's equity holders (R million)	3 250	1 980
Adjusted for:		
Profit on disposal of intangible assets	–	(15)
Tax on profit on disposal of intangible assets	–	4
Profit on disposal of discontinued operations	(705)	–
Impairment of intangible assets	–	39
Tax on impairment of intangible assets	–	(10)
Gain on remeasurement to subsidiary	(19)	(6)
Headline earnings (R million)	2 526	1 992
Weighted average number of ordinary shares in issue (millions)	109.33	109.61
Headline earnings per share (cents)	2 310	1 817
Continuing operations	2 310	1 830
Discontinued operations	–	(13)
Diluted headline earnings per share		
Headline earnings (R million)	2 526	1 992
Weighted average number of ordinary shares for diluted headline earnings per share (millions)	110.08	110.35
Diluted headline earnings per share (cents)	2 295	1 805
Continuing operations	2 295	1 818
Discontinued operations	–	(13)

¹ Restated as a result of adoption of IFRS 17.

Notes to the summary consolidated financial statements

14. Dividend per share

	Audited Year ended 31 December 2023	Audited Year ended 31 December 2022
Interim dividend per share (cents)	495	462
Final dividend per share (cents) ¹	905	845
Total dividend per share (cents)	1 400	1 307

¹ 2023: Approved (2022: Paid).

A special dividend of 1 780 cents per share was declared in September 2023 and paid in October 2023 (March 2022: 800 cents per share).

15. Related parties

During 2023, there have been no related party transactions that have materially affected the financial position or the results for the year, except for the disposal of the investment in SAN JV. Refer to note 9 for detail. 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 2023.

16. Subsequent events

In 2023, the company purchased MTN's device insurance book for R59 million. The transaction was subject to receiving regulatory approvals, which were received and the transaction became effective January 2024.

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

Notes to the summary consolidated financial statements

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 relates mainly to alternative risk transfer insurance business written on the insurance licences of Centriq and SSL.

17.1 Analysis of policyholder/shareholder statement of financial position

	Audited as at 31 December 2023 R million	Shareholder Audited as at 31 December 2023 R million	Policyholder/ cellholder Audited as at 31 December 2023 R million
ASSETS			
Intangible assets	1 226	1 226	–
Property and equipment	877	877	–
Investment in associates and joint ventures	542	542	–
Strategic investment – unquoted Sanlam target shares	2 030	2 030	–
Deferred income tax	162	97	65
Financial assets at fair value through income	43 748	17 165	26 583
Insurance contract assets	426	346	80
Reinsurance contract assets	10 087	8 419	1 668
Loans and receivables	2 739	2 179	560
Current income tax	474	441	33
Cash and cash equivalents	4 819	3 087	1 732
Total assets	67 130	36 409	30 721
EQUITY			
Capital and reserves attributable to the company's equity holders			
Share capital	103	103	–
Treasury shares	(845)	(845)	–
Other reserves	10	10	–
Distributable reserves	11 424	11 424	–
	10 692	10 692	–
Non-controlling interest	714	486	228
Total equity	11 406	11 178	228
LIABILITIES			
Deferred income tax	1 103	1 103	–
Lease liabilities	824	824	–
Financial liabilities at fair value through income			
Debt securities	3 053	3 053	–
Investment contracts	6 286	–	6 286
Derivatives	7	7	–
Financial liabilities at amortised cost			
Repo liability	690	–	690
Collateral guarantee contracts	113	–	113
Insurance contract liabilities	34 650	17 332	17 318
Reinsurance contract liabilities	5 789	49	5 740
Provisions for other liabilities and charges	141	141	–
Trade and other payables	2 830	2 496	334
Current income tax	238	226	12
Total liabilities	55 724	25 231	30 493
Total shareholders' equity and liabilities	67 130	36 409	30 721

Notes to the summary consolidated financial statements

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

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

	Restated ¹ Audited as at 31 December 2022 R million	Restated ¹ Shareholder Audited as at 31 December 2022 R million	Restated ¹ 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 Sanlam target shares	1 596	1 596	–
Deferred income tax	139	76	63
Financial assets at fair value through income	36 069	13 552	22 517
Insurance contract assets	797	705	92
Reinsurance contract assets	14 005	12 331	1 674
Non-current assets held for sale	1 768	1 768	–
Loans and receivables	2 615	1 976	639
Current income tax	96	40	56
Cash and cash equivalents	5 387	4 090	1 297
Total assets	64 652	38 314	26 338
EQUITY			
Capital and reserves attributable to the company's equity holders			
Share capital	103	103	–
Treasury shares	(713)	(713)	–
Other reserves	(63)	(63)	–
Distributable reserves	11 537	11 537	–
	10 864	10 864	–
Non-controlling interest	670	496	174
Total equity	11 534	11 360	174
LIABILITIES			
Deferred income tax	100	62	38
Lease liabilities	669	669	–
Financial liabilities at fair value through income			
Debt securities	2 539	2 539	–
Investment contracts	5 214	–	5 214
Derivatives	35	35	–
Financial liabilities at amortised cost			
Repo liability	739	–	739
Collateral guarantee contracts	129	–	129
Insurance contract liabilities	36 221	20 715	15 506
Reinsurance contract liabilities	4 144	21	4 123
Provisions for other liabilities and charges	139	139	–
Trade and other payables	2 855	2 503	352
Current income tax	334	271	63
Total liabilities	53 118	26 954	26 164
Total shareholders' equity and liabilities	64 652	38 314	26 338

¹ Comparative information was restated for the initial application of IFRS 17, in addition to a reclassification of accrued interest. Refer to note 2 for additional information.

Notes to the summary consolidated financial statements

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

17.2 Analysis of policyholder/shareholder statement of comprehensive income

	Audited Year ended 31 December 2023 R million	Shareholder Audited Year ended 31 December 2023 R million	Policyholder/ cellholder Audited Year ended 31 December 2023 R million
Insurance revenue	46 882	36 250	10 632
Insurance service expense	(37 230)	(30 015)	(7 215)
Net expenses from reinsurance contracts held	(6 835)	(4 240)	(2 595)
Insurance service result	2 817	1 995	822
Finance expenses from insurance contracts issued	(1 980)	(1 512)	(468)
Finance (expense)/income from reinsurance contracts held	(66)	646	(712)
Net insurance service result	771	1 129	(358)
Interest income on amortised cost instruments	466	252	214
Interest income on fair value through income instruments	2 733	1 202	1 531
Other investment income	745	639	106
Net fair value gains/(losses) on financial assets and liabilities at fair value through income	746	850	(104)
Other revenue	464	474	(10)
Investment management services fees	(125)	(114)	(11)
Net investment and other revenue	5 029	3 303	1 726
Other operating expenses	(722)	(671)	(51)
Investment return allocated to structured products	(497)	-	(497)
Amortisation and impairment of intangible assets	(77)	(77)	-
Total other operating expenses	(1 296)	(748)	(548)
Results of operating activities	4 504	3 684	820
Other finance costs	(438)	(374)	(64)
Net income from associates and joint ventures	81	81	-
Income tax recovered from structured products	258	-	258
Profit before tax	4 405	3 391	1 014
Total tax expense	(1 727)	(716)	(1 011)
Tax expense allocated to shareholders	(716)	(716)	-
Tax expense allocated to cell owners and structured products	(1 011)	-	(1 011)
Profit from continuing operations	2 678	2 675	3
Profit from discontinued operations	705	705	-
Profit for the year	3 383	3 380	3
Profit attributable to:			
- equity holders of the company	3 250	3 250	-
- non-controlling interest	133	130	3
	3 383	3 380	3

Notes to the summary consolidated financial statements

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

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

	Restated ¹ Audited Year ended 31 December 2022 R million	Restated ¹ Shareholder Audited Year ended 31 December 2022 R million	Restated ¹ Policyholder/ cellholder Audited Year ended 31 December 2022 R million
Insurance revenue	43 082	34 360	8 722
Insurance service expense	(38 694)	(32 620)	(6 074)
Net (expense)/income from reinsurance contracts held	(1 728)	135	(1 863)
Insurance service result	2 660	1 875	785
Finance expenses from insurance contracts issued	(1 245)	(668)	(577)
Finance income from reinsurance contracts held	658	626	32
Net insurance service result	2 073	1 833	240
Interest income on amortised cost instruments	276	276	–
Interest income on fair value through income instruments	1 688	846	842
Other investment income	696	641	55
Net fair value losses on financial assets and liabilities at fair value through income	(550)	(351)	(199)
Other revenue	387	387	–
Investment management services fees	(124)	(124)	–
Net investment income and other revenue	2 373	1 675	698
Other operating expenses	(521)	(469)	(52)
Investment return allocated to structured products	(208)	–	(208)
Amortisation and impairment of intangible assets	(105)	(105)	–
Total other operating expenses	(834)	(574)	(260)
Results of operating activities	3 612	2 934	678
Other finance costs	(323)	(280)	(43)
Net income from associates and joint ventures	68	68	–
Income tax recovered from structured products	126	–	126
Profit before tax	3 483	2 722	761
Total tax expense	(1 392)	(649)	(743)
Tax expense allocated to shareholders	(649)	(649)	–
Tax expense allocated to cell owners and structured products	(743)	–	(743)
Profit from continuing operations	2 091	2 073	18
Loss from discontinued operations	(14)	(14)	–
Profit for the year	2 077	2 059	18
Profit attributable to:			
– equity holders of the company	1 980	1 980	–
– non-controlling interest	97	79	18
	2 077	2 059	18

¹ Restated as a result of adoption of IFRS17.

Notes to the summary consolidated financial statements

18. Restatements and changes in presentation

18.1 Restatement of the statement of financial position

18.1.1 Reclassification of accrued interest

Accrued interest on financial assets was previously classified as loans and receivables, and has been restated to be appropriately included as part of the carrying value of financial assets. In addition, loans to policyholders which were previously included as loans and receivables, have been reclassified to insurance contract liabilities.

The table below shows the impact of the change:

	Previously reported Audited as at 31 December 2022 R million	Restatement Audited as at 31 December 2022 R million	Restated Audited as at 31 December 2022 R million
Financial assets at fair value through income (excluding derivatives)			
Equity 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	35	4 675
Corporate interest-bearing investments	15 340	118	15 458
Mortgages and loans	87	1	88
Structured transactions			
Structured notes	238	3	241
Investment funds	9 065	–	9 065
Deposits and similar securities	3 477	62	3 539
Financial assets at fair value through income	<u>37 446</u>	<u>219</u>	<u>37 665</u>
Financial assets measured at amortised cost			
Loans and receivables ¹	3 690	(1 075)	2 615
Net restatement of financial assets	<u>41 136</u>	<u>(856)</u>	<u>40 280</u>

¹ Included in restatement is R856 million in loans to policyholders which were reclassified to insurance contract liabilities. Refer to note 18.3 for more detail.

Notes to the summary consolidated financial statements

18. Restatements and changes in presentation (continued)

18.1 Restatement of the statement of financial position (continued)

18.1.2 Reclassification of investment contracts

Investment contracts were reclassified to correctly classify certain contracts within the alternative risk transfer business as investment contracts. The balance as at 31 December 2021 was restated from R1 970 million to R3 798 million, and the balance as at 31 December 2022 was restated from R2 061 million to R5 214 million.

18.2 Restatement of the statement of cash flows

Cash flows relating to dividends and interest received within operating activities have been restated to be presented separately in the statement of cash flows. This presentation is more relevant, as these amounts relate to a prominent part of the group's operating results and investment strategy. This presentation is in line with the industry. The comparative information has been restated accordingly.

Cash flows relating to income tax paid on behalf of third party reinsurance contracts, investment contracts and structured products have been restated to be presented correctly in the statement of cash flow. The group has a contractual arrangement to recoup the payments from these parties and as such, this was previously presented on a net basis. The enhanced presentation is more relevant, as these payments were made directly to the relevant tax authorities by the group. The comparative information has been restated accordingly.

The table below shows the impact of the change:

	Previously reported Audited Year ended 31 December 2022 R million	Restatement Audited Year ended 31 December 2022 R million	Restated Audited Year ended 31 December 2022 R million
Net cash from operating activities			
Cash generated from operations	9 624	(1 255)	8 369
Dividends received	–	457	457
Interest received	–	1 541	1 541
Income tax paid	(802)	(743)	(1 545)
Net impact	8 822	–	8 822

Notes to the summary consolidated financial statements

18. Restatements and changes in presentation (continued)

18.3 Restatements relating to corrections to the insurance and reinsurance contracts

- a) In compliance with IFRS 17, Santam should present their inwards reinsurance revenue net of ceding commission. Due to a mapping error in preparing the financial statements, the ceding commission was not netted off against inward reinsurance revenue for the six months to June 2023 in the 30 June 2023 interim financial statements, as required. This resulted in the overstatement of insurance revenue and amortisation of insurance acquisition costs by R225 million. The ceding commission netted off against inward reinsurance revenue for the 31 December 2022 comparative year in the 30 June 2023 interim financial statement note was similarly understated by R1 171 million, therefore overstating insurance revenue by R1 171 million, with amortisation of insurance acquisition costs overstated by the same amount. The June 2023 statement of comprehensive income will be restated in the 2024 interim results.
- b) A reversal of binder fees relating to acquisition activities of R91 million were incorrectly included in incurred claims and other insurance services expenses in insurance service expenses. Under IFRS 17 this amount should form part of insurance acquisition costs of insurance service expenses. The note was corrected to correctly reflect the reversal of the binder fees against the amortisation of insurance acquisition cost line. There was no impact on the insurance service expenses as presented on the statement of comprehensive income.
- c) IFRS 17 requires changes in financial assumptions for insurance contracts issued to be accounted for as part of finance expenses from insurance contracts issued (insurance finance expense). In the 30 June 2023 interim financial statements, changes in financial assumptions were incorrectly mapped to insurance service expenses. The mapping was subsequently corrected which reduced finance expenses from insurance contracts issued and increased insurance service expenses with R240 million, respectively. This restatement impacted the 31 December 2022 comparative year presented in the 30 June 2023 interim financial statements in relation to the IFRS 17 adoption note.
- d) First party cell contracts are in the scope of IFRS 9. In the June 2023 interim financial statements, the investment return allocated to first party cell contracts of R208 million, as well as income tax recovered from first party cells of R126 million, were incorrectly mapped to the finance income from reinsurance contracts held, net expenses from reinsurance contracts held and finance expenses from insurance contracts issued, respectively. This was corrected to be presented as part of the investment return allocated to structured products (fair value movement) and Income tax recovered from structured products, in line with IFRS 9. This restatement impacted the 31 December 2022 comparative year presented in the 30 June 2023 interim financial statements in relation to the IFRS 17 adoption note. The June 2023 statement of comprehensive income will be restated in the 2024 interim results.
- e) IFRS 17 requires changes in financial assumptions for reinsurance contracts held to be accounted for as part of finance income from reinsurance contracts issued (Reinsurance finance (income)/expense). In the 30 June 2023 interim financial statements, changes in financial assumptions were mapped to net (expense)/income from reinsurance contracts held (Claims recovered and other reinsurance service income received). The mapping was subsequently corrected to reduce finance income from reinsurance contracts issued with R130 million relating to changes in financial assumptions, and remove the amount from net (expense)/income from reinsurance contracts held. This restatement impacted the 31 December 2022 comparative year presented in the 30 June 2023 interim financial statement note in relation to the adoption of IFRS 17.
- f) Santam discloses their reinsurance income net of compulsory reinstatement premiums, in compliance with IFRS 17. The compulsory reinstatement premiums of R480 million in the 30 June 2023 interim financial statement notes were however incorrectly disclosed as part of reinsurance expenses instead of being treated as part of reinsurance income in the note supporting the "Net expense from reinsurance contracts held" line item. This was corrected accordingly. There is no statement of comprehensive income impact.
- g) Before the adoption of IFRS 17, loans to policyholders were appropriately classified as IFRS 9 Loans and receivables (i.e. separately from the insurance contract). These loans however do not meet the requirements in IFRS 17 to be treated as separate IFRS 9 investment components. These policy loans amounting to R856 million were incorrectly treated as IFRS 9 loans and receivables and have subsequently been reclassified to the insurance contract liability for remaining cover, within the general insurance premium allocation approach disclosure group. The amounts disclosed in the December 2022 statement of financial position in the group's interim financial statements for the period ended 30 June 2023 were incorrect and have been restated.

Notes to the summary consolidated financial statements

18. Restatements and changes in presentation (continued)

18.3 Restatements relating to corrections to the insurance and reinsurance contracts (continued)

The impact on the group's December 2022 and December 2021 statement of financial position, the 31 December 2022 insurance notes, as well as the 31 December 2022 statement of comprehensive income (not reported yet after the implementation of IFRS 17) was as follows:

		Restatement Audited as at 31 December 2022	
	Previously reported Audited as at 31 December 2022	a) Inwards reinsurance acquisition cost	b) Binder fees
R million			
Note 8.2.1 general insurance under premium allocation approach			
Net insurance contract liabilities opening balance	30 021	–	–
Insurance revenue	(38 675)	1 171	–
Amortisation of insurance acquisition costs	6 346	(1 171)	(91)
Incurred claims and other insurance service expenses	30 161	–	91
Finance expenses from insurance contracts issued	1 425	–	–
Premiums received	43 407	–	–
Net insurance contract liabilities closing balance	34 299	–	–
Note 8.2.2 general reinsurance under premium allocation approach			
Reinsurance expenses	6 905	–	–
Claims recovered and other reinsurance service income received	(6 727)	–	–
Adjustments to incurred claims that relate to past service	(421)	–	–
Reinsurance finance expenses/(income)	(534)	–	–
Total statement of financial position disclosure notes		–	–
Statement of financial position			
Loans and receivables	3 690	–	–
Insurance contract liabilities	(36 387)	–	–
Statement of comprehensive income			
Investment return allocated to structured products	–	–	–
Income tax recovered from structured products	–	–	–
		Restatement Audited as at 31 December 2021	
	Previously reported Audited as at 31 December 2021	a) Inwards reinsurance acquisition cost	b) Binder fees
R million			
Statement of financial position			
Loans and receivables	2 548	–	–
Insurance contract liabilities	(31 511)	–	–

Restatement
Audited as at 31 December 2022

c) Claims cost allocation	d) First party cell contract reallocation	e and f) Reinsurance service expense	g) Policyholder loans	Restated Audited as at 31 December 2022
-	-	-	(615)	29 406
-	-	-	-	(37 504)
-	-	-	-	5 084
240	-	-	-	30 492
(240)	(117)	-	-	1 068
-	-	-	(241)	43 166
-	-	-	(856)	33 443
-	-	(480)	-	6 425
-	126	350	-	(6 251)
-	-	-	-	(421)
-	(91)	130	-	(495)
-	(82)	-	(856)	
-	-	-	(856)	2 834
-	-	-	856	(35 531)
-	-	-	-	
-	(208)	-	-	(208)
-	126	-	-	126
-	(82)	-	-	

Restatement
Audited as at 31 December 2021

c) Claims cost allocation	d) First party cell contract reallocation	e and f) Reinsurance service expense	g) Policyholder loans	Restated Audited as at 31 December 2021
-	-	-	(615)	1 933
-	-	-	615	(30 896)
-	-	-	-	



Supplements

Seven-year review (Santam group)

		Group						
	7 year compound growth % /average	2023	Restated 2022	Restated 2021	Restated 2020	2019	2018	Restated 2017
PERFORMANCE PER ORDINARY SHARE								
cents per share								
Headline earnings	8.4	2 310	1 817	2 495	905	2 069	2 099	1 425
Dividends	6.6	1 400	1 307	1 222	–	1 110	1 028	952
Special dividends		1 780	–	800	–	–	–	–
Net asset value		10 452	10 524	10 903	8 481	8 637	8 479	6 722
INSURANCE ACTIVITIES								
Net claims paid and provided (%)	63.6	63.5	63.3	61.7	68.0	62.3	60.6	65.9
Cost of acquisition (%)	29.9	30.9	30.6	30.2	29.5	30.0	30.2	28.0
Net commission paid (%)	12.2	12.3	12.6	13.1	12.3	11.9	11.6	11.4
Management expenses(%)	17.8	18.6	18.0	17.1	17.2	18.1	18.6	16.7
Combined ratio (%)	93.5	94.2	93.9	91.9	97.5	92.2	90.8	94.0
Underwriting result(%)	6.5	5.8	6.1	8.1	2.5	7.8	9.2	6.0
Earned premium (%)		100.0	100.0	100.0	100.0	100.0	100.0	100.0
INVESTMENT ACTIVITIES								
Interest, dividends and forex gains/(losses) net of asset management fees		3 381	2 213	1 698	1 634	1 616	1 713	1 148
Net profit/(loss) on financial assets and liabilities at fair value through income		746	(550)	732	(273)	321	(428)	261
RETURN AND PRODUCTIVITY								
Earnings expressed as % of average shareholders' funds (%)*	23.0	28.5	18.5	28.5	8.0	22.2	33.5	21.9
Pre-tax return on total assets (%)	6.0	6.6	5.4	6.6	2.6	7.1	7.8	5.9
Effective tax rate (%)	25.1	17.5	23.8	23.6	36.5	27.4	25.9	21.3
Gross premium per employee (R '000)*	5 102	5 774	5 587	5 435	5 206	4 812	4 586	4 316
* Alternative Risk Transfer premiums excluded								
SOLVENCY AND LIQUIDITY								
Dividend cover (times)	1.6	2.1	1.4	2.0	–	1.8	2.1	1.9
Economic capital coverage ratio (%)		155	156	169	161	160	159	158
OTHER STATISTICS								
Number of permanent employees		6 472	6 339	6 025	5 973	6 177	6 043	5 990
Staff composition (% of black staff members)		75.9	74.4	73.1	73.0	72.8	71.4	69.9
Number of shareholders		7 142	7 116	6 557	6 992	7 110	6 815	5 879
Corporate social investment spend (% of NPAT)		0.4	1.2	0.9	4.0	1.1	0.6	0.8
SANTAM SHARE PERFORMANCE AND RELATED INDICATORS								
Market price per share (cents)								
Closing		28 657	25 645	26 900	25 478	29 014	29 644	26 704
Highest		31 600	31 599	28 900	26 468	34 499	35 000	28 250
Lowest		24 504	22 856	23 137	23 001	27 800	26 201	23 115
Market capitalisation (R million)		31 274	28 106	29 633	28 107	32 053	32 743	29 471
Closing price/earnings (times)		9.6	14.2	10.8	86.1	14.6	14.1	18.7
Closing price/equity per share (times)		2.7	2.4	2.6	3.0	3.4	3.5	4.0
Closing dividend yield (%)		4.9	5.1	4.5	–	3.8	3.5	3.3
Number of shares issued (million)		109.1	109.6	110.2	110.3	110.5	110.5	110.4
Number of shares traded (million)		14.7	19.6	20.6	21.1	11.1	16.1	13.6
Number of shares traded as a % of total number of shares in issue		13.5	17.9	18.7	19.1	10.0	14.6	12.3
Value of shares traded (R million)		4 207.9	5 193.5	5 211.4	5 782.7	3 315.0	4 937.3	3 385.9

Seven-year review (Santam group) (continued)

		Group						
	7 year compound growth % /average	2023	Restated 2022	Restated 2021	Restated 2020	2019	2018	Restated 2017
STATEMENTS OF COMPREHENSIVE INCOME								
Insurance revenue ^{1, 2}	7.9	46 882	43 082	42 129	38 273	35 852	33 109	29 720
Net earned premium ¹	6.2	31 044	29 113	27 363	25 517	25 132	24 068	21 693
Net insurance service result ^{1, 3}	(8.1)	771	2 073	2 157	617	1 884	2 097	1 280
Investment return on insurance funds		1 100	559	610	663	687	597	648
Net insurance result		1 871	2 632	2 767	1 280	2 571	2 694	1 928
Other income/expense		(304)	(214)	–	3	–	–	–
Investment income & associated companies		2 611	964	970	(460)	662	756	402
BEE Costs		–	(2)	(2)	(2)	(3)	(8)	(3)
Amortisation of intangible asset/Impairment of goodwill/impairment of loans		(31)	(23)	(20)	(19)	(35)	(29)	(31)
Income tax recovered from cell owners and structural insurance products		258	126	592	429	280	106	–
Income before taxation		4 405	3 483	4 307	1 231	3 475	3 519	2 296
Taxation		1 727	1 392	1 471	800	1 154	990	489
Non-controlling interest		133	97	99	104	122	102	140
Net income from continuing operations		2 545	1 994	2 737	327	2 199	2 427	1 667
Results from discontinued operations		705	(14)	8	–	–	–	–
Net income attributable to equity holders	11.8	3 250	1 980	2 745	327	2 199	2 427	1 667
¹ 2022 and 2023 restated for first time adoption of IFRS17. Years prior to 2022 includes amounts disclosed in accordance with IFRS4.								
² Amounts prior to 2022 include Gross premium income. 2022 and 2023 include gross insurance revenue								
³ Amounts prior to 2022 include underwriting result. 2022 and 2023 include Insurance service result which includes insurance and reinsurance finance income and expense.								
STATEMENTS OF FINANCIAL POSITION								
Property and equipment		877	640	702	760	984	142	135
Intangible assets		1 226	1 073	989	968	948	885	841
Deferred tax asset		162	139	130	102	107	155	91
Investments in associates and joint ventures		542	467	2 284	2 205	2 661	2 927	1 789
Insurance contract assets ^{1, 2}		426	797	190	175	206	204	184
Strategic investment and financial assets	14.5	45 778	37 665	32 879	30 932	25 885	23 777	20 267
Reinsurance contract assets ^{1, 3}		10 087	14 005	13 980	9 785	7 548	7 106	6 361
Loans and other receivables and cash		8 032	8 098	6 293	11 253	10 895	9 902	9 591
Non-current assets held for sale		–	1 768	–	–	–	–	–
Total assets		67 130	64 652	57 447	56 180	49 234	45 098	39 259
Shareholders' funds	6.3	11 406	11 534	12 011	10 092	10 063	9 365	7 924
Financial liabilities and reinsurance contract liabilities ^{1, 4}		15 938	12 800	10 870	10 401	8 747	8 055	7 821
Lease liabilities		824	669	764	782	978	–	–
Insurance contract liabilities ^{1, 5}		34 650	36 221	30 896	29 388	23 696	21 149	18 174
Trade and other payables and tax		4 312	3 428	2 906	5 517	5 750	6 529	5 340
Total equity and liabilities		61 130	64 652	57 447	56 180	49 234	45 098	39 259

¹ 2021 to 2023 restated for first time adoption of IFRS17. Years prior to 2021 includes amounts disclosed in accordance with IFRS4.

² 2020 and prior years includes Deposit with cell owners and cell owners' and policyholders' interest. These items are reclassified to Reinsurance contract assets or liabilities under IFRS17.

³ 2020 and prior years includes Deferred acquisition costs. Deferred acquisition costs are reclassified to Insurance contract liabilities under IFRS17.

⁴ 2020 and prior years includes Financial liabilities, cell owners' and policyholders' interest and reinsurance liability relating to cell owners. These items are reclassified to Reinsurance contract assets or liabilities under IFRS17.

⁵ 2020 and prior years includes deferred acquisition revenue. Deferred acquisition revenue is reclassified to Reinsurance contract assets under IFRS17.

Seven-year review (Santam group) (continued)

	7 year compound growth % /average	Group						
		2023	Restated 2022	Restated 2021	Restated 2020	2019	2018	Restated 2017
STATEMENTS OF CASH FLOW								
Cash generated from operating activities after finance costs	0.9	1 887	5 088	2 510	422	3 852	1 921	1 784
Income tax paid		(1 220)	(1 545)	(626)	(437)	(955)	(785)	(543)
Net cash from/(used in) operating activities		667	3 543	1 884	(15)	2 897	1 136	1 241
Cash generated/(utilised) in investment activities		-	92	(1)	(180)	45	260	930
Net (acquisition)/disposal of associated companies		-	(2)	-	-	-	(923)	(152)
Acquisition of business/subsidiaries		(99)	31	-	(4)	(48)	(86)	852
Cash utilised in additions to property and equipment and intangible assets		(271)	(136)	(108)	(146)	(120)	(89)	(95)
Proceeds from sale of intangible assets		-	16	-	-	-	-	-
Proceeds from sale of associated companies		-	-	-	-	-	168	23
Capitalisation of associated companies		-	-	-	-	(158)	(15)	(23)
Net proceeds from disposal of SAN JV		2 510	-	-	-	-	-	-
Net cash from/(used in) investing activities		2 140	1	(109)	(180)	(281)	(685)	1 535
Purchase of treasury shares		(221)	(237)	(120)	(155)	(106)	(91)	(76)
Proceeds from issue/redemption of unsecured subordinated callable notes		500	-	(500)	1 000	-	-	-
Increase/(decrease) in investment contract liabilities		-	-	-	-	-	-	(32)
Increase/(decrease) in collateral guarantee contracts		-	-	-	-	-	-	(1)
Dividends paid		(3 510)	(2 362)	(704)	(843)	(1 280)	(1 186)	(1 106)
(Decrease)/increase in cell owners' interest		-	-	-	-	-	-	(51)
Purchase of subsidiary from non-controlling interest		-	(6)	(176)	(69)	-	-	-
Payment of principal element of lease liabilities		(134)	(123)	(156)	(141)	(173)	-	-
Equity interest issued/redeemed to cell captive		30	40	22	-	-	-	-
Net cash used in financing activities		(3 335)	(2 688)	(1 634)	(208)	(1 559)	(1 277)	(1 266)
Net (decrease)/increase in cash and cash equivalents		(528)	856	141	(403)	1 057	(826)	1 510
Cash and cash equivalents at beginning of year		5 387	4 496	4 383	4 642	3 618	4 321	2 887
Translation (losses)/gains on cash and cash equivalents		(40)	35	(28)	144	(33)	123	(76)
Cash and cash equivalents at end of year		4 819	5 387	4 496	4 383	4 642	3 618	4 321

Seven-year review (Santam conventional)

			Conventional							
			7 year compound growth % /average	2023	Restated 2022	2021	2020	2019	2018	Restated 2017
INSURANCE ACTIVITIES										
Net claims paid and provided (%)	Avg	64.2	66.2	65.0	62.0	68.2	62.1	60.3	65.8	
Cost of acquisition (%)	Avg	29.8	30.3	29.9	30.0	29.3	30.2	30.4	28.1	
Net commission paid (%)	Avg	13.0	13.8	13.9	13.4	12.7	12.5	12.4	12.1	
Management expenses (%)	Avg	16.8	16.5	16.0	16.6	16.6	17.7	18.0	16.0	
Combined ratio (%)	Avg	94.0	96.5	94.9	92.0	97.5	92.3	90.7	93.9	
Underwriting result (%)	Avg	6.0	3.5	5.1	8.0	2.5	7.7	9.3	6.1	
Earned premium (%)			100.0	100.0	100.0	100.0	100.0	100.0	100.0	
STATEMENTS OF COMPREHENSIVE INCOME										
Gross premium income		6.3	37 368	35 418	32 745	31 098	29 725	27 711	25 853	
Net premium income		5.8	29 335	27 727	25 858	24 320	23 673	22 371	20 893	
Underwriting result	(3.3)		1 031	1 402	2 064	615	1 820	2 066	1 260	
Investment return on insurance funds		4.5	759	341	400	501	579	532	584	
Net insurance result	(0.5)		1 790	1 743	2 464	1 116	2 399	2 598	1 844	

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.
AGM	Annual General Meeting
AI	Artificial intelligence
ART	Alternative Risk Transfer
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.
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
CFE	Consumer financial education
CFO	Chief Financial Officer
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
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
ERM	Enterprise risk management
ESD	Enterprise supplier development
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	Intermediary	A person who negotiates contracts of insurance or reinsurance with the insurer or reinsurer on behalf of the insured or reinsured
GIS	Geographic information system	ISSB	International Sustainability Standards Board
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.	IT	Information technology
IAP2	International Association for Public Participation	JSE	JSE Limited
IFC	International Finance Corporation	JV	Joint venture
IFRS	International Financial Reporting Standards	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.
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)	Liability for incurred claims	The best estimate liability recognised by the insurer in respect of past services rendered to the insured, comprising claims incurred and other expenses. The liability for incurred claims also includes a component of claims incurred but not reported to the insurer.
IFRS S1	IFRS's first sustainability disclosure standard titled General Requirements for Disclosure of Sustainability-related Financial Information	Liability for remaining coverage	The best estimate liability recognised by the insurer in respect of future services (typically in the form of settling claims) to be provided to the insured.
IFRS S2	IFRS's first sustainability disclosure standard titled Climate-related Disclosures	NEP	Net earned premium
IMF	International Monetary Fund	NGFS	Network for Greening the Financial System
Insurance revenue	Insurance revenue is the revenue earned by the insurer for rendering services to the insured.	NPS	Net promoter score
Insurance service revenue	This includes all of the expenses incurred by the insurer in rendering services to the insured, and includes claims incurred, acquisition costs and other expenses.	OSTI	Ombudsman for short-term insurance
		P2P	Peer-to-peer
		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.

PA	Prudential Authority – the regulator charged with maintaining the stability of the financial system under twin peaks
PSI	Principles for Sustainable Insurance
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
Salvage	The amount received by an insurer from the sale of (usually damaged) property on which he has paid a total loss to the insured
SAM	Solvency Assessment and Management
SARTA	South African Repair Towing Association
SASBO	SASBO – The Finance Union, previously known South African Society of Bank Officials
SEB	Santam Employee Bot
SES	Social, ethics and sustainability
SME	Small and medium enterprise
SMME	Small, medium and micro-enterprise

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