



**Santam**

2021
CORPORATE
GOVERNANCE
REPORT

CONTENTS

CORPORATE GOVERNANCE REPORT

ABOUT THIS REPORT

- 1 Our suite of publications
- 1 Reporting scope and boundary
- 1 Reporting frameworks
- 1 Board approval

GOVERNANCE OVERVIEW

- 2 Governance at Santam

A MESSAGE FROM OUR CHAIRPERSON

- 4

THE SANTAM BOARD

- 6 Board mandate
- 6 Board charter
- 8 Board focus areas
- 9 Santam's leadership team
- 10 Santam's board of directors
- 13 Board composition and mix
- 14 Appointment and re-election of directors
- 15 Leadership roles
- 16 Board evaluation and training
- 16 Dealing in securities
- 16 Environmental, social and governance (ESG) matters

BOARD COMMITTEES

- 18 Risk committee report
- 19 Audit committee report
- 21 Human resources and remuneration committee (HRRC) report
- 22 Nominations committee report
- 23 Social, ethics and sustainability (SES) committee report
- 26 Investment committee report
- 26 Ad hoc board committees
- 26 Independent non-executive directors committee
- 27 Risk management report

ABOUT THIS REPORT

This report aims to provide Santam’s stakeholders with an understanding of Santam’s governance structures and processes to enable them to evaluate the ability of the company to create and sustain value.

Santam Ltd (Santam or the group) was founded in 1918. We are a leading South African general insurer doing business in selective emerging markets. Our head office is in Cape Town, South Africa. The group listed on the JSE in 1964 under the insurance (non-life) sector and 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 62.1% of Santam’s shares.

OUR SUITE OF PUBLICATIONS

This report is part of a suite of results publications we produce to best meet our stakeholders’ information needs:



This corporate governance report



Our King IV application register



Santam’s integrated report, including our summary consolidated financial statements



Remuneration report



Our complete annual financial statements



Santam’s inaugural Task Force on Climate-related Financial Disclosures (TCFD) report.



The annual general meeting (AGM) notice and proxy form

REPORTING SCOPE AND BOUNDARY

This report covers the 12 months ended 31 December 2021 (reporting period or year). The reporting includes our general insurance and investment operations, and applies to Santam Ltd and its subsidiaries, which make up the Santam business portfolio.

REPORTING FRAMEWORKS

- King IV Report on Corporate Governance™ for South Africa, 2016 (King IV). Copyright and trademarks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved.
- Johannesburg Stock Exchange (JSE) Listings and Debt Listings Requirements for debt and equity
- South African Companies Act, 71 of 2008 (as amended)

APPROVAL

The board has considered the integrity of this report and has concluded that it appropriately provides material disclosures of the Santam group’s overall corporate governance activities.

The board approved this report on 2 March 2022.

Please share your experience of reading this report by emailing our company secretary at Tebogo.Moshakga@santam.co.za.

For more information, please visit www.santam.co.za.

¹ Share register analysis by Nasdaq Advisory Services

GOVERNANCE OVERVIEW

GOVERNANCE AT SANTAM

Governance statement of commitment

Santam's board of directors is the custodian of ethical governance in the group.

It 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 all 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 is of the opinion that, during 2021, Santam complied with all applicable rules including the JSE Listings Requirements, the JSE Debt Listings Requirements and the Companies Act. The company also operated in conformity with its Memorandum Of Incorporation and constitutional documents.

Governance approach

Santam's commitment to good governance is formalised in its charters, policies and operating procedures.

The Santam board's committees fulfil a vital role in applying good corporate governance at Santam. 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.

KING IV

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. The next review will be early 2022. The group reviewed its governance policy during 2021 and the company continues to focus on the application of this policy in its subsidiaries, joint ventures and associated companies. Our governance policy assists with the efficient functioning of the relevant governance structures, allowing the board to focus on the most significant matters.

Details of Santam's application and explanation of the King IV principles are available at <https://www.santam.co.za/investor-relations/integrated-report/governance/>. In instances where the company has elected not to apply certain recommended practices, the rationale is explained in the relevant sections of the report. Only salient points of the board charter and the terms of reference of the board committees are included in this report. The complete documents are available on the company's website.

The board is satisfied that Santam has applied the requisite King IV principles during 2021.

Organisational ethics

The board is responsible for setting the direction on the ethical standards, strategy and operations of Santam.

There is zero tolerance regarding fraud and corruption. This approach is formalised in Santam’s code of ethics, Conflict of Interest Policy, Anti Money Laundering Policy and its Business Integrity Policy. Santam’s policies relating to business ethics are available at <https://www.santam.co.za/investor-relations/integrated-report/environmental-social-governance/>

Employees are made aware of the latest trends in fraud and crime, locally and internationally, through regular internal communications. Various structures have been established to help govern the management of ethics and fraud. The Business Integrity, Compliance and Forensics departments assist with governance and training relating to ethics, compliance, insurance crime and corruption.

Declarations relating to conflict of interest are monitored regularly. The ethics management committee is responsible for monitoring the implementation of the various policies and ethics awareness campaigns and reports to the social and ethics committee on the effectiveness of these mechanisms to manage ethics in the organisation.

In 2022, the company will place additional focus on ethics training and will conduct a survey regarding the ethical culture in the organisation.

The board has delegated specific functions to committees to assist it in meeting its oversight responsibilities. This ensures that the activities of the company are managed in a manner consistent with the ethical leadership and values of Santam. The audit committee; risk committee; nominations committee; SES committee and HRRC are constituted as recommended by King IV, the Companies Act and the JSE Listings Requirements. The investment committee has been established by the board to assist the board in its portfolio and cash investment responsibilities and activities and processes relating to the investment of company funds.

All committees are chaired by independent non-executive directors. The roles and responsibilities of each board committee are set out in terms of reference that are reviewed by the board annually. The directors confirm that the committees have functioned in accordance with these terms of reference during the year.

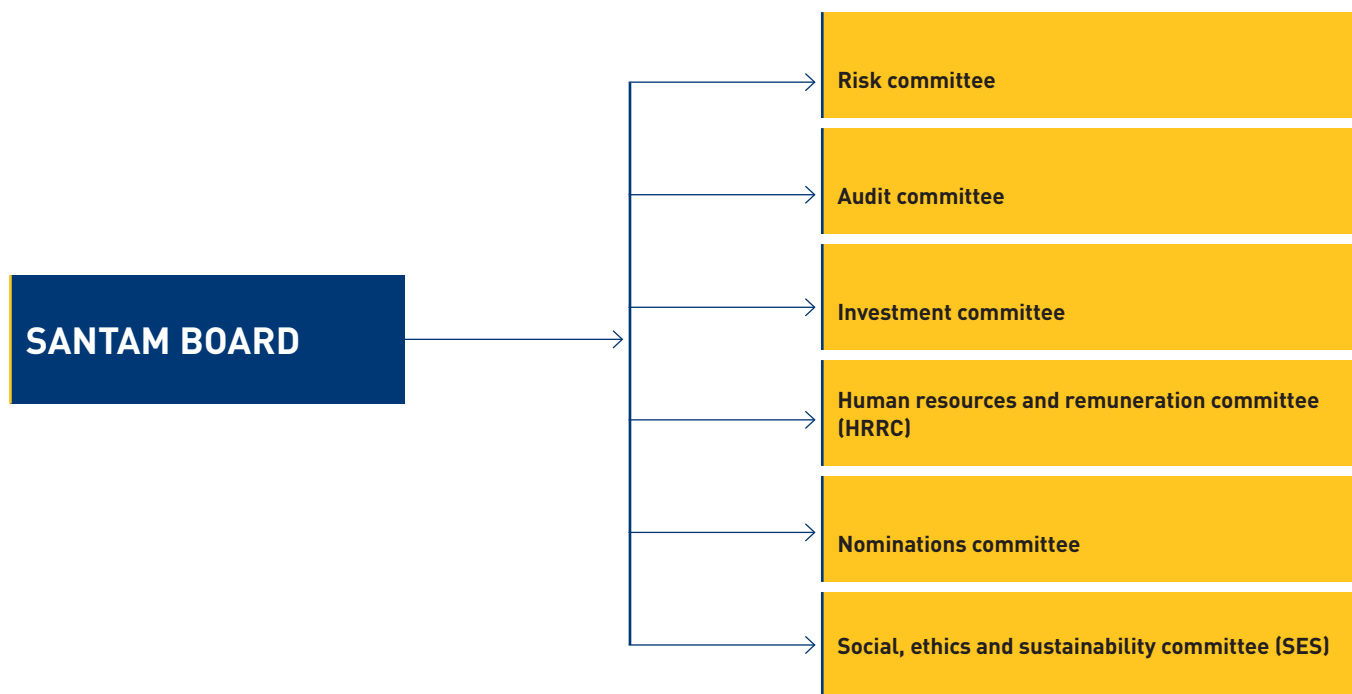
Appointments to the board are formal and transparent and are a matter for the board of directors, assisted by the nominations committee, as required by the JSE Listings Requirements and the Debt Listings Requirements.

Directors are appointed subject to re-election by the shareholders at the company’s AGM and subject to the Companies Act provisions relating to their removal.

There is a clear balance of power and division of responsibilities and authority at board level to ensure that no individual director has unfettered powers of decision-making or influence over the board.

The chairperson of the board is an independent non-executive director. The chairperson is principally responsible for the effective operation of the board. There is a clear division of authority between the various roles within the company’s corporate governance structure. The responsibilities of the chairperson and the chief executive officer are clearly defined and separate. The chairperson of the board’s role is documented in the board charter.

Santam’s corporate governance framework



A MESSAGE FROM OUR CHAIRPERSON

I am pleased to present my first report to you as the incoming chairperson of the Santam group. I am excited and inspired to play a part on the board of this group, with its clear purpose and strong growth prospects.

2021 continued to be impacted by the devastating impact of COVID-19, which aggravated the already ailing South African economy. Economic uncertainty, high unemployment, weak domestic demand, volatile investment returns and lack of reliable energy supply also added to the deterioration of economic growth and placed consumers under immense pressure. In July 2021, we saw civil unrest in certain parts of South Africa, which also contributed to unemployment and impacted the insurance industry.

However, the Santam group has weathered the storm and positioned itself to enter the coming years with a positive outlook.

Santam's guiding purpose is to safeguard what is important to its clients. It delivers on this purpose through its role as a general insurer, supported by strategic partnerships and products and services that help clients and communities mitigate risk in the face of unexpected catastrophes.

At the same time, Santam is cash generative and financially strong, and delivers competitive returns for shareholders. The group has deep roots in South Africa, a growing international footprint and has the right scale, brands, products, channels, distribution networks and geographical spread to grow locally and internationally.

GOVERNANCE

Santam, as a leader in the insurance industry, and an integral part of society, remains committed to help mitigate the risk factors that inhibit growth and resilience. Now more than ever, Santam has a responsibility to support its stakeholders towards a prosperous and FutureFit society.

It is clear that governance at Santam extends beyond compliance to support strategic performance and ultimately enhance value for stakeholders. The board's aim is to ensure the governance outcomes of an ethical culture, good performance, effective control and legitimacy.

The board promotes and supports high ethical standards of corporate governance and endorses the principles of King IV.

Key board topics and priorities for 2021

MANAGING THE IMPACT OF THE COVID-19 PANDEMIC, AND FINALISATION OF CONTINGENT BUSINESS INTERRUPTION (CBI) CLAIMS

The board is pleased with the legal clarity obtained on the ruling of the 18-month indemnity period to be applied to the Ma-Afrika Hotels and Stellenbosch Kitchen policies with CBI extensions. Refer to the CEO report for more details. The board is pleased that as at 31 December 2021 gross CBI claims of R3.2 billion (including relief payments of R1 billion in 2020) were paid to the impacted policy holders, providing much needed relief for the South African economy during a challenging economic climate.

REVIEWING THE EXECUTION OF BUILDING A FUTUREFIT SANTAM WITH A FOCUS ON STRATEGIES FOR GROWTH

The board annually reviews the FutureFit Santam strategy. We believe that the plans the group has in place remain relevant as a clear path for future growth, while enabling it to be adaptable and withstand a volatile external economic environment.

Spurred by the impacts related to COVID-19, companies around the world must recognise the need to respond to the social, environmental and economic pressures the world faces today. It is apparent that ESG is not a buzzword or trend at Santam but rather embedded into the group's strategy as fundamental to the long-term sustainability of the group, its clients and their societies.

In particular, climate change is a complex and evolving phenomenon that poses risks to the security of our clients, society and the global economy. The consequences of climate change are already evident in more extreme weather events. The potential increased scale and frequency of severe weather and natural disasters directly impact the insurance industry.

In response, Santam has declared its support for the TCFD recommendations. In doing so, the group joins more than 1 800 organisations in demonstrating a commitment to building a more resilient financial system and safeguarding against climate risk through better disclosures. The board received TCFD training in 2021.

ENSURING THE SANTAM BOARD CONTINUES EFFECTIVE VIRTUAL STAKEHOLDER ENGAGEMENT

Santam's approach to stakeholder engagement is aimed at building and maintaining sound, transparent relationships. Traditionally, engagement and communication happened through a range of personal interactions. However, stakeholder engagement changed significantly during the COVID-19 pandemic. The group adapted engagement methods where necessary with the aim to keep communication channels open, while protecting the health and safety of all stakeholders. For the board, this meant virtual board meetings, more one-on-one online engagement with executive management and another successful hosting of our virtual AGM.

At the AGM, shareholders voted 90.56% in favour of Santam's remuneration policy, and 90.31% in support of the implementation report.

CONSIDERING THE SANTAM BOARD'S COMPOSITION AND SUCCESSION PLANNING

I am pleased to see the outcome of the work performed by the board to strengthen succession at board and executive management levels, and to improve diversity in terms of race, gender, skillsets and age.

There were a number of appointments to Santam's executive management team. This is part of the group's succession strategy to ensure a deep bench of diverse and skilled leadership.

In addition, as vacancies arose on the board, and there were requirements for additional board appointments, the nominations committee prioritised board diversity in line with the group's diversity policy.

- At the AGM on 2 June 2021, chairperson Vusi Khanyile and independent non-executive director Bruce Campbell retired from the board. They brought a wealth of industry experience and institutional knowledge to the board over many years. The board and executive management thank them for their lengthy service and we wish them well with all of their future endeavours.
- In May 2021, the group announced my appointment as chairperson, as well as the appointment of independent non-executive directors Caroline Da Silva, Shadi Chauke and Debbie Loxton with effect from 3 June 2021.

With these appointments, the board's balance and independence are reinforced and its composition comprehensively reflects an appropriate mix of knowledge, skills, experience, diversity and independence.

PLAYING A MEANINGFUL ROLE IN SOCIETY

Through the group's core business activities, they provide peace of mind and stability in the face of unexpected events every day. We saw this in action in 2021 when, following COVID-19-related restrictions and widespread rioting, thousands of South African citizens and small businesses were supported by Santam. Similarly, we assisted farmers by paying gross crop claims of R1.1 billion toward the end of the financial year when they were adversely affected by extreme weather events. The fair and timely payment of claims of R24.5 billion (including CBI claims) is testament to the value of general insurance for the economy.

In addition, I have observed an optimism about the future of South Africa at Santam, and an earnest commitment to help where possible, and to invest in our country.

The group's aspirational vision is to narrow the risk protection gap through collaborative, proactive risk management activities and the provision of reliable, inclusive risk solutions. Thus, again through its core

business activities, Santam prioritises the South African transformation agenda across its value chain, taking concrete steps to drive meaningful change in the group and in society. This extends to the work the group does with municipalities through P4RR and targeted CSI initiatives.

OUTLOOK AND APPRECIATION

Looking ahead, the board acknowledges the reality of the ongoing COVID-19 pandemic despite signs of increased economic activity and some recovery in certain parts of the world.

I would like to thank the board for welcoming myself and the other new board members. I am grateful to be part of a board that challenges each other and takes difficult decisions for the benefit of the company.

All my fellow board members have conducted their roles effectively and diligently, providing sound overall guidance to Santam. I would especially like to thank our previous chairman, Vusi Khanyile for his skilled leadership, inspiration and insights. I would also like to take this opportunity to thank outgoing CEO Lizé Lambrechts for her leadership and inspiration. She leaves Santam in a strong position to be able to execute on the strategy. All the best for her future endeavours. I also look forward to working with incoming CEO Tava Madzinga, who comes with excellent insurance experience and business credentials.

Thank you to the management team for its leadership and hard work in delivering and executing on the strategy during the year. I am confident that the executive management team will consistently drive Santam's business strategy, not only to achieve satisfactory results, but also to create value in the long run for all stakeholders.

Finally, thank you to the group's employees, intermediaries, clients, providers of capital and all other stakeholders for continuing to support Santam to provide **Insurance good and proper**.

Pinky Moholi

Chairperson

THE SANTAM BOARD

BOARD MANDATE

The board is responsible for directing, administering and controlling the affairs of the company in a transparent, fair and responsible manner.

The board recognises its responsibility to shareholders, employees and the community to uphold high standards in managing economic, social, environmental and ethical matters and ensuring that the company conducts its activities according to best practice.

The board is accountable for, among other things:

Determining Santam's overall objectives, approving strategic plans to achieve the objectives, monitoring operational performance, ensuring effective risk management and internal controls, and monitoring legislative, regulatory and governance requirements.

Ensuring 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.

Conducting 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.

Allocating major roles and responsibilities according to the company's delegation of authority framework.

BOARD CHARTER

The board's responsibility to ensure best practice in company conduct is entrenched in the board charter.

The charter, which is reviewed annually, describes the powers of the board and ensures that there is an appropriate balance of power and authority. Through its charter, the board has reserved matters specifically for its attention to ensure it exercises full control over significant matters, including strategy, finance and compliance.

The board charter sets out, among other things, the composition, meeting frequency and the specific responsibilities to be discharged by the board as a whole and by the directors, executives and officers individually.

These responsibilities are determined in terms of:

- The company's Memorandum Of Incorporation (MOI)
- The Companies Act
- The JSE Listings and Debt Listings Requirements
- King IV
- The Insurance Act, 18 of 2017

These serve as reference points for directors, executives and prescribed officers for the conduct of their affairs and dealings with respect to, and on behalf of, the company.

The board charter prescribes that directors should behave in the best interests of the company and take special care to avoid any conflict between their own and the company's interest. All board members are required to declare any potential conflicts of interest between their obligations to the company and their personal interests. If a potential conflict of interest arises, any affected director is required to recuse themselves accordingly from the part of the meeting in which the matter in which they have an interest is discussed. Directors are required to submit a declaration of all financial, economic and other interests at least annually, or whenever there are significant changes.

The board charter delineates the board's responsibility for the governance of ethics and notes that the board should set the direction for the approach to ethics. The board is consequently responsible for approving codes of conduct and ethics policies that articulate its direction on organisational ethics. The board receives periodic reports from the SES committee in this regard.

The board is also responsible for determining the direction of responsible corporate citizenship within the company. The board has delegated the monitoring of the company's corporate citizenship to the SES committee.

SALIENT FEATURES OF THE BOARD CHARTER

The board's key purpose is to safeguard the group's prosperity by collectively directing its affairs, while acting in the best interests of its stakeholders.

The Memorandum Of Incorporation sets out the powers of the board of directors, and the Companies Act and the delegation of authority document govern the exercise of these powers.

The matters reserved for the board include:

- Approval of:
 - The group's vision and values, the group's strategic objectives, business plans, annual budget, dividend policy and the monitoring of the group's performance against set objectives
 - All dividends, the integrated report and the annual financial statements
 - Financial risk management and capital policies, acquisitions, joint ventures and disposals above the limits set out in the delegation of authority framework and the Memorandum Of Incorporation, and significant changes in accounting policies
- Monitoring of and reporting on sustainability management
- Setting and overseeing the implementation of Santam's strategy in the use of IT in support of the overall business strategy including the management of IT risks and complexity.
- Oversight of the relationship with key stakeholders of the group

Only salient points of the board charter and the terms of reference of the board committees have been included in this report. The complete documents are available on the company's website.

The board is satisfied that it has discharged its duties and obligations as contained in its charter during the reporting period. The board charter is available online at www.santam.co.za.

Directors are entitled to seek independent professional advice at the company's expense (after consultation with the chief executive officer and the chairman of the board), as and when required, in fulfilling their duties. No directors exercised this right during the period under review.

BOARD FOCUS AREAS IN 2021

Key policies approved

- As a result of the ongoing operational impact of COVID-19, the board considered vaccinating employees as a necessary and reasonable measure to ensure a safe and healthy workplace
- The board approved the implementation of the COVID-19 Vaccination Policy after thorough and extensive discussions, as well as careful consideration of the scientific data and the legal position with respect to this issue

Risk management – Contingent Business Interruption (CBI) claims

- The board considered the management of CBI claims arising from the pandemic and the potential reputational damage to the Santam brand
- The board positively accepted the judgment handed down by the Supreme Court of Appeal in October 2021 on the length of the indemnity period, as it has brought legal clarity and finality on the interpretation and application of CBI policies

Strategy

- The board reviewed and approved the progress made in terms of the group strategy (for 2021 to 2026) with particular focus on the following material matters:
 - Ethical leadership and the trust deficit
 - The risk protection gap, and increasing climate and environmental risks
 - ESG embeddedness
 - Industry 4.0 and the emergence of digital ecosystems
 - Workforce for the future
- The board considered the execution of the group's international strategy, growth plans, digital platforms and potential structural growth opportunities

The board reviewed and approved the following:

- The budget for 2022
- The financial objectives, including capital planning and management
- Performance targets for the business
- The interim and year-end financial results and the 2021 integrated report
- The interim and final dividends

Responsible business and climate change

A key element of the group's responsible business efforts is minimising our environmental impact. This has been supported by our responsible investment approach in collaboration with Sanlam Investments. The board recognised the importance of climate risk in the insurance industry and approved the adoption of the Task Force on Climate-Related Financial Disclosures (TCFD) principles for reporting. The board members received training on the impact of TCFD on the business.

Santam board and committee succession

The board approved the appointment of four new directors. Vusi Khanyile retired from the board and stepped down as chairman of the board, member of the human resources and remuneration committee and chair of the nominations committee with effect from 2 June 2021. Bruce Campbell retired from the board and stepped down as a member of Santam's audit committee, risk committee and social, ethics and sustainability committee with effect from 2 June 2021.

Vusi and Bruce both served the board and the various board committees with distinction over many years. Santam is appreciative of their commitment and service and wishes them well for the future.

As announced on 13 May 2021, Nombulelo (Pinky) Moholi, Caroline Da Silva, Mmaboshadi (Shadi) Chauke and Deborah (Debbie) Loxton have been appointed as independent non-executive directors of the Company with effect from 3 June 2021.

The board welcomed Pinky Moholi as the new chairperson following the retirement of Vusi Khanyile.

Appointment of the new CEO

Following the announcement of the pending retirement of Lizé Lambrechts, the current group CEO in June 2022, the board considered potential candidates and approved the appointment of Tava Madzinga as the new group CEO in 2022.

KEY AREAS OF FOCUS IN 2022 – LOOKING FORWARD

- Induction of the new group CEO
- Strategic initiatives, including partnerships and other growth plans
- Capital planning
- Implementation of "new ways of work"

SANTAM'S LEADERSHIP TEAM



LIZÉ LAMBRECHTS (58)
Chief executive officer
 BSc (Hons), FIA
 EDP (Manchester)
Appointed in 2015



EDWARD GIBBENS (52)
Executive head of Santam Commercial and Personal
 FIISA, BCom, MBA, AMP
 (Insead)
Appointed in 1992 (appointed to executive management in 2005)



QUINTEN MATTHEW (58)
Executive head of Specialist business
 FIISA, EDP (Manchester)
Appointed in 2003 (appointed to executive management in 2010)



TINYIKO RIBISI-TERMARK (38)
Executive head of corporate legal services
 LLB, LLM, Attorney of the High Court of South Africa
Appointed in 2020 (appointed to executive management in 2021)



HENNIE NEL (53)
Chief financial officer and executive head of Santam ART
 CA(SA)
Appointed in 2012



MOKAEDI DILOTSOTLHE (52)
Chief marketing officer
 BCom (Hons), MBA
Appointed in 2016



BURTON NAICKER (47)
Incoming CEO of MiWay
 MBA (Wits)
Appointed in 2021



GERALD VAN WYK (38)
Executive head of strategic business development
 BCom
Appointed in 2018 (appointed to executive management in 2021)



EBRAHIM ASMAL (57)
Executive head of group sourcing and transformation
Appointed in 2009 (appointed to executive management in 2012)



ENID LIZAMORE (45)
Executive head of human resources
 BA, Postgrad Dip Human Resource Management
Appointed in 2018



RENÉ OTTO (63)
Outgoing CEO of MiWay
 BLC LLB, LLM, Admitted Advocate of the High Court
Appointed in 2007 (appointed to executive management in 2012), retired Dec 2021



KEVIN WRIGHT (56)
Executive head of business information and technology services
 BCom, Fellow of the South African Institute of Chartered Secretaries and Administrators, FCIS
Appointed in 2014



ANDREW COUTTS (47)
Executive head of intermediated business
 BCom (Law), CA(SA)
Appointed in 2013 (appointed to executive management in 2021)



ASHER GREVLER (47)
Chief risk officer
 BBusSc, FIA, FASSA, CERA
Appointed in 2004 (appointed to executive management in 2018)



KARL SOCIKWA (53)
Group Executive head of market development and sustainability
 BCom, LLB, MAP, IPBM, TSM (Insead), AMP (Harvard)
Appointed in 2021



JOHN MELVILLE (56)
Executive head of underwriting services, reinsurance and international
 BBusSc (Hons), FIA, FASSA, MCR (IMD)
Appointed in 2010

SANTAM'S BOARD OF DIRECTORS



NOMBULELO (PINKY) MOHOLI (61)

Chairperson

BSc Electrical & Electronics Engineering
Appointed 03 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.



MONWABISI FANDESIO (63)

Lead Independent non-executive director

BSc (Hons), MBA
Appointed 15 January 2020

Monwabisi is the lead independent non-executive director of Santam Ltd. He has held executive and non-executive roles at a number of 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 Impact (Pty) Ltd, Santam Structured Insurance Ltd, Santam Structured Life Ltd, Thebe Investment Corporation and Brolink (Pty) Ltd.



PRESTON SPECKMANN (65)

Independent non-executive director

CA(SA), Hons B.Compt (SA)
Appointed 8 February 2017

Preston has held managerial and executive positions at Metropolitan Holdings Ltd, Old Mutual SA and Pepkor. He served as the group finance director of MMI Holdings for a period of 16 years. He is a former PwC audit partner.

He serves as a director of MiWay group of companies, Centriq group of companies, African Rainbow Life Ltd, Safrican Insurance Company Ltd and Impala Platinum Holdings Ltd.

He also chairs the Risk and Finance Forums of Sanlam Investments and Sanlam Emerging Markets.



MACHIEL REYNEKE (63)

Independent non-executive director

CA(SA), BCom (Hons)
Appointed 26 August 2003

Machiel has extensive experience in the insurance industry and financial services in general. He currently holds the position of executive director and head: Mergers and Acquisitions at African Rainbow Capital (Pty) Ltd. He previously held the position of finance director at Santam for 10 years. He also served as finance director of Sappi International SA and General Manager of Gensec Bank.

He is currently a director of African Rainbow Capital (Pty) Ltd, Ubuntu-Botho Investment Holdings (Pty) Ltd, UBI General Partners (Pty) Ltd, Kropz Plc (UK), Commco Resources Ltd (BVI) and Indwe Broker Holdings (Pty) Ltd.



DAWN MAROLE (61)

Independent non-executive director

BCom, Dip Tertiary Education, MBA
Appointed 13 December 2011

Dawn has extensive experience in the financial services sector. She is the former chairperson of Kumba Resources Ltd and has served on numerous boards. In addition, Dawn formed part of the Presidential Review Committee for State Owned Enterprises and is currently the executive chairperson of Executive Magic.

She is currently a director of MTN Group Ltd, Mobile Telephone Networks Holdings (Pty) Ltd, MTN International (Pty) Ltd, South African Post Office SOC Ltd, Richards Bay Minerals (Pty) Ltd and Development Bank of Southern Africa and is a trustee of the Emthunzini BBBEE Community Trust.

**DEBORAH (DEBBIE) LOXTON (58)****Independent non-executive director**

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

Appointed 03 June 2021

Deborah is a Chartered Accountant with more than 30 years' experience in audit, risk, finance and governance, including 15 years' experience in the insurance industry.

She spent 6 years as an audit partner at PwC, has held executive positions at the Old Mutual group, and over the past 10 years has served as an independent non-executive director at financial services companies.

**CAROLINE DA SILVA (57)****Independent non-executive director**

BA, Postgraduate Diploma in Management Practice

Appointed 03 June 2021

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

**MMABOSHADI (SHADI) CHAUKE (42)****Independent non-executive director**

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

Appointed 03 June 2021

Mmaboshadi is a Chartered Accountant with more than 15 years' post-qualifying experience in the external audit and financial services sectors. She is a former registered auditor, having served five years as an audit partner at Deloitte & Touche South Africa until February 2018. She currently serves as an independent non-executive director on the boards of Mr Price Group, Afrocentric Investment Corporation, The Small Enterprise Foundation and Mamor Capital.

**PAUL HANRATTY (60)****Non-executive director**

BBusSc (Hons), FIA

Appointed 11 August 2020

Paul is the group chief executive of Sanlam. He is an expert in actuarial, risk and compliance as well as ethics governance. Paul is also a fellow of the Institute of Actuaries (FIA).

He has held various leadership roles at large financial services companies since 1984. He is currently a director of Sanlam Ltd, Sanlam Life Insurance Ltd, MTN Group Ltd, IDM Holdings (Pty) Ltd, Genbel Securities (Pty) Ltd, Sanlam Capital Markets (Pty) Ltd, Sanlam Emerging Markets (Pty) Ltd, Sanlam Investment Holdings (Pty) Ltd and Sanlam Investment Holdings UK Ltd.

**JUNIOR JOHN NGULUBE (64)****Non-executive director**

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

Appointed 23 April 2018

Junior is the former chief executive of Sanlam Emerging Markets. He has also previously served as CEO of Sanlam Corporate Business and as CEO of Munich Reinsurance Company of Africa Ltd. He currently serves as a non-executive director of Transition to Transformation NPC.

**ABIGAIL MUELELWA MUKHUBA (42)****Non-executive director**

CA(SA), MCom (SA & International Taxation) BCom (Hons) (Accounting), BAcc, MBA

Appointed 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. She previously served as finance director of African Rainbow Minerals Ltd.

She currently serves as finance director of Sanlam Ltd, director of Sanlam Capital Markets, Sanlam Life, Sanlam Emerging Markets and Sanlam Investments.

Executive directors



LIZÉ LAMBRECHTS (58)

Chief executive officer

BSc (Hons), FIA (1992), EDP (Manchester)

Appointed 1 January 2015

Lizé has served as CEO of Santam since January 2015. Before being appointed to her role at Santam, she served as chief executive of Sanlam Personal Finance from 2002.

She started her career in actuarial training in Sanlam in 1985 and held various senior positions in the group's retail business.

She serves as director of Stalker Hutchison Admiral (Pty) Ltd, Centriq group of companies, MiWay group of companies, Emerald Risk Transfer (Pty) Ltd, SSI group of companies and SAIA



HENNIE NEL (53)

Chief financial officer, executive director

CA(SA), BAcc (Hons)

Appointed 17 September 2012

Hennie has been the chief financial officer of Santam since September 2012. Prior to his role at Santam he was a director at PwC where he had worked since 1993. His range of experience within the financial services industry covers general and life insurance as well as banking and investment management.

He currently serves as director of Centriq group of companies, MiWay group of companies, SSI group of companies, Santam Specialist Underwriting Managers, Swanvest 120 (Pty) Ltd, Sanlam Emerging Markets (Pty) Ltd, Indwe Broker Holdings Ltd, Saham Reinsurance Limited, and Santam Namibia Ltd.

Group company secretary



TEBOGO MOSHAKGA (38)

Company secretary

Bcom Law, LLB, Higher Diploma in Tax Law, MAP

Appointed 1 August 2021 pursuant to section 84(4)(a) of the Companies Act, No. 71 of 2008

Tebogo is an admitted Advocate of the High Court of South Africa. She has over 15 years' experience in the financial services industry, both in banking and insurance sectors, where she held various roles, the last 10 years being in Company Secretarial. She previously worked at Investec Private Bank, PPS Insurance, Landbank, Bonitas Medical Aid Scheme and Momentum Metropolitan Holdings.

* Standing for election or re-election at the company's AGM on 1 June 2022.

BOARD COMPOSITION AND MIX

As at 2 March 2022, the board comprised 13 directors, of whom two are executive directors. Of the 11 non-executive directors, eight are independent.

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

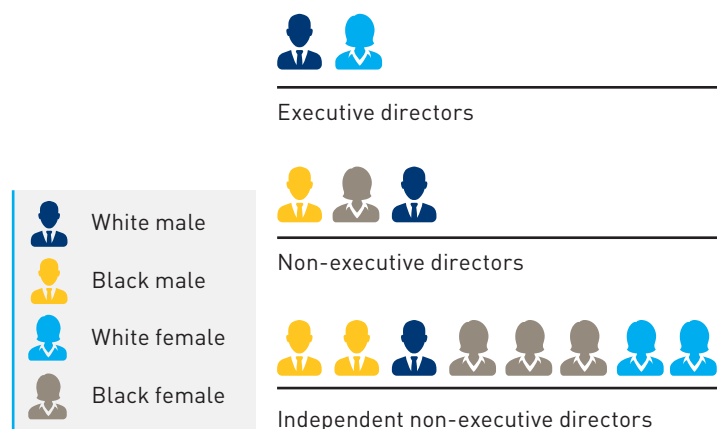
In the board's opinion, there is no business or other relationship within the current structure that could materially interfere with the impartial judgement of any of the non-executive directors.

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 chairman or the chief executive officer and/or any other directors.

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.

Directors at 2 March 2022

DIVERSITY OF RACE AND GENDER



DIVERSITY OF AGE



APPOINTMENT AND RE-ELECTION OF DIRECTORS

The nominations committee ensures that the board's composition reflects demographic and gender diversity and contains the appropriate mix of skills and experience.

When appointing directors, the board considers its needs in terms of skills, experience, diversity, size and demographics. A formal, transparent board nomination process is prescribed in a policy that details procedures for appointment to the board. This policy was reviewed in December 2021. The company also supports the principles and aims of appropriate diversity at board level. The board also reviewed its Board Diversity Policy during December 2021.

In terms of this policy, if there is a vacancy on the board or if an additional board appointment is required, the board will consider making an appointment that will attain or maintain the level of race, gender and age diversity that is considered appropriate at the time. Aspects that will be also considered include the skills, expertise, experience and background required to fill such a position, the availability of suitable candidates and the development potential of candidates.

The board will also consider any additional requirements that may be necessary to ensure a suitable mix of skills and experience on the board and its committees to best serve

the interests of the company and its stakeholders. It also considered all the diversity requirements when it considered the appointment of the directors appointed during 2021.

Based on the recommendation from the nominations committee, the board considers the nomination of new directors for appointment, or reappointment in the case of existing directors, and makes recommendations to shareholders for approval.

Directors do not have a fixed term of appointment. In accordance with the company's Memorandum Of Incorporation, a third of the non-executive directors must retire at the AGM annually. Non-executive directors are subject to retirement, by rotation, every three years. In line with company policy, executive directors retire on the third anniversary of their appointment or re-election to the board. The board has also resolved that independent directors who have served on the board for longer than nine years are also required to retire at every AGM due to their tenure. These directors may avail themselves for re-election by shareholders. This provides the

opportunity for shareholders to express their view if they have concerns regarding the independence of these directors due to their tenure.

The details regarding the directors standing for re-election at the next AGM are contained in the company's notice of AGM. Directors appointed by the board after the AGM are required to retire at the following AGM and stand for election by shareholders.

Shareholders can nominate a director for appointment. Five other shareholders must second nominations of this nature. Abridged CVs of the nominated directors are circulated to shareholders with the notice of the AGM. The company's shareholders therefore have the opportunity to participate in the election and re-election process of directors.

At the AGM, shareholders vote by a single resolution to determine whether the director will be appointed. The appointment of non-executive directors is formalised by a letter of appointment between the company and the non-executive director.

Changes to the board and committee composition

Board member	Date	Nature of change	Impact on committee
Vusi Khanyile	2 June 2021	Retirement as chairman of the board	Chair of board, Chair of the nominations committee, Member of the HRRC
Bruce Campbell	2 June 2021	Retirement as non-executive director	Member of the audit committee, risk committee and SES committee
Pinky Moholi	3 June 2021	Appointed as non-executive director and chairperson of the board	Chair of Board, Chair of Nomination committee, Member of the HRRC
Debbie Loxton	3 June 2021	Appointed as non-executive director	Member of the audit committee, risk committee and investment committee
Caroline Da Silva	3 June 2021	Appointed as non-executive director	Member of the risk committee and SES committee
Shadi Chauke	3 June 2021	Appointed as non-executive director	Member of the audit committee, risk committee and SES committee

LEADERSHIP ROLES

The responsibilities of the chairperson and CEO are clearly defined as set out in our board charter. While the board may delegate authority to the CEO, the separation of responsibilities is designed to ensure that no single individual or group of individuals have unrestricted powers and that the appropriate balance of power and authority exists on the board.

Chairperson and lead independent director

The chairperson of the board, Pinky Moholi, provides overall objective leadership to the board of directors. The chairperson's primary function is to preside over meetings of directors and shareholders, to enable the smooth functioning of the board and to oversee the dissemination of timely and accurate information to allow the directors to perform their duties effectively. Pinky is also an independent non-executive director.

CEO and CFO

The CEO, Lizé Lambrechts, reports to the board and is responsible for managing the execution of the strategy as approved by the board. Board authority conferred on management is delegated through the chief executive officer in terms of approved authority levels. The CEO is a full time permanent employee. Hennie Nel is the company's full time CFO. As with all executive committee members, succession plans are in place for the CEO and CFO.

The board also appointed Tava Madzinga as executive director effective 1 April 2022 and group CEO, effective 1 July 2022. Tava will succeed Lizé Lambrechts following her announcement in June 2021 that she would retire in 2022.

Executive and non-executive directors

All directors have a fiduciary duty to exercise due care and skill in carrying out their mandate as directors of the group. In doing so, the directors must act in the best interests of the group at all times, and do not derive any profit as a result of their fiduciary relationship with the group.

Company secretary

The company secretary provides guidance to the board collectively and to individual directors on how to discharge their responsibilities properly in terms of applicable legislation and regulations, and in the best interests of the company. The directors have unlimited access to the advice and services of the company secretary.

The company secretary plays a pivotal role in the company's corporate governance and ensures that, in accordance with the pertinent regulations, the proceedings and affairs of the board, the company and, where appropriate, shareholders, are administered properly. The company secretary monitors directors' dealings in securities to ensure adherence to the policy governing directors' dealings in securities.

The company secretary attends all board and committee meetings and is responsible for director training and induction, as well as the board evaluation process. The company secretary acts as secretary for the committees of the board.

In terms of the JSE Listings Requirements, the board is required to consider and satisfy itself annually regarding the competence, qualifications and experience of the company secretary. The company secretary is not a director of any group company and the board is satisfied that an arm's-length relationship has been maintained between the company secretary and the board. The directors are satisfied that the company secretary provides a central source of guidance and advice to the board and within the company on matters of good governance.

Read more about the company secretary's qualifications in the profile on page 12.

Responsibility and accountability delegation of authority

The company's delegation of authority provides an approval framework to ensure that the business is optimally managed within a decentralised management environment. The board delegates the power to run the day-to-day affairs of the group to the chief executive officer, who may delegate some of these powers. The board reviews its delegated authorities annually.

BOARD EVALUATION AND TRAINING

The board reviews the range of skills, experience and effectiveness of its directors annually.

This is done using an evaluation process developed according to the recommendations of King IV. The nominations committee considers the results of the evaluation and makes recommendations to the board, as appropriate.

IN 2021

A formal, externally facilitated evaluation process is conducted at least every two years. The Institute of Directors facilitated the assessment during December 2020 and January 2021. This included an effectiveness assessment of the board collectively and an appraisal of the board committees and the chairman. The evaluation found no significant matters or material concerns in respect of the board and board committees' performance. The results indicated that the board functions effectively and that the core board processes work well. Board meetings were well organised and efficiently run, and all relevant aspects of the company's business were dealt with by the board and its committees.

The need to improve the diversity of age and gender on the board was noted. This matter was addressed with the appointment of four new board members in June 2021, following the retirement of two board members.

The nominations committee considered the evaluation by directors in December 2021 and no concerns were noted. The results of the evaluation were shared and discussed with the board. The directors standing for election at the AGM in June 2021 was considered by the board, and their re-election is supported. In March 2022, the board assessed the independence of the independent non-executive directors serving on the board for longer than nine years and concluded that there are no relationships or circumstances likely to affect, or appearing to affect these directors' objectivity and judgement.

The board is satisfied with the performance of its members and has executed its responsibilities under the evaluation policy.

An ongoing director development programme focuses on existing board members and aims to create an evolving understanding of the business, governance and the compliance environment in which the company operates.

The director development programme includes regular training updates and information sessions. During 2021, sessions were conducted regarding among others policy wording and underwriting governance, the Debt Listings Requirements, IFRS 17, climate change, market conduct risk, digitisation, Santam's own risk and solvency assessment and developments in the macro-economic environment.

New directors complete a formal induction programme designed to meet the individual needs and circumstances of each director. Directors receive appropriate training, reading material and guidance on their duties and responsibilities, Santam's business environment and ESG issues relevant to the business.

DEALING IN SECURITIES

In accordance with the JSE Listings Requirements and the Debt Listings Requirements, Santam has adopted a policy that sets out the procedure directors must follow before they, or any of their associates, deal in the company's securities.

Directors and the company secretary must obtain prior written authorisation from the chairman to deal in the company's securities. The company secretary retains a record of all such share dealings and approvals. Senior management and designated employees exposed to unpublished, price-sensitive information in relation to the company's shares by virtue of their positions are prohibited from trading in Santam securities during the company's closed and prohibited periods, and require written approval from the chief executive officer to deal in Santam shares at all times.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) MATTERS

The board acknowledges that there are qualitative issues that influence Santam's ability to create value in the future. These can be:

- Environmental, like climate change and resource scarcity
- Social, for example transformation, diversity, skills development, health and safety
- Governance-related, like ethics, compliance and responsible investment

The responsibility to oversee and ensure high standards in managing ESG matters rests with the board. ESG considerations extend to various risks and opportunities, oversight is therefore also spread across the board's subcommittees:

The SES committee assists the board to effectively integrate relevant and material ESG issues into the group strategy.

Read more from page 23.

The risk committee assists the board from a risk and control perspective to identify, evaluate, and effectively manage all significant risks, including ESG-related risks.

Read more from page 18.

The investment committee assists the board with oversight of responsible investment practices that promote good governance and value creation in the companies Santam invests in.

Read more from page 26.

IN 2021

The board:

- Updated the SES committee charter to reflect the board's adoption of the TCFD recommendations and Santam group efforts to align with the TCFD recommendations. The review included an update of our ClimateWise principles in line with the TCFD recommendations.
- Our inaugural TCFD report is available at <https://www.santam.co.za/investor-relations/integrated-report/environmental-social-governance/>

BOARD COMMITTEES

The committees assist the board in discharging its duties and responsibilities. Ultimate responsibility rests with the board and it does not abdicate its responsibility to the committees.

The committees report on their activities to the board every quarter and the minutes of the committee meetings are provided to all board members. Notwithstanding the delegation of functions to the committees, the board remains ultimately accountable for the proper fulfilment of these functions – aside from the statutory functions of the audit committee relating to the appointment, fees and terms of engagement of the external auditor.

Board and committee meetings

The board met six times at scheduled meetings in 2021. These included quarterly meetings and board strategy meetings in June and December to approve the group's strategic direction. The board also held six special meetings during 2021. The purpose of the six special meetings was to discuss CBI related matters and strategic transactions.

DETAILS OF MEMBER ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

	Board	Audit committee	Risk committee	HRRC	Nominations committee	Investment committee	SES committee	Ad hoc board committee
Total number of meetings held in 2021	12	4	6	4	5	4	2	4
Vusi Khanyile	6			2	3			
Bruce Campbell	6	2	2				1	
Pinky Moholi	6			2	2			4
Caroline da Silva	6		4				1	
Monwabisi Fandeso	12	4	6					4
Paul Hanratty	12			4	5			
Debbie Loxton	6	2	4			2		
Dawn Marole	12			4	5		2	
Machiel Reyneke	12	4	6			4		4
Preston Speckmann	12	4	6					4
Abigail Mukhuba	10		5			4		
Junior Ngulube	12						2	
Shadi Chauke	6	2	4				1	
Lizé Lambrechts	12		6			4		
Hennie Nel	12		6			4		

RISK COMMITTEE REPORT

The risk committee is chaired by Machiel Reyneke, an independent non-executive director. The committee, supported by the chief risk officer, assists the board in fulfilling its governance, from a risk and control perspective, and in executing its compliance and risk management responsibilities. The committee is responsible for ensuring that there are processes and resources in place to identify, evaluate and effectively manage all significant risks. It must also provide adequate oversight of Santam's risk and solvency assessments and internal capital model processes.

Compliance with relevant laws and regulations is integral to Santam's risk management process and is monitored continuously. The committee operates in terms of formal terms of reference approved by the Santam board.

THE FUNCTIONS OF THE RISK COMMITTEE INCLUDE ASSISTING THE BOARD WITH:

- Implementing an effective policy and plan for risk management that enhances the company's ability to achieve its strategic objectives
- Continuously monitoring, maintaining and improving the maturity and effectiveness of the risk management processes
- Disclosing risk in a comprehensive, timely and relevant manner
- Monitoring and reviewing the overall risk profile, including the significant risks Santam faces, and seeing that the response to addressing these key risks is appropriately defined and resolved by management
- Monitoring the effectiveness of compliance management and addressing the outcomes

The committee met on six occasions during the year. Details of committee members' attendance at meetings are provided in the table above.

The chief risk officer, the chief underwriting officer, the executive head of IT and operations, as well as representatives of the external auditors, internal auditors, financial risk management, enterprise risk management, and compliance, attend committee meetings.

The committee is satisfied with the adequacy of governance, compliance and risk management structures and processes in place at Santam.

IN 2021

Key areas of focus during 2021 included contingent business interruption claims, reinsurance matters and insurance risk exposure. In addition, the committee continued to monitor Santam's capital status, the internal capital model reports, and adherence to the company's risk appetite. The committee reviewed the measures adopted to address the key risks facing the organisation, including IT governance and security, financial risk and compliance.

The committee assessed the performance and expertise of the chief risk officer, the head of compliance, the head of financial risk management and the head of enterprise risk management. The committee found their performance and expertise to be appropriate.

No penalties, fines or sanctions were imposed during 2021.

Read more in the risk management report on page 27.

The risk committee is satisfied that it has fulfilled its responsibilities in terms of its charter.

AUDIT COMMITTEE REPORT

Preston Speckmann, an independent non-executive director chairs the audit committee. The committee is constituted as a statutory committee of Santam with respect to its duties in terms of the Companies Act, and as a committee of the Santam board with respect to all other duties assigned to it by the board. The committee is responsible for, among other things, the company's sound financial standing and effective internal financial controls and processes. The committee reviews the overall quality and integrity of financial and integrated reporting disclosures.

The Santam audit committee acts as the audit committee of MiWay Insurance Ltd, Centriq Insurance Company Ltd, Centriq Life Insurance Company Ltd, Santam Structured Insurance Ltd and Santam Structured Life Ltd.

In terms of its charter, the audit committee must consist of a minimum of three independent directors who are appointed by shareholders at the AGM. As at 31 December 2021, the committee consisted of five independent non-executive directors. The committee's primary function, in addition to those required by the Companies Act, is to help the board oversee financial matters. The committee operates by formal charter and an annual work plan approved by the board. The chairman of the board is invited to attend all meetings of the audit committee.

The qualifications of the audit committee members are provided in the board profiles from page 10.

THE FUNCTIONS OF THE AUDIT COMMITTEE INCLUDE ASSISTING THE BOARD IN:

- Overseeing integrated reporting.
- Reviewing and recommending for approval by the board the annual financial statements, the interim reports, preliminary or provisional result announcements, the integrated report, any other intended release of price-sensitive information and prospectuses, trading statements and similar documents.
- Approving the terms of engagement and remuneration for the external auditor and ensuring that the appointment of the auditor complies with the provisions of the Companies Act and any other legislation relating to the appointment of auditors.
- Overseeing the effectiveness of Santam's assurance functions and services.
- Recommending to the board the engagement of an external assurance provider on material sustainability issues, if relevant.
- Defining a policy for non-audit services to be rendered by the external auditor to the company or a related company and pre-approving the contracts for non-audit services to be rendered by the external auditor.
- Considering changes to the dividend policy and recommending dividend declarations to the board.
- Reviewing the basis on which the company has been determined a going concern.
- Nominating the external auditor of the Santam group and its subsidiaries (who, in the opinion of the committee, are independent of the company) for appointment by shareholders.
- Reviewing and recommending the disclosure of sustainability issues in the integrated report for approval by the board to ensure that it is reliable, does not conflict with the financial information and provides a balanced view.
- Reviewing accounting policies and practices and considering any significant changes to or departure from accounting policies and practices.
- Assisting the board with monitoring the financial assistance provided by Santam to its subsidiaries.

The committee was satisfied with the quality of the external audit of the 2021 group annual financial statements.

The audit committee has evaluated the performance and independence of the external auditors. It confirmed the independence of the auditors from the organisation and recommended the appointment of the external auditors and audit partner at the company's AGM. The committee also considered and determined the external auditors' fees and terms of engagement. The Committee has fulfilled its responsibilities pursuant to par 3.84(g)(iii) of the JSE Listings Requirements. The audit committee tabled the appointment of the external auditor at the AGM held on 2 June 2021. A policy and controls are in place to address the provision of non-audit services by the external auditor.

During the year under review, non-audit services conducted by PwC included providing tax-related advice and services, IFRS 17 advice, internal audit advice and due diligence services. The total fees for non-audit services conducted by the external auditors amounted to R3 million. PwC and its predecessors have served as the company's auditors for 92 years. The current audit partner was appointed as the designated partner in November 2019.

In considering the 2020 annual financial statements, significant matters considered by the committee included reviewing key judgements and the valuation of unlisted investments. The committee considered reports prepared by management to assess whether the issues have been addressed appropriately. The committee considered the relevant audit quality indicators, including the audit firm's system of quality control. The audit committee has requested from the audit firm information detailed in paragraph 22.15(h) of the JSE Listings Requirements in their assessment of the suitability for the appointment of the audit firm and the designated individual. No legal or disciplinary proceedings have been concluded against the external audit firm in the past seven years. The proposed individual audit partner for the year ending 31 December 2021, Chantel van den Heever, is a JSE accredited auditor and does not appear on the JSE's list of disqualified auditors. No matters in terms of paragraph 22 of the JSE Listings Requirements exist that may preclude Ms van den Heever from accepting the appointment as individual auditor.

During 2021 the committee continue to place focus on impact of COVID-19 on financial reporting as well as IFRS 17 implementation. The committee commenced preparation for the implementation of mandatory audit firm rotation when the committee considered proposals for the appointment of new external auditors with effect from January 2024. During 2021 the Committee recommended the appointment of new auditor subject to regulatory approval. Regulatory approval will be obtained during 2022.

As per JSE Listings Requirement 3.84 and as per paragraph 7.3(e)(i) of the Debt Listings Requirements, the audit committee considered the expertise and experience of the executive financial director at its meeting in February 2022. The committee is satisfied that the appropriate level of expertise and experience to manage the responsibilities of that position have been met, as required by the JSE. The audit committee is also satisfied with the finance function's expertise and adequacy of resources.

The audit committee is satisfied that adequate financial reporting procedures exist and that they are functioning well.

The external and internal auditors attend committee meetings and have unrestricted access to the committee and its chairman. This ensures that their independence is in no way impaired. The external and internal auditors are provided with the opportunity to address the audit committee at each meeting without the presence of management. The internal audit function is provided in-house. Its scope and functions are covered in the internal audit section of this report. The committee is satisfied with the effectiveness of the head of internal audit and with the arrangements for internal audit. The committee believes that the design and implementation of the internal financial controls are effective.

Audit committee members are encouraged to keep up to date with developments that affect their required skill set. The audit committee has considered factors and risks that may affect the integrity of the Santam integrated report and has reviewed the disclosure of sustainability issues in the report to verify that it is reliable and does not conflict with the financial information. The audit committee has not recommended the engagement of an external assurance provider on material sustainability issues to the board, as it is of the view that the assurance provided is adequate, given the maturity of the processes in place.

The committee met four times during the financial year. Details of attendance of meetings are provided on page 17. The committee believes it has complied with its legal and regulatory responsibilities for the year. The committee reviewed the company's integrated and corporate governance reports and recommended them to the board for approval.

The audit committee is satisfied that it has fulfilled its responsibility during the year in terms of its charter.

HUMAN RESOURCES AND REMUNERATION COMMITTEE (HRRC) REPORT

The HRRC is chaired by Dawn Marole, an independent non-executive director. The committee comprises three non-executive directors, the majority of whom are independent. The chief executive officer and certain members of management attend committee meetings by invitation, but excuse themselves at the appropriate times.

Read more about the committee members' qualifications in the board profiles from page 10.

IN 2021

The HRRC is responsible for and has the authority to consider and make recommendations on the following, among other things:

- Determining and approving the general remuneration policy that must be tabled at each AGM for a non-binding advisory vote by shareholders
- Preparing an annual remuneration report
- Developing the remuneration strategy for executive directors and members of the executive committee
- Developing short-term incentive plans for board approval by setting annual targets, monitoring progress towards targets, and reviewing the incentive plans regularly to ensure that a strong link with performance is maintained
- Managing the contracts of employment of executive directors and executive committee members to ensure their terms are compliant with the principles of best practice
- Developing, monitoring and testing appropriate performance drivers for short-term and long-term incentives
- Developing long-term incentive schemes for board approval, setting individual and group performance hurdles and guidelines for annual allocations, and performing regular reviews of the structure of the schemes
- Considering the remuneration of non-executive directors of the board and its committees and making proposals to the board for final approval by shareholders at the AGM
- Planning for succession
- Managing human capital imperatives
- Considering the individual remuneration packages for executive directors and executive committee members, including incentive schemes and increases, to ascertain that they are appropriate

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

The HRRC met four times during the year. Details of attendance at meetings are provided on page 17.

The company's remuneration policy and implementation report were tabled at the AGM in 2 June 2021 for shareholders to make separate non-binding advisory votes and to enable the shareholders to express their views on the remuneration policies adopted and their implementation.

In terms of the remuneration policy, if either the remuneration policy or the implementation report is voted against by 25% or more of the voting rights exercised at the AGM, the board will start an engagement process to ascertain the reasons for the dissenting votes and will address reasonable objections and concerns raised appropriately.

At the 2021 AGM, 90.56% of the voting rights exercised voted in favour of the remuneration policy, and 90.31% of the votes exercised were in favour of the implementation report. The engagement process was therefore not formally required. Under the guidance of the HRRC, members of the management team nevertheless conducted an engagement process to discuss any areas of concern regarding the group's remuneration practices.

No significant concerns were identified during this process.

HRRC reviewed the remuneration report and recommended it to the board for approval.

HUMAN CAPITAL SALIENT FEATURES IN 2021

Employee profile:

73% black,
27% white

Employees by gender:

58% female,
42% male

Culture: **78%**
satisfaction rate for
engagement barometer

4 bursaries awarded

Leaverships: **41** black
learners in progress

Graduates: **27** black
graduates in the group

IN 2021

In 2021, the HRRC also supervised and considered the following matters:

- Progress regarding delivery of the HR strategic initiatives
- Review of the Santam group Fit and Proper Policy in order to align it with the new regulatory requirements
- Benchmarking remuneration levels and practices with local comparator groups for employees, executives and non-executive directors
- Monitoring employee-related metrics, such as head count, employee turnover and transformation
- Contracting deliverables of the executive directors
- Monitoring the talent management strategy and succession planning
- Identifying people-related risks and taking measures to mitigate these risks
- Reviewing Santam's short-term incentive plan
- Monitoring and approving short-term incentives (performance bonuses) and long-term incentives
- Revising the remuneration policy and practices and liaising with stakeholders regarding remuneration-related queries

The HRRC is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the year.

NOMINATIONS COMMITTEE REPORT

The nominations committee is chaired by Pinky Moholi, the independent chairman of the board. In terms of its charter, the committee considers board effectiveness and succession planning, and recommends candidates for board vacancies based on skill, experience and the need to ensure diversity and balance in the composition of the board.

The committee comprises of three non-executive directors, the majority of whom are independent. The chief executive officer attends committee meetings by invitation.

Read more about the committee members' qualifications in the board profiles from page 10.

The nominations committee met five times during the year. Details of attendance at meetings are provided on page 17.

IN 2021

In 2021 the committee focused on reviewing the composition of the board and improving the skills set and gender diversity thereof. The committee considered the Board Diversity Policy when shortlisting and nominating new directors to the board.

As part of the process of reviewing the composition of the board, the committee considered the benefits of all aspects of diversity, including age, gender and skills set. The committee conducted a process to review the performance of the board, individual directors and the committees.

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the period under review.

SOCIAL, ETHICS AND SUSTAINABILITY (SES) COMMITTEE REPORT

MEMBERSHIP AND MEETINGS

The SES committee comprised four non-executive directors during 2021. The committee is chaired by Dawn Marole, an independent non-executive director. The majority of the members of the committee are independent. Read more about the committee members' qualifications in the board profiles from page 10. The committee is supported by members of the executive committee and senior management.

According to its terms of reference, the committee is required to meet formally at least twice per year or as required for the effective performance of its duties. The committee met twice in 2021 (see page 17).

MANDATE AND RESPONSIBILITIES

The SES committee is constituted in terms of the Companies Act and has an independent role. It monitors the group's functions as required by the Companies Act and its regulations, and other regulatory requirements, such as King IV. It assists the board in effectively integrating relevant and material ESG issues (including related corporate sustainability matters) into the group strategy.

In addition to performing this function for the Santam group, the committee fulfils the role of social and ethics committee for all Santam's South African subsidiaries that have the requisite public interest score.

IN 2021

SES committee responsibilities:

- Recommend for approval, monitor and advise on all material ESG issues that could have a significant impact on the group and its stakeholders
- Consider, monitor and guide strategy and policy decisions with respect to group client interests and fairness, including the impact of group conduct on clients
- Ensure group ethics and governance are managed effectively
- Provide assurance regarding the quality of reporting and disclosures on the group's ESG and responsible citizenship performance
- Ensure group stakeholder relationships are managed effectively
- Provide assurance regarding the management of and reporting on key BBBEE transformation activities
- Review the group's TCFD report and Integrated report

IN 2021

The SES committee placed focus on prioritising the protection of employees and business partners while continuing to ensure that there was business continuity, in spite of the pandemic. The committee also considered Santam's progress regarding the integration of material ESG issues, monitored Santam's transformation initiatives and supplier development projects. The committee reviewed Santam's Stakeholder Management Policy and recommended the updated policy to the board for ultimate approval. Santam's Climate Risk Assessment was considered, and it was noted that the company's FTSE Russell ESG score had decreased from 4.7 to 4.3 out of 5 in 2021, due to more stringent requirements which included Task Force on Climate-related Financial Disclosures (TCFD).

The board ensures that ethics is managed effectively at Santam and provides leadership based on an ethical foundation. The implementation and execution of the code of ethics is delegated to management. In 2021, the SES committee paid particular attention to managing the risks regarding conflict of interest and the mitigation of fraud.

RESPONSIBLE INVESTMENT

The Santam board is responsible for ensuring that the group promotes good governance by investing responsibly.

With the assistance of the primary asset manager, Sanlam Investments, the committee monitors the application of responsible investment principles and practices.

Santam promotes societal resilience by investing in initiatives that generate social and environmental impact, such as the Santam Resilient Investment Fund, the South African SME Fund, ESD and CSI initiatives. The SES committee considered the impact of these funds and was satisfied with progress.

CORPORATE CITIZENSHIP

The board is responsible for determining the direction of responsible corporate citizenship in the group. This function is delegated to the SES committee.

As the leading general insurer in South Africa, it is Santam’s responsibility and ongoing challenge to narrow the risk protection gap and to enhance insurance penetration. The committee monitored the company’s progress regarding the availability of products to sell into the uninsured market. The committee highlighted the importance of understanding the needs of this market.

Santam continues to support Consumer Financial Education (CFE) initiatives through SAIA. The CFE programmes target individual and commercial clients. CFE is applied at group level through a two-pronged approach:

- Funding is provided to SAIA to deliver CFE to the public
- A targeted approach focusing on the Santam emerging client market

Responsible corporate citizenship salient features

P4RR	CSI spend	Resilient investment fund	CFE and financial inclusion products
<p>The Emthunzini BBBEE Community Trust invested R10.2 million in vulnerable communities through P4RR</p> <p>Santam contributed R3.7 million towards commercial risk reduction in municipalities</p>	<p>Focus areas:</p> <ul style="list-style-type: none"> • Drive community risk awareness • Increase capacity for disaster response and relief • Address fire-related high-risk hot spots 	<p>R146 million (Fund has active loans to borrowers)</p> <p>Focus areas:</p> <ul style="list-style-type: none"> • Interventions to minimise negative social impacts caused by the ongoing lockdown • Fund exposure includes renewable energy affordable to middle income homes, SME financing and education 	<p>Sold over 100 000 policies into the uninsured market</p>

SUSTAINABLE DEVELOPMENT

Santam is guided by the ESG-related standards included in the FTSE/JSE Responsible Investment Index, the UN Environment’s Principles for Sustainable Insurance (PSI) and ClimateWise. The PSI is housed by UNEP FI, the finance initiative of the UN and is fully aligned and supportive of the United Nations Sustainable Development Goals.

The SES committee reviewed Santam’s ESG performance in this regard and believes that the standards were addressed by the internal controls, policies and procedures governing corporate conduct of the group. Santam has recently adopted the TCFD recommendations, a voluntary framework regarding disclosures for climate-related risks and opportunities.

STAKEHOLDER RELATIONS

Santam’s engagement with stakeholders is governed by our stakeholder relations policy and strategy. The group has implemented a stakeholder information and activity tracker tool, which enhances compliance with King IV and reporting on stakeholder management. Stakeholder management training has also taken place.

TRANSFORMATION

The SES committee oversees transformation governance and reports to the board on progress. The central tenet for transformation at Santam is to create an inclusive environment by conducting our business activities in a manner that resonates with all our stakeholders. Our focused transformation strategy ensures delivery on the following objectives:

- Driving high-impact transformation initiatives for business and societal value
- Creating a diverse and inclusive culture across our value chain
- Driving transformation using innovation
- Leading transformation compliance

The transformation strategy is fully integrated into the group’s business functions and responsibilities. Santam executive management is responsible for implementing the transformation strategy. Each executive’s transformation accountabilities are included in their respective annual key performance areas.

On an industry level, and as the leading general insurer in South Africa, Santam plays a key role in SAIA. SAIA facilitates transformation discussions with parliament and regulators and fosters industry cooperation on wider economic transformation.

Santam’s transformation hub, which was launched in June 2019, acts as a holistic and consolidated communication platform that speaks to Santam’s transformation commitments, deliverables and intent.

Read more by accessing the following link: <https://www.santam.co.za/investor-relations/integrated-report/environmental-social-governance/>

BBBEE

The committee reviewed the report compiled by the company's appointed BBBEE verification agency.

BBBEE STATUS YEAR ON YEAR

2021	2020	2019	2018	2017
Level 1	Level 1	Level 1	Level 1	Level 2

SCORECARD 2021

Element	Weighting	Final score
Ownership	23+5	27
Management control	20	12.01
Skills development	20+3	14.79
Preferential procurement	20+4	23.22
Enterprise and supplier development	15+4	17.25
Consumer education	2+1	3
Socio-economic development	3+2	3
Access to financial services	12	10.68

Employment equity

Santam's EE targets for 2022 to 2024 were approved by the executive HRRC and submitted to the Department of Labour.

This integrated report

Together with the audit committee, the committee reviewed the ESG disclosures contained in the integrated report and the TCFD report and recommended it to the board for approval. The committee is comfortable with the accuracy and level of disclosures.

The SES committee is satisfied that it has fulfilled its responsibilities in accordance with the committee charter for the year.

INVESTMENT COMMITTEE REPORT

The investment committee is chaired by Machiel Reyneke, who is an independent non-executive director. The committee currently comprises two executive directors, one non-executive director and two independent non-executive directors. The committee meets to evaluate and monitor the investment portfolio (excluding strategic investments), as well as the performance of investment managers. These meetings comprise quarterly feedback sessions with investment analysts and four formal investment committee meetings a year. The investment committee guides the board on the mandates of investment managers and makes recommendations about the company's investment philosophy. The investment committee charter also reflects the company's intention regarding responsible investment.

The investment committee assists the board in practising responsible investment that promotes good governance and value creation by the companies in which Santam invests. The investment committee sets the direction for responsible investing. The outsourced service providers are required to report on their application of the responsible investment principles incorporated in the Santam group Investment Policy, and the investment committee reviews these reports. The investment committee ensures that the outsourced service providers are engaged by means of a formal mandate that gives effect to the Santam Responsible Investment Policy.

AD HOC BOARD COMMITTEES

The board has the right to appoint and authorise special ad hoc board committees to perform specific tasks from time to time. The relevant board members make up these committees. During 2021 the board appointed an ad hoc committee to consider Santam International Strategy. The committee met four times and reported back to the board.

INDEPENDENT NON-EXECUTIVE DIRECTORS COMMITTEE

The independent committee of the board consists of all the independent directors and convenes on a quarterly basis to consider board matters pertaining to related party transactions. At each board meeting a separate session for independent non-executive directors was held.

RISK MANAGEMENT REPORT

Santam's board recognises and acknowledges that it is accountable for establishing and maintaining an effective risk management process, including the system of internal control.

The board is of the opinion that the risk processes at Santam are effective in continually identifying and evaluating risks, and in ensuring that these risks are managed in line with the business strategy and within the board-approved risk appetite.

Risk management, internal control and compliance processes

Santam has established a system of internal controls as part of the overall risk management process. The system provides the board with reasonable assurance that the business is operated consistently within:

- The strategy as determined by the board
- The business objectives
- Relevant policies and procedures
- The laws and regulations that apply to the group

The system of internal controls aims to detect and prevent any significant risk from materialising and to mitigate any adverse consequences that may arise. The board is supported by the control functions within Santam, which include the internal audit, risk management, actuarial and compliance functions.

Several business units have quality assurance functions that aim to identify potential control weaknesses that need to be addressed. The risk and audit units work closely with these functions to ensure that an appropriate system of control is in place.

System of internal control

The board is ultimately responsible for the effectiveness of the group's system of internal control. This system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. The board can only provide reasonable and not absolute assurance against material misstatement or loss.

The board confirms that the process for identifying, evaluating and managing the significant risks faced by the group is effective and ongoing. This process was in place for the year under review and up to the date of approval of the integrated report.

This process is facilitated by the enterprise risk management (ERM) and group internal audit functions, that together provide a high degree of assurance about the validity and effectiveness of the system of internal controls. Planned corrective actions are monitored independently for timely completion.

The events of the past two years – especially related to the impact of COVID-19 on our clients, employees and the business – have highlighted the importance of a robust risk management framework. Although Santam's risk appetite has not changed as a result of these events, an in-depth review of the group's combined assurance risk management model and risk governance structures was performed.

Combined assurance is a partnership between Santam's business operations, the group risk management function, internal audit, external audit and the board, each of which has a distinct role to play. Our 2021 review aimed to ensure these roles are clearly defined and understood by those accountable. We used a "Responsible Accountable Consulted Informed" (RACI) matrix to identify and assign accountabilities for each risk, and formalised the processes for reporting to the risk management function, the risk committee and the board.

Self-assessment and hierarchical reporting processes were refined to generate a trail of accountability regarding internal controls. These procedures are relevant across group operations. They provide for successive assurances to be given at increasingly higher levels of management and finally, to the board.

In addition, the board reviewed and approved the group Internal Control Policy.

Internal financial controls

The board confirms that an effective system of internal financial controls and risk management policies and processes are maintained. During the year there were no breakdowns in the functioning of the internal financial control systems that had a material impact on the Santam Ltd group annual financial statements.

The board is satisfied that the annual financial statements fairly present the financial position, changes in equity, results of operations and cash flows for the group in accordance with IFRS, and that these statements are supported by reasonable and prudent judgements that were applied consistently.

Risk governance

The Santam group chief risk officer (CRO) has an independent line of accountability to the Santam board through the risk committee. The primary function of this role is to aid the board in its implementation, review and approval of the enterprise-wide risk governance framework, which includes Santam's risk culture, risk appetite, risk limits and corresponding capital and liquidity needs. This role is supported by Santam's internal control functions.

In accordance with the Insurance Act, 18 of 2017, the heads of all control functions (actuarial, risk management, compliance and internal audit) were appointed for the Santam group and its licensed subsidiaries. The group actuarial, risk management and compliance control functions are supported by relevant functional teams at the subsidiaries to ensure adequate on-the-ground expertise and knowledge of the business.

The combined assurance framework brings together the relevant role players to review and update significant risks and establish potential assurance or oversight gaps. Any gaps are escalated to the audit committee. The key risks are jointly assessed by the various assurance providers.

Risk management

The objectives of risk management are:

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

The board regularly reviews the risk management, internal control and compliance systems for effectiveness. The board is responsible for the overall governance of risk and it is assisted by the risk committee in discharging this responsibility.

The Santam board has adopted the three lines of defence model for managing risk. This model defines the roles, responsibilities and accountabilities for identifying, managing, reporting and escalating risks and other matters throughout the group. This approach ensures that there is appropriate oversight of all areas of material risk and that risk management is embedded in the culture and daily activities of the business.

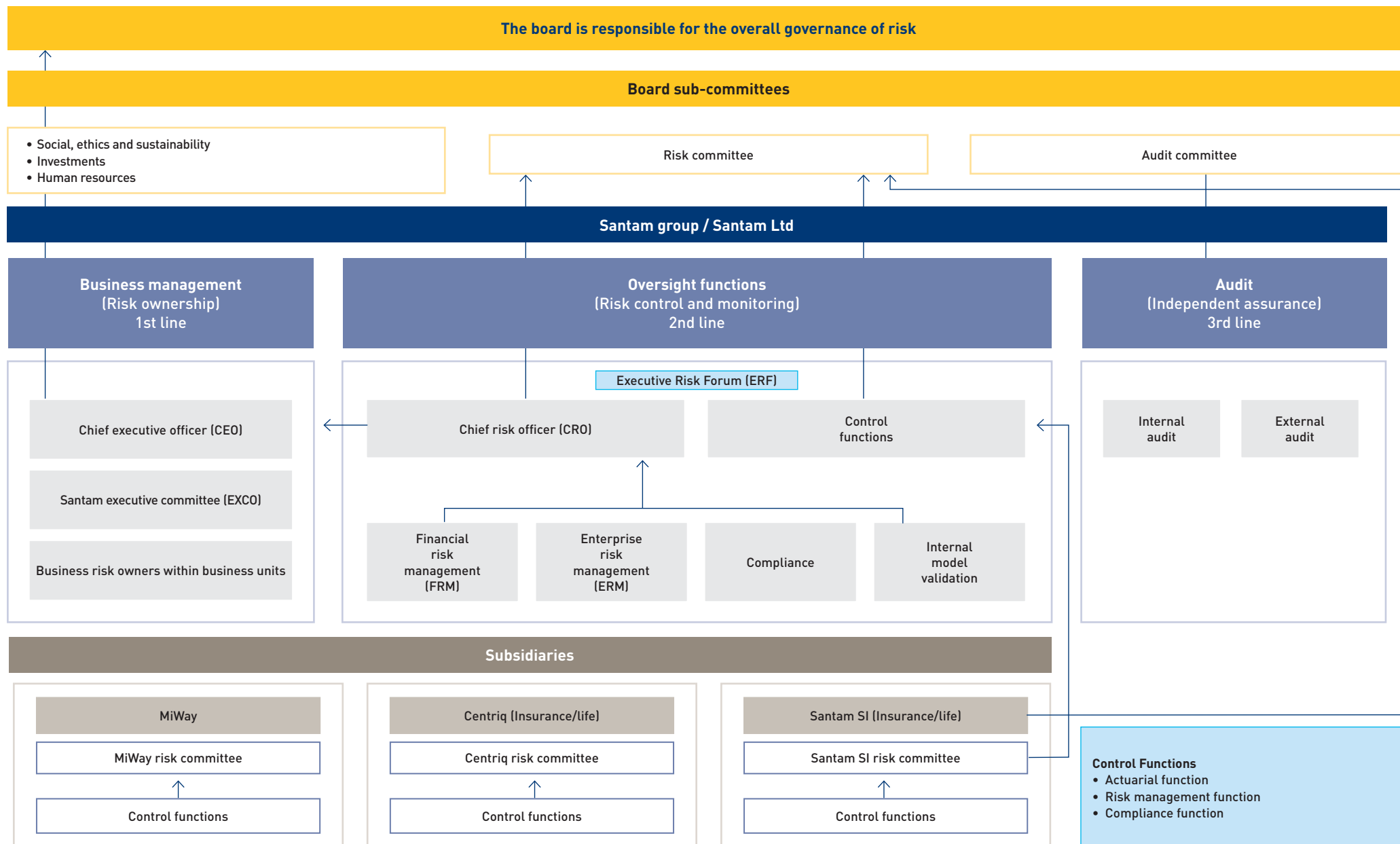
The Group's operations are largely executed via its business structure with the Group control functions setting standards, providing monitoring oversight and supporting the business units in specialist areas. The Santam Board sets minimum and mandatory principles which need to be applied throughout the group, including adopting the group ERM policies and frameworks. The business units take responsibility for all risk-related matters on an operational level within the limits set by the risk appetite.

The risk appetite process is key to the integrated strategic planning process and the continued monitoring of operations. The risk appetite is agreed and set at board level, indicating the overall limits and tolerance levels for the wide variety of risks faced by the organisation.

Risk appetite statements are aligned with the strategy and together provide direction for decision-making and execution in terms of the amount of risk the business can manage. The statements are a combination of quantitative and qualitative measures to provide clear guidance from a top-down perspective. These group statements are cascaded into the various business units, licensed entities and material subsidiaries.

Risk appetites are in place for the main strategic business units. Risk reports are discussed quarterly by the various committees and boards, and ultimately feed into the overall group risk appetite report, which is discussed and reviewed by the Santam risk committee.

Santam's risk management structures



Internal assurance providers

The main internal independent assurance provider in Santam is the internal audit department. Through the audit committee, internal audit provides objective and independent assurance to management and the board of Santam about risk management, control and governance processes. Internal audit is governed by an internal audit charter, which is approved by Santam's board and reviewed annually. The charter defines the purpose, authority and responsibility of the function.

The head of internal audit provides a report at each audit committee meeting including an annual written assessment of its scope and findings. The head of internal audit reports to the chairman of the audit committee with administrative reporting to the chief financial officer and unrestricted access to the chief executive officer and/or any other member of executive management.

The group's approach to the governance of its operations is detailed in the board-approved Santam Group Governance Policy. In the policy, it is acknowledged that Santam, at any time, holds material investments (in terms of the level of shareholding and/or the value of the investment) in a number of entities, either through legal entities or other corporate or business arrangements. Internal audit has an audit strategy for each category of entity.

Internal audit plans ensure that all entities are considered in the audit plan based on their size, complexity and risk profile, as well as the nature of the investment and specific legal entity governance requirements. The annual internal audit plan is reviewed regularly so that it remains relevant and responsive to changes in the operating environment.

The audit committee approves the group's internal audit plan. Detailed audit plans for subsidiaries with separate licences are approved by their respective finance and risk committees.

Internal audit proactively reviews its practices and resources for adequacy and appropriateness to meet the increasingly demanding corporate governance and regulatory environment, including the requirements of King IV and other applicable regulation. The head of the internal audit control function was appointed at group level and was outsourced to MiWay Insurance Ltd, Centriq Insurance Ltd, Centriq Life Insurance Ltd, Santam Structured Life Ltd, Santam Structured Insurance Ltd, Santam Structured Reinsurance Ltd PCC.

External audit

The external auditors, PricewaterhouseCoopers Inc, are engaged to provide stakeholders with an independent opinion on whether the annual financial statements fairly present, in all material respects, the financial position of the company and the group. External audit regularly communicates with internal audit to understand the scope of work and the results of its audits.

Santam has a formal pre-approval policy on the use of external auditors for non-audit services. The policy provides guidelines for dealing with audit, audit-related, tax and other non-audit services that may be provided by the independent auditor to Santam and its entities. It also sets out the services that may not be performed by the auditor. The services rendered by the auditors are monitored by the audit committee on a quarterly basis.

The external and internal auditors attend audit committee meetings and have unrestricted access to the committee and its chairman at all times. This access ensures their independence is in no way impaired. The external and internal auditors have the opportunity to address the audit committee at each of the meetings without the presence of management.

Business continuity

A key operational risk that spans Santam's business is the potential impact of a major disaster and/or disruption. The group responds to this threat by continually improving the group-wide business continuity framework to ensure that people are prepared, crisis infrastructure is tested and meaningful recovery plans are in place.

A steering committee is responsible for overseeing, reviewing and monitoring Santam's business continuity capability, specifically prioritising business recovery plans. Over the past three years, Santam has worked hard at updating its business continuity plans. This work was a key reason for the group's successful response to the COVID-19 pandemic.

IT GOVERNANCE

Santam considers information to be a strategic asset. IT systems provide the platform on which the group does business and, combined with technology and data, constitute a source of future business opportunities. IT and digital technology represent a growing source of competitive advantage to enhance our intellectual capital.

Santam relies on standardised processes and controls to extract and exploit information for decision-making and to maintain data quality at an acceptable level. IT governance drives accountability, responsibility and the effective management of business information across the group. A key strategic focus for the group is to continuously mature information and cyber security processes, and develop and implement business application platforms that will enable Santam to:

- Deliver products more speedily
- Reduce exposure resulting from incorrect risk calculations
- Protect Santam and customer data
- Move closer to our partners and clients through different user experience platforms
- Reduce the overall operational cost of contact centres

The IT governance charter

The Santam board provides oversight on the execution of IT governance through the IT governance charter, which describes the IT governance principles, mechanisms and responsibilities to be applied within Santam and its subsidiaries, associates, partnerships and joint ventures.

The charter sets out the board's responsibilities relating to the governance of technology; the recognition of the fiduciary duties of the board members of subsidiary companies and business entities; IT governance principles for the group; the recognition of Sanlam Group IT in the Santam governance model; and the various bodies that govern IT in the Santam group.

The information governance charter

The Santam information governance charter sets out the ownership and governance principles of information within the Santam group. To this end, the charter's core purpose is effective information management and governance, which constantly enhance the value and quality of information and direct data usage and information.

The Santam information governance charter reports to the audit and risk committees through the SIGA chairperson (group chief information officer). The SIGA chairperson reports progress to the Santam executive committee.

The information security charter

The information security charter expands on the IT governance charter by describing the governance of information security. This charter sets out the various information security principles, governing bodies and role players responsible for providing the board with a clear and understandable view of the state of information security and resultant risks within the group.

The information security committee reports to the board through Santam Risk Committee.

IT management and reporting

The charters are implemented through quarterly reporting to the audit and risk committees and the board, which covers all Santam subsidiaries, associates, partnerships and joint ventures. To monitor IT risks and the effective control of IT and information within the group, the board mandates the executive team to implement the IT governance framework. IT governance is managed on a day-to-day basis at a business unit level.

The Santam board delegates the prioritisation and approval of major IT investments to the strategic investment steering committee, which consists of Santam executives. This committee ensures that projects follow the governance framework, oversees the execution of the project life cycle and assesses the value delivered to the organisation.

IT GOVERNANCE IN 2021

During the year under review, the IT governance focus areas were to:

- Monitor and manage cyber risk
- Continually manage risks pertaining to Santam third parties
- Adopt four new group policies which replace the charters. These policies are the Santam group IT Policy, Santam group Information and Data Policy, Santam group Digital Behaviour Policy and Santam group Cyber Security Policy
- Implementation of IFRS17
- The decommissioning of Legacy based Policy Admin and ratings systems

Cyber risk

Reduced exposure to cyber risk and business disruption are key focus areas of the Santam group Information Security Strategy. Tracking against activities in this strategy are reported on in the quarterly Santam IT risk, governance and information security report. This report goes to the Santam risk committee and forms part of the Santam information security committee and the IT steering committee agendas. Some focus areas for 2021 were:

- Improved user awareness regarding cyber security
- Reassessment of the cyber risk related to Santam core systems
- Review of the IT risk appetite statements and measures and subsequent approval by the risk committee
- Improved management and review of privileged accounts

Compliance

Binder regulations and policyholder protection rules are current compliance requirements. The Protection of Personal Information Act (POPI) mandates the implementation of controls to protect personal information in all its forms in Santam and its subsidiaries. The implementation of these controls was divided into phases that deal with accidental loss of information (phase 1) and malicious leakage of information (phase 2).

Third-party risk

Santam third-party risk management initiatives were enhanced to cover additional third parties to the binder holders that are currently being assessed annually. These initiatives included activating cloud risk assessments on the third-party risk management platform that is being used. Enterprise risk management also drafted a third-party governance and risk management framework which was approved by the risk committee. This will enhance the governance and assessment of third-party risk going forward.

IFRS17 Accounting standard

Real progress has been made in building systems and process that will enable the IFRS 17 accounting standard. This will also form the basis of our Business Information renewal programme that will be taking place over the next few years.

Decommissioning of legacy policy administration and ratings systems

Further progress has been made to modernise our core back-end systems. The enablement of 24-hour, seven-days-a-week systems availability is the entry point for insurance in a new digital world.

Compliance

The group operates in a highly regulated environment owing to the nature of its financial services operations. Long-term sustainability is inextricably linked to compliance with all applicable regulations and a productive relationship with those who grant operating licences to the group's businesses. Regulatory compliance is therefore an important operational focus area.

Santam's compliance philosophy encapsulates integrity, fair dealing, accountability, objectivity, independence, good governance, transparency and collaboration.

The Santam group compliance function adopts a risk-based approach that considers the nature, scale and complexity of business while enforcing good governance, efficiency and effectiveness.

Compliance functions with dedicated compliance officers are established at group and licensed entity level. The terms of reference for these functions focus on compliance with all relevant regulations. These functions provide quarterly reports to the relevant board and executive committees and include updates on regulatory developments, augmented by training sessions to keep members abreast of all legislation applicable to the group.

Santam's dedicated group compliance function is responsible for implementing the group compliance framework. The compliance function identifies legislation applicable to the group, informs the business of pertinent regulatory requirements (and amendments), analyses the impact of these requirements on business operations, facilitates the introduction of controls and monitors compliance.

For increased efficiency and effectiveness, the compliance function collaborates with other risk assurance providers on certain matters and works closely with other entities within the group. The compliance function is also actively involved in commenting on proposed regulatory changes directly and through industry bodies.

The group placed substantial focus on legislative compliance. Key focus areas included market conduct, POPI implementation, compliance with the binder regulations and compliance regarding premium collection. The board approved the revisions to the Santam group Compliance Policy.

Risk disclosure

The integrated ERM process is mature and is applied consistently throughout the group. Based on independent reviews and maturity assessments presented to the risk committee, the board is satisfied that the risk management processes are adequate for identifying current and emerging risks and ensuring that these risks are managed appropriately. Santam continuously monitors these risks and develops appropriate action plans to respond to them.

Read more about the top risks in the integrated report on page 20.