We empower **generations** to be...

...financially **confident, secure** and **prosperous**

Sanlam

Integrated Report 2020

Insurance | Financial Planning | Retirement | Investments | Wealth

Contents

Forward-looking information

In this report we make certain statements that are not historical facts and relate to analyses and other information based on forecasts of future results not yet determinable, relating, amongst others, to new business volumes, investment returns (including exchange rate fluctuations) and actuarial assumptions. These statements may also relate to our future prospects, developments and business strategies. These are forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995. Words such as "believe", "anticipate", "intend", "seek", "will", "plan", "could", "may", "endeavour" and "project" and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. Forward-looking statements involve inherent risks and uncertainties and, if one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. Forward-looking statements apply only as of the date on which they are made, and Sanlam does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. Any forward-looking information contained in this announcement has not been reviewed and reported on by Sanlam's external auditors.

About **our report**

Our 2020 Integrated Report (the report) forms part of our annual reporting suite, which is made available to our stakeholders to enable them to make informed assessments about our performance and prospects.

This report provides readers with material information and insights about our performance for the financial year from 1 January to 31 December 2020. In terms of external factors, risks and opportunities, we take a longer-term view. This enables readers to effectively assess Sanlam's value creation abilities, sustainability and prospects. The Sanlam investor relations website contains our annual reporting suite, supplemented by additional information on sustainability, governance and shareholding. Please visit www.sanlam.com/investorrelations.

The scope and boundary of this report

Sanlam Limited is the holding company of the Sanlam Group of companies, which operates through several subsidiaries, associated companies and joint ventures. Sanlam Life Insurance Limited (Sanlam Life) is the largest operating subsidiary and the holding company of most of Sanlam's operations in emerging markets. Sanlam Limited and all of its subsidiaries, associated companies and joint ventures are referred to as Sanlam or the Group.

This report covers the activities of Sanlam in Africa, India and selected other emerging and developed markets. All subsidiaries, joint ventures and associated companies recognised in the Annual Financial Statements are included, apart from investments in consolidated funds (collective investment schemes and similar investment funds).

For some non-financial data, only the South African operations are included. The metrics to which this limitation applies are indicated where relevant. Santam is a separately listed entity and its employee data is not included in Group numbers except in Sanlam's Financial Sector Charter (FSC) Scorecard.

What to note when comparing this report with previous years

The content of this report is comparable to the 2019 report in terms of the companies covered, the measurement methods applied, and timeframes used for financial and non-financial data. The outbreak of the coronavirus pandemic (COVID-19), followed by the declaration of states of disaster and emergency in a number of countries where we operate, impacted all key performance indicators. This was followed by Moody's and Fitch's downgrade of South Africa's sovereign-credit rating. Read more on page 51.

How we compiled this report

This report adheres to the following regulatory requirements and reporting guidelines:

- The International Integrated Reporting Council's Integrated Reporting <IR> Framework
- King Report on Corporate Governance™ for South Africa, 2016 (King IV™)[1]
- JSE Listings Requirements
- The South African Companies Act, 71 of 2008, as amended (the Companies Act)
- International Financial Reporting Standards (IFRS)

The reliability of information in this report

We follow a combined assurance approach to support the integrity of information. This approach comprises internal management and audit functions, and external service providers. The financial data was subject to independent assurance by EY. EY provided an audit opinion on the shareholders' information and on the Annual Financial Statements. The opinions states that these elements of the annual reporting suite comply in all material respects with the basis of accounting described in each.

Sanlam Board responsibility statement

The Board of directors (Board) acknowledges its responsibility to ensure the integrity of this report and evaluated its preparation and presentation. In the Board's opinion, this report was prepared according to the <IR> Framework and addresses the material matters pertaining to the long-term sustainability of Sanlam and fairly presents the integrated performance of the Group and the impacts thereof.

Elias Masilela	Paul Hanratty
Chair	**Group Chief Executive**

Our Integrated Report retains a strong strategic focus, emphasising our performance and progress in 2020. We recognise how current performance directs future prospects, and how governance structures and controls are essential in safeguarding the integrity of our market leading position.

We welcome your feedback. Please contact us and suggest how we can improve our reporting, disclosure and practices to the ultimate benefit of all our stakeholders. Contact Sanlam Investor Relations on IR@sanlam.co.za.

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A snapshot of Sanlam

About **us**

Sanlam was established as a life insurance company in South Africa but has since transformed into a diversified financial services group operating across Africa, India and selected emerging and developed markets, with listings on the Johannesburg, A2X and Namibian stock exchanges. The Group has been operating for more than 100 years, most of which as a mutual insurer. Sanlam demutualised and listed on the Johannesburg and Namibian stock exchanges in 1998.

We offer our clients a large and diversified range of solutions. Omni-channel distribution ensures that clients are reached and serviced through their preferred channel, with increased focus on developing our digital capability. Read more on page 10.

Our main sources of earnings are the net operating profit (net result from financial services) we earn from our different lines of business and the net income we earn from investing our capital in the financial markets (net investment return). Current and expected future growth in these sources of earnings is the main driver behind shareholder value creation as measured by Return on Group Equity Value (RoGEV), our main financial performance indicator.

Read more about the drivers behind our main sources of earnings and RoGEV from page 67.

Our purpose is to empower generations to be financially confident, secure and prosperous. Our vision is to distinguish ourselves as the most admired financial services group in Africa. Our purpose and vision is enabled through our strategy, which we discuss in more detail on page 30.

Our strategy guides our long-term thinking.

- Becoming an African champion
  - Building a fortress position in South Africa
  - Accelerating growth outside of South Africa
- Strengthening our position where we operate outside of Africa

Our values underpin what we do

Lead with courage to earn our clients' trust	**Serve with pride** as we are client focused	**Caring** that comes from respect for each other	**Winning with integrity** to be the unrivalled industry leader in Africa	**Creating value** in everything that we do

About us continued

Sanlam has transformed from a small Cape-based insurance company into a leading, diversified financial services group with the biggest non-banking financial services footprint on the African continent. Highlights of the last century reflect our innovative and transformational mindset:

1924 Sanlam launched the first disability cover and income protection product, with the first pay-out made to a railway worker who lost his eyesight in an accident.

1954 Sanlam became an independent mutual life insurer and the largest single shareholder in Santam.

1977 We introduced the first computer-backed financial planning analysis for clients.

1993 We concluded the first major black economic empowerment deal in South Africa by selling control of Metropolitan Life to a black consortium.

1997 Sanlam became the first South African financial institution to enable offshore client investments, enhancing value creation for our clients by diversifying their investment portfolios. The offshore exposure in client portfolios added significant value over time, in particular the last 10 years, through relative outperformance of international markets and a weakening in the rand exchange rate.

1998 Demutualisation and listing turned two million policyholders into shareholders who became co-owners of Sanlam, thereby sharing in our success and profits. Many policyholders also became first-time equity investors, thereby contributing to financial education.

2003 Sanlam Life's advisers became the first to receive accreditation from the internationally recognised Financial Planning Institute (FPI).


BUSINESS REPORT

PLATINUM PINCH

TREVOR'S TIPS

Big day for black empowerment

2004

Sanlam established one of the most successful broad-based black economic empowerment (B-BBEE) partnerships when we sold a stake in the Company to Ubuntu-Botho (UB), a group of black investors led by Dr Patrice Motsepe. The partnership between Sanlam and UB has been one of the most successful empowerment partnerships in South Africa. It created value of over R14 billion for broad-based black shareholders when the first 10-year transaction matured.

2005

Sanlam enters the Indian market through a partnership with Shriram Capital. Sanlam acquires African Life which increases its presence in the South African entry level market and other African markets.


A promising partnership

Variety is the spice of business ...

2013

Sanlam was the first major South African insurer to offer standard life cover for people living with HIV/Aids, enhancing inclusive access to insurance products.

2018

Following the conclusion of the last phase of the Saham Finances acquisition, Sanlam became the largest non-banking financial services group on the African continent. We initiated B-BBEE transactions valued at more than R10 billion that will bring further impetus to transformation in South Africa. This B-BBEE transaction includes broad-based groups consisting of trade union companies, religious organisations, women and youth groups.


News

Sanlam acquires 100% of SAHAM Finances

Making a splash

2020

Despite the challenging operating environment, Sanlam, together with our partners, UB, pledged R1 billion in relief aid in response to COVID-19. In line with the Group's transformation agenda, further agreements were concluded with African Rainbow Capital (ARC) Financial Services, establishing the largest black-owned asset management company in South Africa. Sanlam also announced the acquisition of a 25% non-controlling minority shareholding in a wholly owned subsidiary of ARC Financial Services, which is expected to conclude in 2021.

About us continued

We remained resilient despite the challenges of 2020 and continued contributing to the resilience of all our stakeholders

Why invest in Sanlam

Sanlam is an emerging market participant with a unique footprint that spans countries with high economic growth potential and low financial services penetration outside of South Africa (our largest market). This provides us with a leveraged future growth opportunity as we are well positioned to meet the demand for financial solutions that arises when African and Indian demographic profiles change and aspirational lifestyles develop due to economic growth, urbanisation and young people entering the formal economy.

We have a well-diversified business across product set, market segment and geography. We offer our clients a range of financial solutions that can fully meet the needs of individuals and organisations across 44 countries. We have strong market positions in all segments.

Our large, stable South African base, which contributes 68% to net result from financial services, and mature book allows us to invest in other high-growth territories through a partnership model.

We have a first-mover advantage in Africa and an unmatched Pan-African presence in 32 countries (ex-South Africa) on the continent.

Our distribution approach creates seamless interaction and comprehensive support to enhance the personal intermediary model – encompassing more than 3 000 supporting brokers and 6 000 advisers.

We have adopted increased digitisation, data analytics and direct distribution to support digital transformation as a key enabler in meeting strategic goals.

We have a dynamic new Executive committee (Exco) with diverse skills and experience. They have appropriate accountabilities and incentives linked to financial and non-financial indicators to drive high performance and embed a competitive culture.

We continually assess our strategy to ensure it remains relevant and that we can continue to create value over the short, medium and long term – enabling consistent cumulative outperformance of our RoGEV target since listing.

We have a stable dividend policy which maintains a cash dividend cover ratio of between 1,0 and 1,2 times. We aim to manage smooth real dividend growth of 2% to 4% per annum over a three-year rolling period.

R187,7 billion of wealth distributed in 2020

R149,8 billion
to clients

R7,3 billion
to shareholders

R4,0 billion
to government

R13,7 billion
to employees and the balance to suppliers

There's never been a better time to partner with us

20 years Over 20 years since we started helping children become smarter and kinder through Takalani Sesame

R630 million invested in communities over the past 10 years

39 years of South Africa retirement industry research via Sanlam Benchmark Symposium – one of the most referenced research papers in the retirement fund industry that provides insights to help effect positive financial retirement outcomes for South Africans

41 678 More than 41 678 South Africans empowered by our consumer financial education (CFE) programme

99% of death claims paid out in SA Retail Affluent, maintaining a five-year record

R900 billion Sanlam Investment Group manages more than R900 billion in assets under management and offers a wide range of investment capabilities

Sanlam, in conjunction African Rainbow Capital and others, and through the Motsepe Foundation, contributed R1 billion towards the fight against COVID-19.

R255 million
to intermediaries

R463 million
in structured payment relief programmes for clients

R15 million
to assist beneficiaries of the Sanlam Enterprise and Supplier Development programme

R246 million
to support various initiatives in response to the pandemic across Africa

R531 million
in excess claims paid by Sanlam Life and Savings in 2020, after allowing for annuity and disability offsets

About us continued

Our operating model

Our areas of expertise include financial planning, investments, insurance, retirement and wealth. We conduct operations through business clusters that deliver tailored, comprehensive and client-centric financial solutions to individual and institutional clients.

We implemented structural changes to the operating model during the year to support strategic execution. Sanlam Personal Finance was replaced by two businesses: SA Retail Mass and SA Retail Affluent. This will facilitate a better focus on important South African client segments. We further established the Sanlam Life and Savings cluster, which incorporates Sanlam Corporate, SA Retail Mass and SA Retail Affluent to ensure appropriate focus on collaboration and cross-selling across the three business clusters.

SLS

Sanlam Life and Savings

Sanlam Life and Savings (SLS) offers retail and corporate life insurance and investment products in South Africa. The cluster provides clients with a comprehensive range of appropriate and competitive financial solutions, designed to facilitate long-term wealth creation and protection. SLS has strong market positions in its businesses and is well diversified across product and segment. The cluster is well positioned to further entrench its market presence to build a fortress position in South Africa.

Key strengths

SLS uses its advice and distribution capabilities to serve client needs from simple to complex insurance and savings products. SLS embraces partnerships and innovation to better meet client needs. The Capitec partnership and Indie direct distribution platform are examples of this. Read more on page 32.

Key financial solutions

- life insurance and funeral cover
- retail credit
- Investments and savings
- Employee benefits
- administration, health and other

Key financial information

R4 600 million Net result from financial services (2019: R4 855 million)

55% Contribution to Group net result from financial services (2019: 50%)

12 125 Number of employees (2019: 12 758)

6 260 Number of advisers

SEM

Sanlam Emerging Markets

Sanlam Emerging Markets (SEM) constitutes Sanlam's financial services offering in emerging markets outside South Africa, with the aim of ensuring sustainable delivery and growth across its various businesses and markets. SEM is divided into Sanlam Pan-Africa (SPA) and Other International, with the latter comprising India, Malaysia and Lebanon. The key focus of SEM is on building Sanlam's Pan-African operations to create a Pan-African champion, and to strengthen and grow Sanlam's operations outside of Africa. SEM believes in local partnerships and skills development to create sustainable businesses.

Key strengths

SEM leverages its expertise and experience to provide a wide range of support services and resources to its in-country operations, which in turn provide clients with innovative financial solutions. Additional capacity and technical expertise are sourced from other clusters as necessary.

Key financial solutions

- life insurance
- general insurance
- investment management
- Credit: secured and unsecured
- administration, health and other

Key financial information

R 2 377 million Net result from financial services (2019: R2 632 million)

28% Contribution to Group net result from financial services (2019: 27%)

5 036 Number of employees (2019: 4 920)

SIG

Sanlam Investment Group

Sanlam Investment Group (SIG) provides retail and institutional clients in South Africa and the United Kingdom with access to a comprehensive range of specialised investment management, credit and risk management expertise. SIG is a key part of the strategy to build a fortress position in South Africa. The recent transaction with ARC Financial Services will contribute to this. Read more on page 61.

Key strengths

SIG has successfully adapted its traditional investment management capabilities to serve investors' needs for investment solutions that include passive and alternative investments. SIG's performance history highlights the success it has achieved for its clients. Read more about this investment philosophy in our Resilience Report, available online.

Key financial solutions

- investment management
- wealth management
- international investments
- credit and structuring

Key financial information

R805 million Net result from financial services (2019: R1 070 million)

10% Contribution to Group net result from financial services (2019: 11%)

1 841 Number of employees (2019: 1 731)

SNT

Santam

Santam provides a diversified range of general insurance products and services in Southern Africa and internationally to clients, ranging from individuals to commercial and specialist business owners and institutions. Sanlam and Santam continue to work collaboratively to strengthen their respective market positions.

Key strengths

Santam is a 102-year-old business and the leading South African general insurer. The company has deep experience in underwriting general insurance risks from personal to corporate and commercial. Santam provides products and services through a network of intermediaries and direct channels.

Key financial solutions

- Commercial and personal motor and property insurance
- Specialist lines of insurance
- Reinsurance

Key financial information

R686 million Net result from financial services (2019: R1 221 million)

8% Contribution to Group net result from financial services (2019: 13%)

5 851 Number of employees (2019: 6 049)

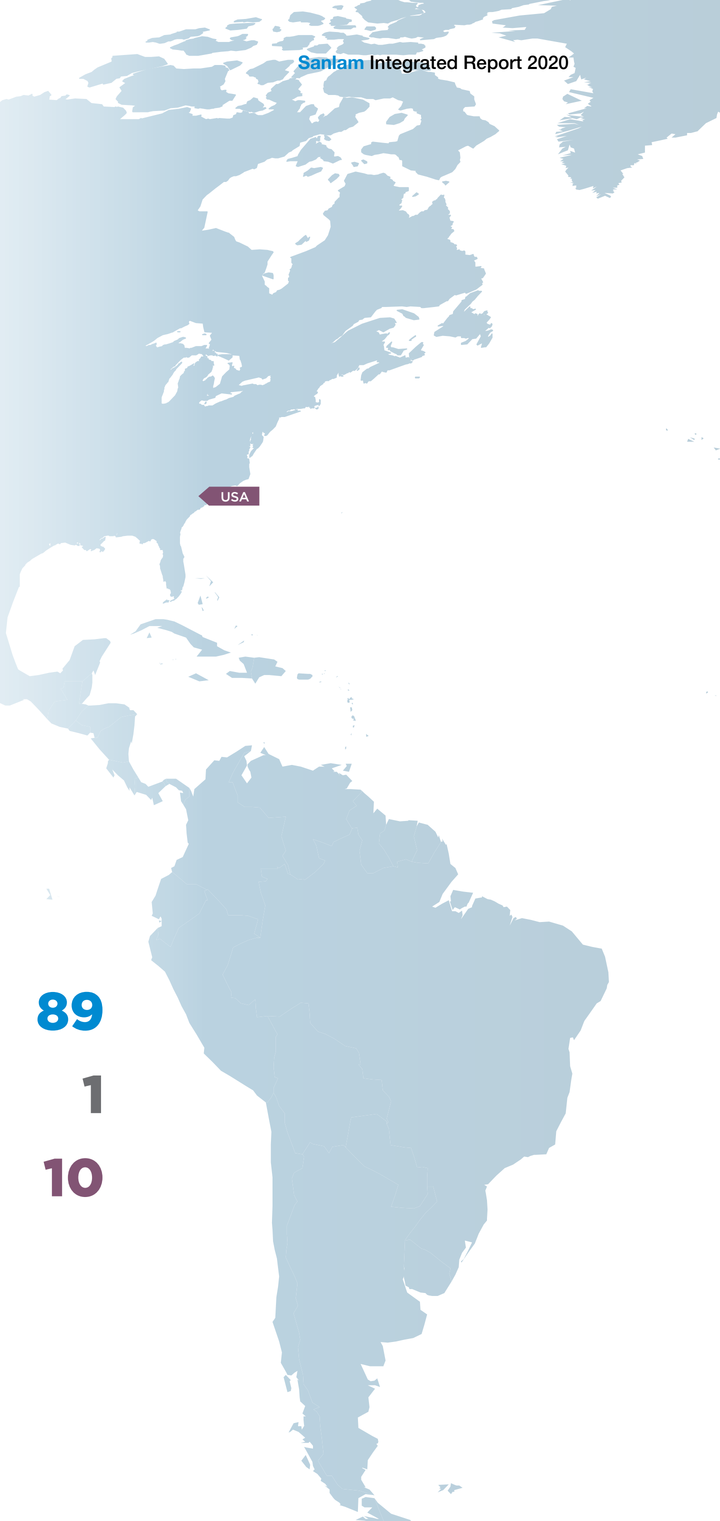
The clusters are supported by the Sanlam Group Office, which maintains synergies and co-operation among the clusters and provides guidance on market and environment-related developments.

The Group Office is responsible for Group strategy, capital and risk management, and capital allocation. The following functions provide Group-wide support and co-ordination:

- Finance (including financial reporting, internal audit, taxation and investor relations)
- Actuarial and risk management
- Human resources (HR)
- Market development
- Strategy (including Corporate Finance)

Read more about our key financial solutions, business activities and distribution channels on our investor relations website.

About us continued



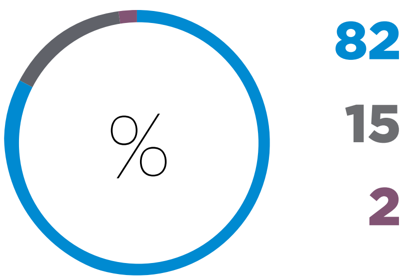
Our global presence

Sanlam has a unique Pan-African footprint, scale and expertise.

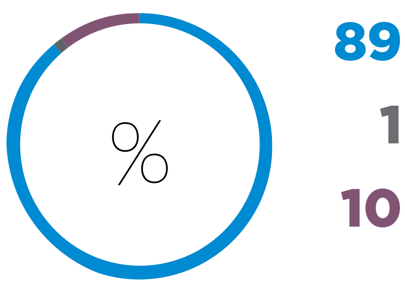
Sanlam is the largest insurance group in Africa as measured by market capitalisation. It is one of the largest internationally active insurance groups in the world, as measured by in-country presence, with a direct and indirect presence in 44 countries excluding South Africa. Through SEM, Sanlam has the most extensive insurance footprint on the African continent. We have a direct presence in 32 countries in Africa.

Our holistic approach ensures ease of doing business, aimed at international insurance brokers and developed market insurers that need to provide their client base with insurance and employee benefits solutions across Africa.

Net result from financial services



New business premiums



- Africa
- Other emerging markets
- Developed markets

Our partnership model

Our distribution partnerships with banks, telecommunication companies, affinity groups, international brokers and other financial and non-financial participants enable us to improve access to financial services. These partnerships support market share gains in the segments where our partners operate. The partnership between Sanlam and UB has been one of the most successful empowerment partnerships in South Africa. Read more about this partnership in our leadership reports from page 61.

Key partnerships in South Africa

Capitec Bank Holdings Limited: The distribution agreement where Capitec distributes Sanlam underwritten funeral cover to its clients

EasyEquities: Our 30% stake in innovative investment platform, EasyEquities

BrightRock: Our 58% stake in life insurance provider, Brightrock, to ensure the continued growth of this innovative business

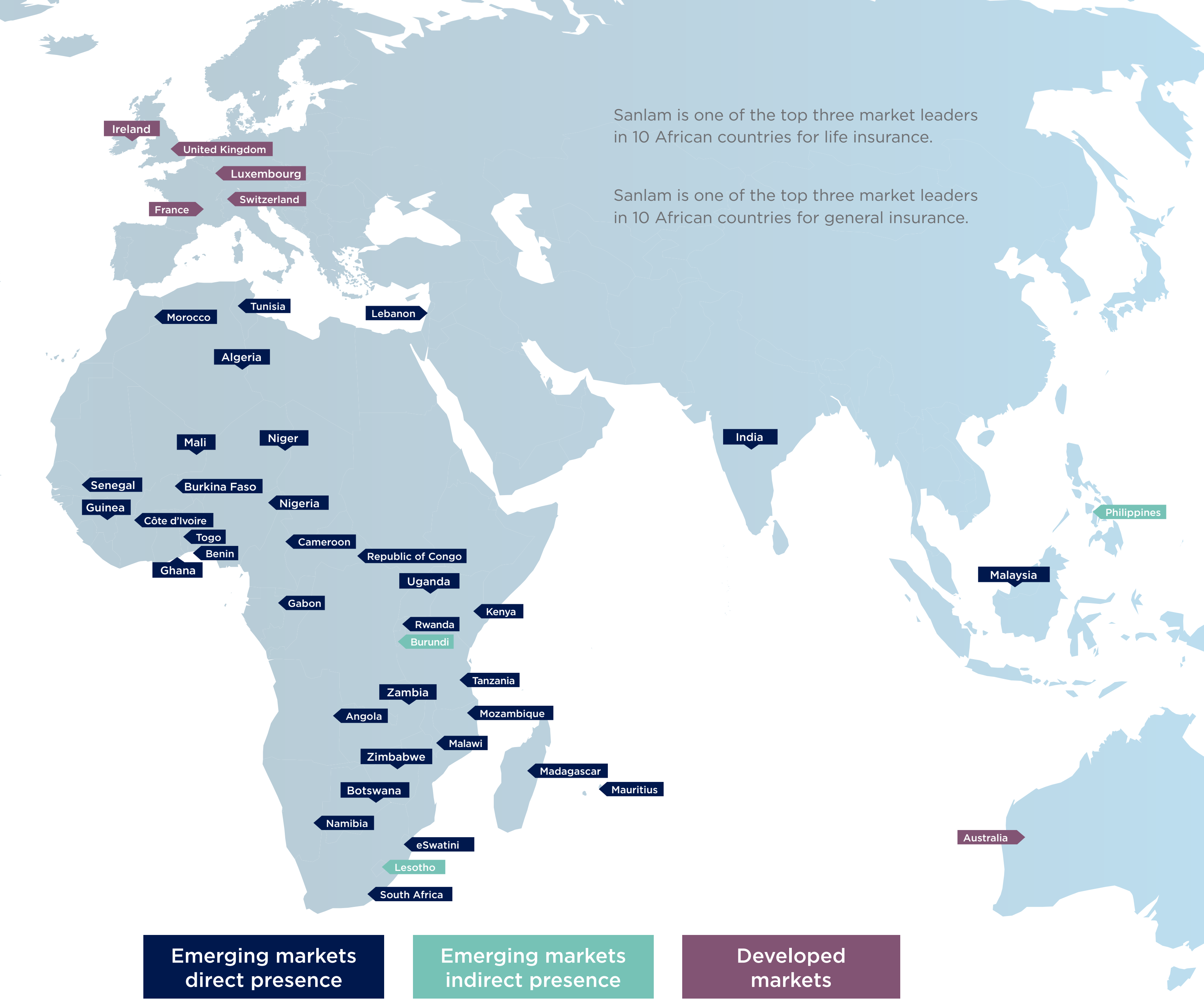
MTN: The joint venture with MTN, which includes making our funeral cover and a range of life insurance products available to clients who want to transact digitally

Sanlam: Sanlam Credit Solutions (in partnership with Intelligent Debt Management) is a digital platform that aims to help clients with advice around their credit portfolio, which is key to ensuring financial health

ARC: The introduction of ARC Financial Services as an empowerment shareholder in SIG's third-party asset manager

Sanlam is one of the top three market leaders in 10 African countries for life insurance.

Sanlam is one of the top three market leaders in 10 African countries for general insurance.



Key partnerships in emerging markets (outside South Africa)

SHRIRAM Life Insurance

The Shriram Capital Investment in India is a key partnership, supported by numerous other strong and rewarding in-country partnerships. In particular, strategic alliances with bancassurance partners, telecommunication companies and aggregators offer strong distribution channels across the continent.

Our general preference in emerging markets outside of South Africa is to have local partners as equity investors in our businesses. These partners provide us with distribution capability, an understanding of the local market conditions, culture and existing relationships with regulators, independent brokers and institutional clients.

Sanlam in turn has a wealth of experience in product development, financial and actuarial support, risk management and sound governance, thereby fulfilling the role of technical partner. We manage each partnership in a bespoke manner, which proved to be a key differentiator for Sanlam's success in operating across our chosen emerging markets. This model makes Sanlam more competitive and better placed to extract future opportunities emanating from shifting demographic profiles.

About us continued

Our employees

Sanlam believes people are its single most important resource. We will therefore not operate in a market unless we have the right people for that market. Sanlam values diversity in its people and will drive strategies which foster this. The Group supports a set of defining core competencies embedded into all roles.

We have 147 541 employees working in 44 countries, supported by HR teams at Group and cluster levels. The Group's Human Resources and Remuneration committee and the SES committee have oversight of different aspects of employee-related matters.

Salient features of our human resources (HR) strategy

The HR strategy is underpinned by our Group values and the following enablers:

- World-class HR function and capability
- Leading edge digitally enabled HR practices and solutions
- Proactive governance and risk management

The key focus areas are:

- Talent: attracting, hiring, developing, and retaining the best talent in the market to address the evolving talent needs in our business
- Culture: evolving our culture to suit a changing business and strategic context
- Digitise: adapt HR functions to improve efficiency and capability to deliver superior employee experiences
- Agile workplace of the future: simplify, harmonise and evolve people practices and processes to promote cross-cluster interactions and mobility
- Ways of working: creating a work environment that addresses the current and future needs of our workforce in a digitalised workplace
- Diversity, equity and inclusion: ensure diversity in our workforce and workplace in line with diverse markets being served

Global employee footprint

Sanlam South Africa

10 586	Sanlam Life and Savings (SA Retail Affluent and SA Retail Mass) (2019: 11 231)
920	Sanlam Investment Group (2019: 892)
1 539	Sanlam Corporate (2019: 1 527)
640	Sanlam Group Office (2019: 620)
5 851	Santam (2019: 6 049)
19 536	**Total** (2019: 20 319)

Sanlam Emerging Markets Africa region

236	South Africa/Casablanca Head Offices (2019: 210)
2 651	Northern region (2019: 2 531)
3 179	Western region (2019: 2 753)
3 981	Southern region (2019: 3 932)
2 925	Eastern region (2019: 3 660)
12 972	**Total** (2019: 13 086)

Sanlam Emerging Markets

2 834	Malaysia (2019: 2 790)
111 054	India (2019: 67 747)
224	Lebanon (2019: 220)
114 112	**Total** (2019: 70 757)

Sanlam International Investments

471	Sanlam UK Group (2019: 514)
402	Sanlam Global Investment Solutions (2019: 281)
48	Sanlam Private Wealth Africa (2019: 44)
921	**Total** (2019: 839)

South African employee diversity profile (%)

Gender – Female (%)

19	Top management (2019: 15%)
33	Senior management (2019: 32%)
49	Middle management (2019: 49%)
61	Junior management (2019: 61%)
69	Semi-skilled (2019: 67%)
69	Unskilled (2019: 72%)
61	Combined (2019: 61%)

Gender – Male (%)

81	Top management (2019: 85%)
67	Senior management (2019: 68%)
51	Middle management (2019: 51%)
39	Junior management (2019: 39%)
31	Semi-skilled (2019: 33%)
31	Unskilled (2019: 28%)
39	Combined (2019: 39%)

Race – Black (%)

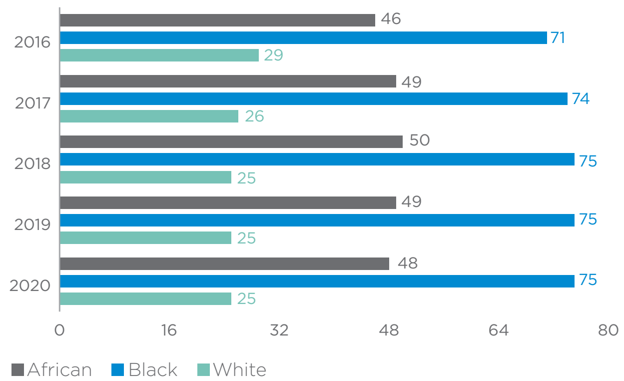
38	Top management (2019: 43%)
39	Senior management (2019: 37%)
53	Middle management (2019: 51%)
70	Junior management (2019: 69%)
95	Semi-skilled (2019: 95%)
98	Unskilled (2019: 98%)
75	Combined (2019: 75%)

Race – White (%)

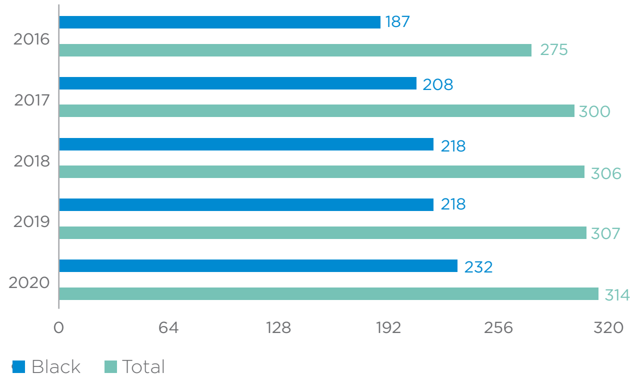
62	Top management (2019: 57%)
61	Senior management (2019: 63%)
47	Middle management (2019: 49%)
30	Junior management (2019: 31%)
5	Semi-skilled (2019: 5%)
2	Unskilled (2019: 2%)
25	Combined (2019: 25%)

During 2020, cluster executive teams were categorised as part of top management. Additional changes to the top management structure is effective in 2021. Employee numbers include the SEM Chief Executive and Deputy Chief Executive. Employee numbers include the SEM Chief Executive and Vice Chair of Sanlam Pan-Africa.

Employee race composition (%)



Employees with disabilities
(2020 Target: 3%; Achieved: 1,61%)



Sanlam was awarded the Top Employers certification in South Africa for the sixth consecutive year. The Top Employers HR best practices survey certified more than 1 500 top companies around the world against global standards.

About us continued

Our employee experience is shaped by:

A compelling and differentiated employee value proposition (EVP)
A high-performance and values-driven culture
A dedicated focus on diversity and inclusion
An environment where technology, analytics and digital advancement are prioritised
Opportunities for growth, development and mobility across the Group

With the introduction of a new Group strategy, changes in leadership and reorganisation of the Group, we decided to take stock of our culture. A culture journey assessment was launched across the Group in September. 71% of employees participated. Read more from page 34.

Group employee diversity focus areas

Sanlam remains committed to create a culture that values diversity and inclusivity in the multiple geographies and locations in which we operate. In South Africa, the focus on diversity in terms of race, gender and people with disabilities is largely guided by Employment Equity and B-BBEE legislation, which aim to address the impact of race, gender, people with disabilities and economic discrimination.

Read more about our progress and scorecard in our Resilience Report, available online.

A number of interventions have been implemented to encourage greater sensitivity and appreciation for diversity and inclusion. These include, for example, disability sensitivity workshops for line managers, and a series of online webinars focusing on the broader understanding of diversity, inclusion and unconscious bias.

Developing talent and improving skills

Talent management is a key strategic business matter and is designed to ensure we recruit, appoint, retain and develop the most talented employees available in the job market. We collaborate with our employees to help them realise their worth. We are committed to providing a stimulating work environment and development opportunities. Learning and development are prioritised in our HR strategy, which is designed to drive internal career advancement.

In South Africa:

R345 million Training and development spend*

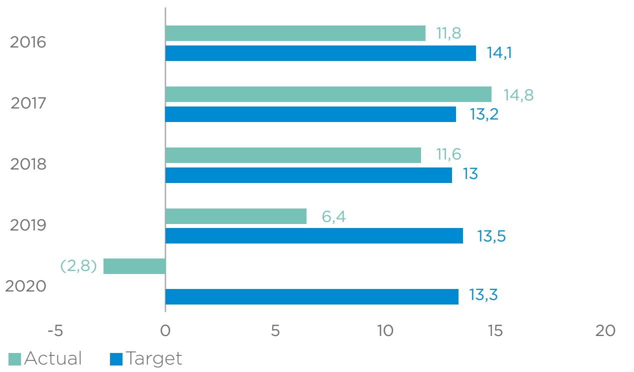
70,3% % of total employees received training

* *Including associated management expenses.*

Learning and development is among the areas most heavily impacted by COVID-19 and, as a result, needed to adapt to changing conditions. As Sanlam could not push the pause button on critical workplace learning, there was a greater reliance on technology and virtual platforms. The majority of the programmes pivoted to the use of virtual platforms. Despite the adjustments required, all the delegates who started development programmes completed their programmes successfully.

Performance highlights

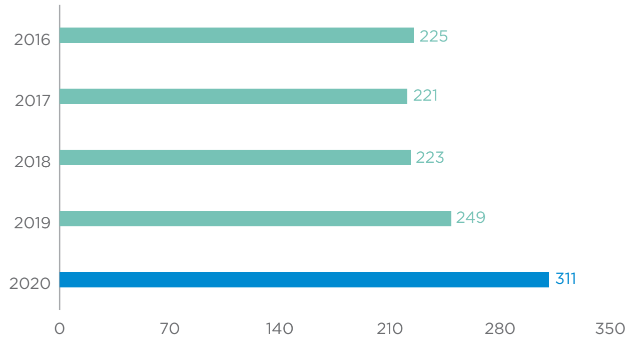
Return on Group Equity Value per share (%)



12,7% 10-year CAGR

2,6% Adjusted RoGEV per share

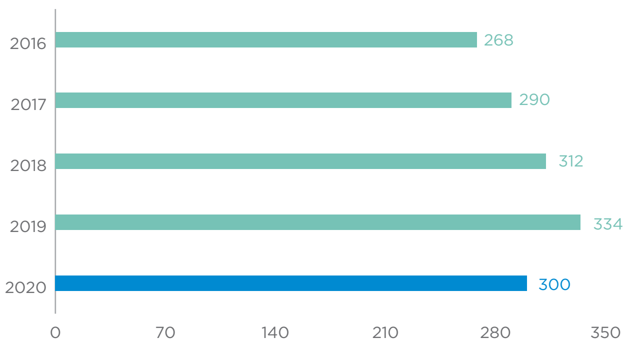
New business volumes (Rbn)



+25%

Dividend per share (cents)

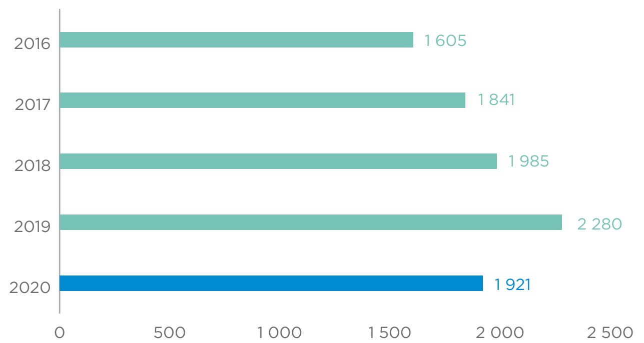
(Target: real growth of 2% – 4%)



10% 10-year compound annual growth rate (CAGR)

-10% (Real growth of -13%)

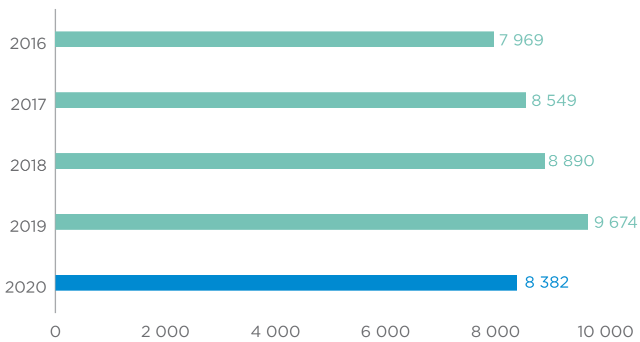
Net value of new covered business (Rm)



-16%

-14% on constant economic basis

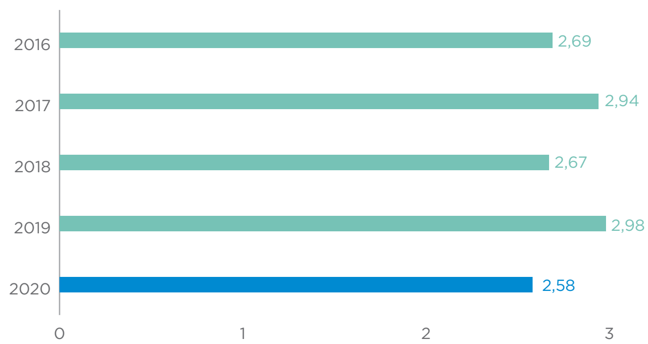
Net result from financial services (Rm)



-13%

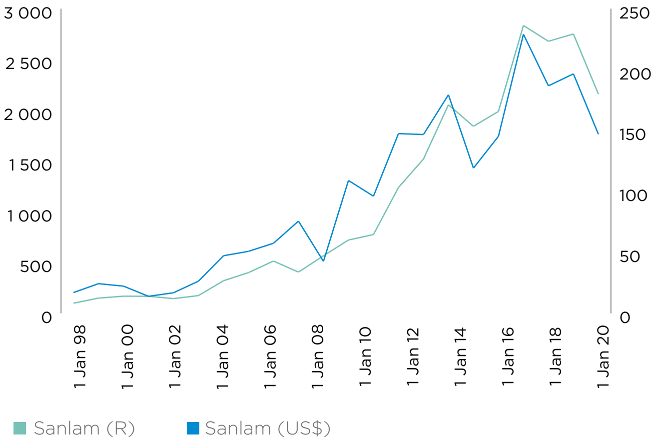
-16% in constant currency

Net value of new covered business margin (%)



2,63% on constant economic basis

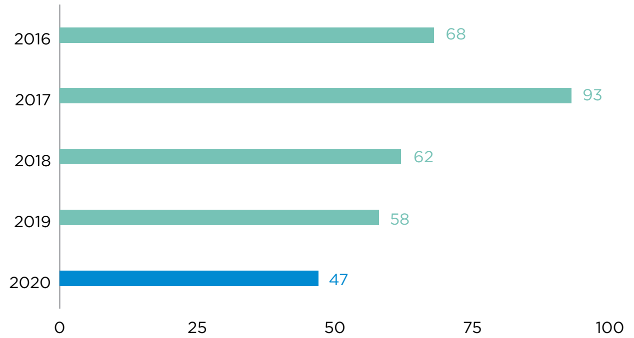
Sanlam share price



11,6% 10-year CAGR (including dividends)

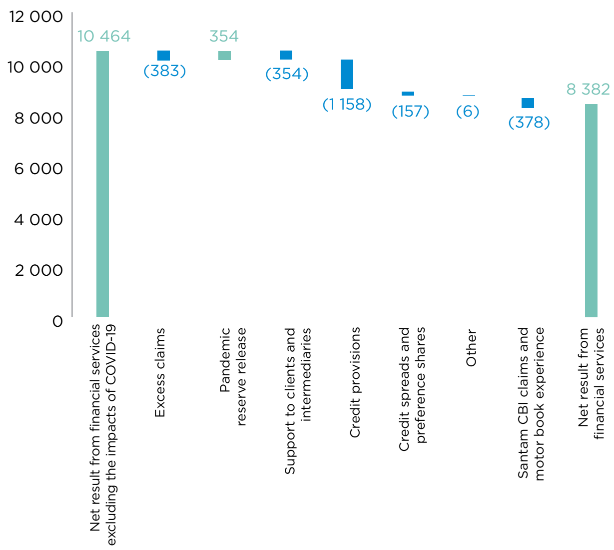
JSE TOP 20 based on market capitalisation (R130,8 billion on 31 December 2020)

Corporate social investment spend (Rm)



Key metrics impacted by COVID-19

COVID-19 impact on earnings*



* *Refer to the definition of the "impact of COVID-19" on page 71.*

COVID-19, including the economic impact of preventative measures taken by governments globally, impacted the operating results of Sanlam in the following five key areas:

- Increased mortality claims;
- Lower new business volumes in face-to-face distribution channels;
- Significant investment and credit market volatility;
- Contingent Business Interruption (CBI) claims; and
- Increased provisions for doubtful debts in the credit businesses.

The impact of lower new business and volatility in investment and credit markets were more severe in the first half of the year, while the other impacts were felt more severely in the second half of the year.

Overall persistency experience remained steady over the year and did not deteriorate.

JSE TOP 20 based on market capitalisation (R130,8 billion on 31 December 2020)

Sanlam is included in the FTSE/JSE Responsible Investment Index Series

Sanlam has been partnering with WWF-SA on freshwater programmes for 13 years

Sanlam is a constituent company in the FTSE4Good Index Series (December 2020)

Understanding how we create value

Stakeholder engagement during COVID-19

The outbreak of COVID-19 challenged us to be more forward-thinking and find new ways to deliver on our purpose of empowering generations to be financially confident, secure and prosperous.

Built on institutional memory spanning more than 100 years, we remain committed to supporting our employees and society. This means doing everything we can to ensure that our clients' financial solutions are managed with care. We grow and protect their wealth, ensure that valid insurance claims are paid and that we continue to strengthen our relationships with our clients to meaningfully address their needs. We continue to prioritise our people and ensure that every part of our employee value proposition, particularly employee wellbeing, is amplified.

The economic, health and social disruption caused by the pandemic will likely remain for some time. With our business firmly grounded in Africa and our future intricately linked to the success of the continent, we remain committed to playing an active role in the fight against COVID-19 across the continent.

The following are examples of COVID-19 initiatives and contributions to support and assist our wide range of stakeholders:

Clients

We supported clients by creating a specific key account support programme through a variety of channels. We offered structured payment relief programmes for clients on savings plans, risk cover policies, personal loan repayments and funeral benefits. From April to December, premium holidays were approved on 10 051 policies at individual life and 46 047 policies at savings. The premium continuance rate for these policies is 88% for individual life and for savings. This confirms that policyholders see the value in our offering and that retention engagements were largely successful.

COVID-19 resulted in a steep increase in digitally reported claims which could be processed in two days compared to 10 days when done conventionally at Sanlam Corporate.

Santam provided for COVID-19-related CBI claims of R3 billion which included R1 billion early relief payments to nearly 2 500 small and medium-sized businesses in hospitality, leisure and non-essential retail services with CBI policies.

Business partners

Outside of South Africa, we donated R45 million to support various SEM initiatives in 30 African countries as well as other emerging markets where we operate in response to the pandemic. Sanlam and UB also jointly contributed R50 million to COVID-19 relief initiatives across Africa.

During lockdown in South Africa, commissions earned by intermediaries declined, with entry-level market agents the most severely affected. Many agents lost most of their normal monthly income when face-to-face sales were prohibited. We provided total support of R255 million to intermediaries to bridge this challenging period with R91 million in the form of loans and the remainder as non-refundable grants. This support has prevented a large-scale loss of agents that would otherwise have occurred and which subsequently would have required considerable investment in recruitment and training of new intermediaries.

We will learn from this experience, continue to deliver on our purpose and help build a better tomorrow.

Society

We supported communities through an employee matching programme that encouraged employees to make personal donations from their salaries, which was matched by Sanlam rand for rand. A total of approximately R2 million was raised from staff and board members and matched by Sanlam. The money was used for a food relief programme.

Sanlam committed R2,25 billion to seed three impact funds named the Investors' Legacy range, with the core objective of preserving and creating jobs. Read more about these funds in the leadership reports on page 59.

The Sanlam Enterprise and Supplier Development programme approved R2,1 million to assist beneficiaries with cash flow analysis and support, funding relief and personal protective equipment.

Our campaigns evolved from tools to ensure financial resilience to taking action: now is the time to plan. We also converted the Sanlam Cape Town Marathon into a virtual event. More than 15 000 people participated compared to 25 000 who ran the physical race in 2019. Runners enjoyed a virtual race experience from any part of the world through an app.

Employees

We supported employees by immediately equipping them to work remotely and provided extensive IT support.

We developed a pandemic response plan, appointed COVID-19 compliance officers and co-ordinators per work stream and per cluster. We developed a work from home policy and conducted employee health and safety risk assessments.

We conducted a survey among our employees to get a sense on how they are coping with working from home, the lockdown and safety conditions. Over 8 000 employees were invited to participate and approximately 50% responded. The results were positive and included employees expressing confidence in senior management in managing the situation.

We continued to pay full salaries to full-time employees and created a special COVID-19 leave category for employees who were unable to work.

We ensured our people look after their health and maintained ongoing communication with employees through frequent wellness newsletters and relevant COVID-19-related material on the wellness website and in our internal magazines.

Regulators

We significantly increased our engagement with and reporting to regulators. We responded to market volatility and potential lockdown impacts by increasing the frequency of Sanlam's quarterly own risk and solvency assessment (ORSA) report.

Creating a world for generations to come

We are resolute in our purpose of empowering generations to be financially confident, secure and prosperous.

In our world, resilience means that organisations, environments and economies can absorb the potential negative financial consequences of internal or external shocks. As one of the biggest internationally active insurance groups in the world, Sanlam plays an important role in creating and maintaining a sustainable system that is able to adapt and flourish. We do this by helping people realise their financial goals over their lifetime and achieve financial confidence, security and prosperity over generations.

Sanlam's material resilience themes for 2020

- Serving our clients
- Empowering our people
- Supporting our communities
- Embedding an ethical culture
- Protecting and preserving resources
- Recognising the value of sustainable investment

This year we started aligning our material resilience themes and key indicators to the Sustainability Accounting Standards Board (SASB) standards. Our intent is to ensure that we report on Sanlam's value creation in a way that allows users of our information to make comparisons with our peers and effectively assess our performance and progress.

How we govern sustainability

The SES committee monitors and advises on all environmental, social and governance (ESG) matters and relevant issues that significantly impact our business and stakeholders. The SES committee reports on the progress of our sustainability journey through quarterly feedback to the Board, and to stakeholders via the investor relations website. The Chair of the SES committee attends the annual general meeting. Find out more about the mandate of the committee in the 2020 Sanlam Corporate Governance Report.

In addition to the oversight provided by the SES committee, we have systems and processes in place to ensure we manage sustainability responsibly. We have specific governance functions (such as oversight committees with specialist advisers) to oversee and monitor our contribution to financial confidence, security and prosperity for our clients, employees and society. Our engagement with our other relevant stakeholders is managed by the Sanlam Board and the executive management team as part of our broader stakeholder engagement approach. Read more about stakeholders on page 90.

All sustainability issues, including climate-related issues, are channelled into Sanlam's enterprise risk management process. We describe the process and approach to identify our material resilience themes in our Resilience Report, available online.

Our commitment to creating a world worth living in and empowering generations to be financially confident, secure and prosperous, means that we have to conduct business with due regard to our environmental impact and influencing meaningful and sustained change in behaviour.

188,42 kWh/m² electricity used (2019: 237,49 kWh/m²) 2020 target: 235

0,65 kl/m² water used (2019: 1,04 kl/m²)

13,88 kg /full-time employee (FTE) paper consumed (2019: 38,85 kg/FTE) 2020 target: 27,81

41%* head office landfill waste

vs

59% head office recycled waste (2019: 30% vs 70%)

- Sanlam is a member of ClimateWise and submitted its second ClimateWise response report in August 2020.
- We have been a signatory of CDP since 2007 and submit a report annually.
- Sanlam received an A- CDP climate change 2020 score, which is in the leadership band. This is higher than the Africa regional average of C, and higher than the financial services sector average of B. This means Sanlam is implementing current best practice.
- Sanlam received a C CDP water security 2020 score, which is in the awareness band. This means that Sanlam has knowledge of impacts and water issues.
- Santam partnered with 54 municipalities in South Africa to manage flood and fire risk.
- Sanlam is developing a proactive roadmap that will ensure a co-ordinated approach towards meeting the Task Force on Climate-related Financial Disclosures (TCFD) recommendations by 2021.

* *Waste performance in weight not volume.*

We are refining our contribution to the United Nations Sustainable Development Goals (SDGs) and identifying future priorities. As a financial services group we have a direct contribution to make through investments and the way we do business.

This supports Sanlam's Group purpose to empower generations to be financially confident, secure and prosperous. The SDGs provide a roadmap and sustainable framework to anchor our investments if we want to show impact and bring these purpose ambitions to life. Three initiatives provide examples of our commitment in action:

- We launched the MSCI World and Emerging Market ESG Enhanced exchange traded fund (ETF). The index is designed to maximise exposure to positive ESG factors while reducing the carbon equivalent exposure to carbon dioxide (CO_2), other greenhouse gases and exposure to potential emissions risk of fossil fuel reserves by 30%.
- Climate Investor One, a fund in which we own a substantial stake, committed to investing US$71,2 million in Project Ecotech, a 78MW near-shore wind power project located in Duyen Hai town, Tra Vinh province, Vietnam. Key features of the project include the construction of 18 near-shore wind turbines, a sub-sea cable connecting the turbines to the project sub-station and a 13,6km overhead line connecting the project sub-station to the local grid operator.
- The Sanlam Resilient Investment Fund is a women-led investment fund established in 2013 with R326 million under management. It provides debt financing to private business that are well positioned to address some of South Africa's most pressing challenges, which include economic growth, job creation, reduced inequalities and financial inclusion.

The Sanlam Resilient Investment Fund contributes to the following SDGs:

Sanlam's Code of Ethical Conduct applies to all our businesses and employees and serves as a guide to ensure that everyone upholds the highest level of integrity and ethical conduct. The Code is regularly reviewed to ensure that it remains relevant to all environments and markets in which we operate.

The Sanlam Foundation is our primary corporate responsibility vehicle and provides a co-ordinated approach to community investment across the Group.

Over the last 10 years, the Foundation invested more than R630 million in the education sector, financial literacy, health (HIV/Aids), enterprise and supplier development initiatives and employee volunteerism.

Since 2018, the Sanlam Foundation committed to allocating R5 million a year to Sanlam Pan-Africa CSI initiatives across various territories. This will run until the end of 2021.

Our client value proposition incorporates tailored financial product and service offerings, continuous appropriate advice and an omni-channel presence. Client satisfaction is measured regularly, shaped by the fundamental underlying principles of the Treating Customers Fairly (TCF) regulatory framework.

R38 billion paid in general insurance claims by Santam and Sanlam Pan-Africa general insurance

R52 billion paid by Sanlam in the form of life insurance and investment fund benefits

3,98% persistency as a measure of the % of in-force lost policies in Risk, Savings, Life Investments and Closed Book

Our value-creating business model

We require material resources and relationships as inputs into our business

Our sources of and approach to financial capital

Financial capital includes shareholders' equity and debt funding raised in the market. It allows us to operate our existing businesses and acquire new businesses in pursuit of future growth. To maximise shareholder returns, we optimise the level and structure of capital and take due cognisance of solvency requirements to safeguard our clients and business partners. We have refined capital and risk management processes in place to achieve this.

People, networks, culture and relationships

We maintain a high level of specialist skills (financial, actuarial, investment and risk management) to remain competitive. We rely on 20 920 employees and more than 6 000 advisers to embed a diverse, inclusive and high-performance culture to execute our strategy. We ensure that they receive the appropriate leadership, skills development and remuneration. We invested R345 million in training and development to upskill our employees in 2020.

We have relationships with brokers, banks, telecommunications companies and other partners throughout Africa through which we distribute financial solutions to their clients. We actively lead and participate in industry associations as platforms to collaborate and optimise the safety and efficiency of the financial system in conjunction with governments and our regulators.

Innovation, systems and governance

Our investments in research, development and technology enable us to upgrade and enhance business processes through artificial intelligence and robotics while ensuring an omni-channel experience for clients. We implemented a Group-wide business intelligence platform to assist with product development, underwriting, client service and cost efficiencies through big data and enhanced data analytics. We have established governance processes in place to maintain an ethical culture. Read more in the online Corporate Governance Report.

Assets and infrastructure

We rely on a network of offices and branches across the markets where we operate. In response to COVID-19, we enhanced our office infrastructure to include work-from-home capabilities. We pursue cyber-resilience by enhancing our information technology infrastructure, underpinned by our cyber-resilience strategy. We also provide our advisers with technology to facilitate digital distribution. The revised Group strategy is underpinned by accelerated digital transformation to enhance client and intermediary experience and generate further efficiencies.

Through our primary business activities, we deliver financial solutions to the market

Our primary business activities

Product development	Product management	Business support

Through our business activities, we accumulate premiums and pool savings on behalf of clients. We provide ancillary financial services so that clients can create and protect their wealth over generations.

We invest the funds we accumulate responsibly in a range of asset classes. This enables us to grow our clients' wealth. We accelerate our clients' ability to accumulate assets through ancillary financial services such as lending. Our shareholders share equitably in the overall wealth we create through the fees and margins we earn from our financial solutions.

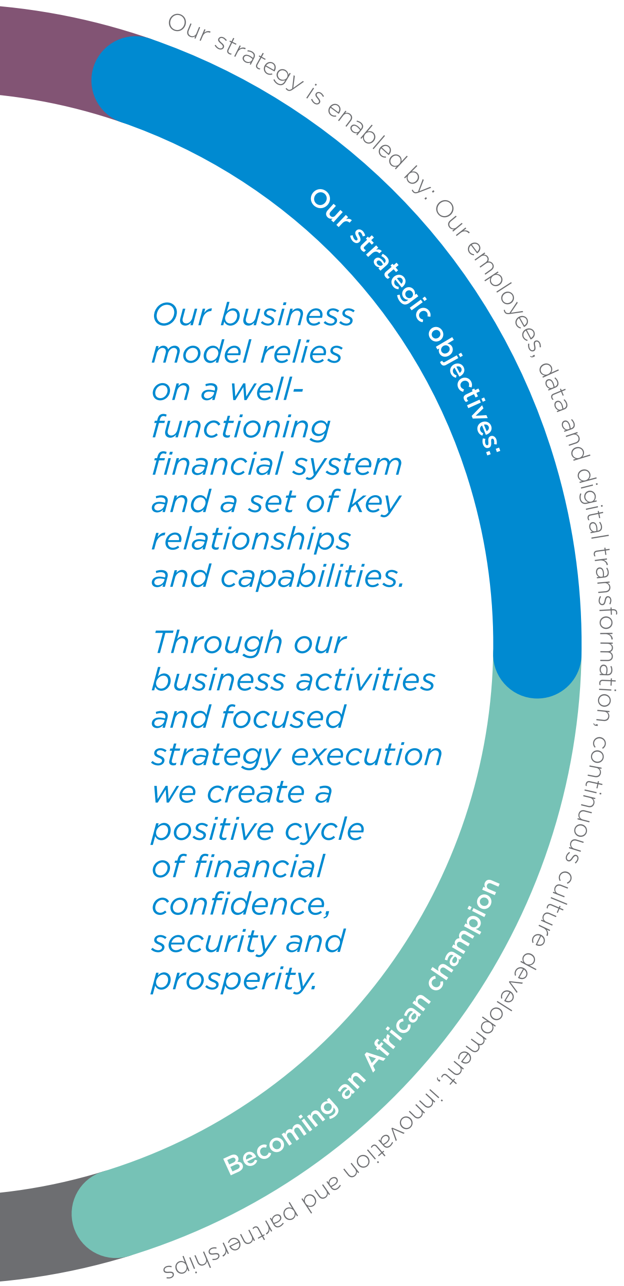
Society benefits from the stability that we provide to the financial system. We fund government and corporates and contribute to economic growth and socio-economic development. By creating value for society we enhance the size of our client base and the talent pool from which we attract skills.

Our key financial solutions

Life insurance	General insurance	Investment management

Factors shaping our economic context include COVID-19, global GDP growth, availability of capital and liquidity, geopolitical risk/trade wars, elections and political stability, governance failures, market performance, country ratings, infrastructure investment levels and technological developments. Read more about our economic and regulatory environments on page 51.

Capital and risk management | **Distribution, advice and client support**



Our business model relies on a well-functioning financial system and a set of key relationships and capabilities.

Through our business activities and focused strategy execution we create a positive cycle of financial confidence, security and prosperity.

Credit and structuring | **Administration, health and other**

Read more about our key financial solutions from page 8.

The intended outcome of our business model is to empower generations to be financially confident, secure and prosperous

- Long-term financial confidence, security and prosperity: people can retire with dignity and are protected from the financial impact of unforeseen events
- Sanlam finalises claims fairly with proportionately fewer disputes awarded against Sanlam
- Clients make decisions based on sound advice
- Policy benefits paid and increase in policy value: R150 billion

- Employees are part of a skilled and experienced workforce with appropriate incentives to drive high performance
- Employees have career mobility opportunities in a group with four clusters and a presence in 44 countries
- R13,7 billion paid in remuneration
- Number of employees increased by 1% to 20 920 (excluding advisers)
- Sanlam was certified as a Top Employer 2020 in South Africa

- We outperform our RoGEV hurdle rate over the long term
- We continue to increase our dividend in real terms (average real growth of 5,5% over the last 10 years)
- Dividend payments of R6,5 billion in respect of the 2020 financial year

- Our distribution partners benefit from fees generated through products and services distribution
- Our strategy supports the creation of enhanced distribution opportunities across all our markets
- R14 319 billion paid in sales remuneration in 2020
- Our suppliers benefit from our sizable procurement of goods and services
- R12,2 billion paid to suppliers in 2020

- Trust in the financial sector as ethical and fully functional
- R47 million invested in social projects to empower communities
- R108 million support by the Sanlam Foundation for the Blue Ladder Schools programme to date
- R1 billion in relief aid pledged in response to COVID-19

- Execution on government's social agenda of job creation and empowerment
- Participation in business and industry initiatives to stimulate economic growth and stability
- Compliance with all relevant regulations and standards
- Effective control and reporting through a combined assurance approach
- R4 billion paid in taxes

Protecting and preserving resources

Sanlam is conscious of our use of limited natural resources. We impact the natural environment directly in our operations, primarily by using electricity, paper and water and producing waste that is either recycled or directed to landfills. We therefore set targets to improve our environmental performance in terms of electricity and paper usage, by increasing water conservation and by managing our waste stream responsibly. We also invest clients' and shareholders' funds in businesses that may have a significant impact on natural resources. Read more in our Resilience Report, available online.

Strategic risks relate to our stakeholders and environment and impact our ability to continue our business operations and create sustained value. Read more about the ways we identify, manage and mitigate our key risks on page 36.

Our material stakeholders

Our material stakeholder groups are shareholders, clients, employees, intermediaries, business partners, governments, regulators and the broader society in which Sanlam operates. Our business is built on optimising value creation for our material stakeholders. This includes understanding and managing the sometimes conflicting expectations and trade-offs between the various stakeholders through active engagement and stakeholder participation.

The key trade-offs that we manage include

- Product profitability versus the value proposition for clients
- Profitability versus investment in employees
- Investing in innovation and new growth initiatives at the expense of short-term profitability as these initiatives typically take a few years to become profitable
- Potential impact of responsible investment practices on short-term investment returns
- Optimising the level of retained shareholder capital versus sustained solvency

Exploring stakeholder perceptions of Sanlam

Stakeholder management ensures that we build trust with material stakeholders and protect Sanlam's legitimacy, social relevance and licence to operate. In 2020, we set out to get a baseline understanding and assessment of perceptions and expectations of Sanlam stakeholders through GlobeScan – an insights and strategy consultancy. Through this process, we are gathering important input and feedback from stakeholders such as employees, intermediaries, regulators, investors, media and civil society.

The feedback will inform our strategic engagement with material stakeholders as well as guide us on the determination of our material themes and active management of emergent issues.

The material resources and relationships that we require as input into the business are derived from our stakeholder groups.

To source these, we ensure that our business model outcomes meet our stakeholder expectations. When stakeholders experience positive outcomes, they are willing to participate, invest in and engage with Sanlam as an employer, partner, capital provider, corporate citizen and financial solutions provider.

Our RoGEV drivers encompass the majority of these stakeholder requirements and expectations, and therefore constitute an appropriate way to measure whether we continue to create value. A further change this year was to start aligning our reporting and measurement of non-financial indicators with the SASB standards. Our intent is to ensure that we report on Sanlam's value creation in a way that allows users of our information to make comparisons with our peers and effectively assess our ESG performance and progress.

Read more about our use of the SASB standards, stakeholder network, key touch points and how we govern our stakeholder relationships in our Resilience Report, available online.

Future focus for stakeholder relationships

Our new strategy aims for specific client outcomes: deeper client relationships and better client experiences. We are enhancing a single view of the client across all business units and will be developing key performance indicators to measure the depth and quality of relationships. This will also include more leading indicators such as the client experience.

Understanding RoGEV – our key financial measure of success

Our primary performance target for measuring shareholder value creation is RoGEV, which reflects our success in growing the value of Sanlam's operations over the long term.

What is RoGEV?

RoGEV is a robust forward-looking financial performance indicator that primarily measures the value we add for our shareholders. Given the direct relationship over the long term between shareholder and other stakeholder value creation, RoGEV indirectly reflects how successfully we create value for our other material stakeholders.

For a business such as Sanlam, where earnings from a particular client solution emerge over a number of years, RoGEV is a more appropriate performance measure compared to traditional return on capital and earnings metrics.

It combines current year earnings compared to expectations (short-term performance) and changes in future expected earnings (long-term performance) in a single performance metric. This makes RoGEV a robust composite value measure for a diversified group such as Sanlam.

Read more about RoGEV performance in the financial review on page 67.

How is RoGEV determined?

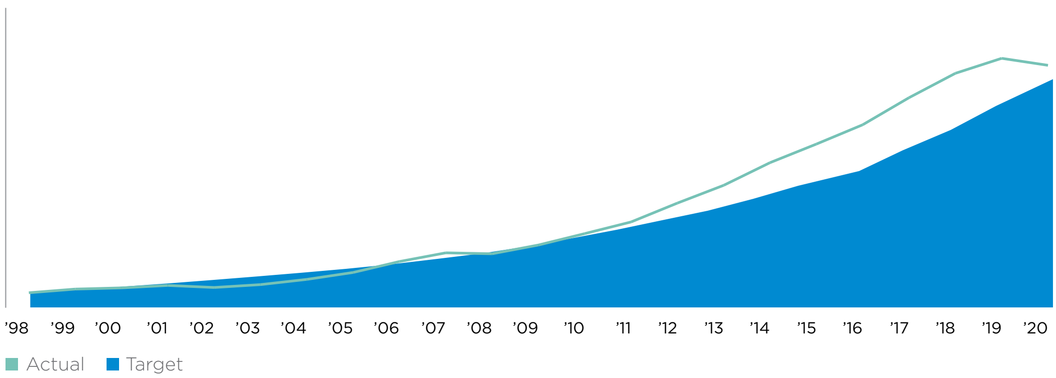
RoGEV is equal to the change in Group Equity Value (GEV), after adding back dividends paid and movements in share capital, as a percentage of the total of GEV at the beginning of the period and the weighted value of movements in share capital during the period.

RoGEV is therefore a composite measure of growth in the value of Sanlam, with RoGEV for a particular period including both the variance between current year actual earnings and the earnings assumed in the valuation models at the end of the previous year, as well as the change in present value of future expected earnings.

What is Sanlam's RoGEV target?

Sanlam's RoGEV target is to outperform its cost of capital of i+4%, with i being the South African nine-year risk-free rate. We have outperformed this hurdle on a cumulative basis since listing in 1998.

Consistent cumulative outperformance of RoGEV target



12,6% 10 yr CAGR

+4% Target: SA 9yr risk free

Adjusted RoGEV per share excludes the impact of variances between actual and long-term assumed investment return, interest rate changes and other one-off effects not under management control and assumes normalised exchange rate movements.

Access more information about RoGEV in the fact sheet section of our investor relations website.

Our value-creating strategy

Our strategy

In a fast-changing world, the ability to adapt has become a leading indicator of future success. Our strategy served us well over the past decade and provided a strong base. However, our changing landscape necessitated a quantum leap to unlock further value for our stakeholders in the current and future environment. We therefore undertook an in-depth strategy review during the year.

Our purpose, vision and values guide our strategy, which is shaped around four strategic objectives.

Becoming an African champion

Building a fortress position in South Africa

Accelerating growth outside of South Africa

Strengthening our position where we operate outside of Africa

We deliver on these objectives by pursuing goals.

South Africa

- Deepening client relationships
- Digitalisation and data usage
- Increase direct distribution
- Empowerment as a competitive advantage in institutional markets

Africa

- Optimise the portfolio
- Drive operational execution in the core markets
- Volatility of investment returns reduced to focus on return on capital
- Selective expansion on consistent delivery platform

India

- Strong brand in India enables insurance to be sold outside current ecosystem
- Opportunity to enhance Sanlam involvement

Data and digital transformation

Leverage data and digital transformation to increase the value offered to clients and improve efficiencies

Continuous development of our culture

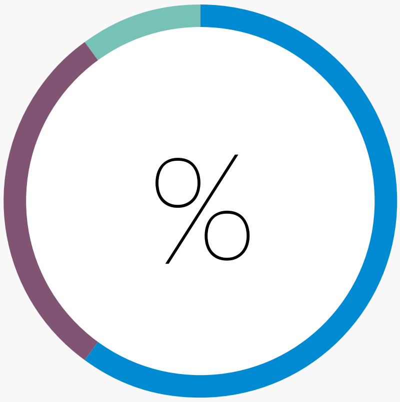
Empower people and evolve the culture to be competitive in a fast-changing world

Enablers necessary to deliver on our strategy

Our commitment to Africa is the cornerstone of our strategic positioning with a vision of becoming the most admired financial services player in Africa. The continent's future growth prospects remain strong and we have an opportunity to use it as a base for inclusive wealth creation that will empower current and future generations to be financially confident, secure and prosperous. Key to this is humanising technology and designing our digitalisation journey around our clients. **This will be led by a new and expanded Exco.**

Examples of this are optimising the Pan-Africa portfolio and seeking to strengthen our Indian franchise.

Our strategy review identified significant opportunities for RoGEV outperformance:



- 60% of our effort will focus on South Africa
- 30% on Africa (excluding South Africa)
- 10% on India

South Africa is the bedrock of our business and we continue to enhance our position across various product lines. However, we expect to achieve superior growth in Africa (outside South Africa) and India over the long term.

Our ultimate strategic ambition is composed of three parts:

Financial

- Achieve consistently superior returns for shareholders relative to competitors in the Insurance Sector of the JSE
- Maintain leadership as the biggest insurer in Africa as measured by market capitalisation

Client

- Provide access to our products and services for more than 50 million clients across Africa by 2025
- Be rated as having the best client experience in each market in which we operate
- Be rated as the most trusted and secure insurer in each African market in which we operate

Economic impact

- Invest more than R1 trillion in the economies of Africa in a manner that is responsible and impactful for the development of those economies
- Diversify the benefits of ownership of the Company to local participants to the extent of a least 20%
- Create and participate in powerful ecosystems that utilise digital technology to stimulate economic growth throughout our markets in a manner that could not be achieved with purely physical infrastructure

People

- Attract the best people in the market, empower them to learn, lead and live our shared purpose
- Foster a high performance and agile culture that drives accountability and exceptional employee experience
- Harness the power of our diverse workforce to deliver innovative solutions for our clients

Innovation

Increase orchestration within the Group to implement our strategy across the clusters and drive innovation

Partnerships

Leverage our partnership model to introduce a broader spectrum of society to the benefits of financial resilience

Key factors shaping our strategy

We place the client at the forefront of everything we do. This includes providing our clients with a superior experience and a simplified set of solutions that meet their needs in a cost-effective manner.

Indie and MiWay: future-proofing financial services while designing for the long term

Indie

Indie is a digital-first business that sells a range of life and funeral cover products in South Africa. Indie builds capabilities to interact with our clients digitally – selling directly online and offering easy chat and telephonic assistance whenever the client wants it.

Indie was perfectly positioned for the digital migration triggered by the COVID-19 lockdowns and contributed a meaningful proportion of new policies for the year. Indie also remains well positioned for the future as trends towards digital enablement and focus on client experiences continue. The lessons learned, capabilities developed and insights gained within Indie will filter through to the rest of the Group – helping to ensure we are ready for the future.

MiWay

MiWay is Santam's direct insurance business in South Africa. MiWay uses data from its underwriting experience with existing and former clients to develop individualised scientific underwriting. MiWay offers an end-to-end online quoting, buying and policy management facility. This means MiWay services the entire value chain, from client acquisition, to ongoing service, to the end of the claims process.

MiWay's entrepreneurial nature and data-driven, end-to-end direct business model proved resilient during the year, enabling it to achieve a net underwriting margin of 16,5%. MiWay also introduced an innovative new product, MiWheels At Home, which discounted car insurance premiums for work-from-home clients. In an environment where certain of Santam's product lines are under pressure, MiWay provides diversification and contributes to value creation.

We need to be agile and efficient, and technology and engagement platforms will be key allies to reboot and reinvent our business. This includes utilising data analytics to better meet the needs of our clients. Partnerships and digital transformation of our client and intermediary engagements will be key components of our execution, and disruptive change in some areas of the business may be necessary to achieve a digital future.

Sanlam Group Technology: providing technology and digital capabilities to enable disruptive innovation and new ventures

As part of the revised Group strategy, former business units – Group Technology and Information and Sanlam Personal Finance Information Technology – were combined into a new business unit known as Sanlam Group Technology. It will provide infrastructure for Sanlam's digital ecosystem and support standardisation. This will minimise duplication and lower the cost of execution while pooling and sharing scarce skills.

The various businesses will be equipped to develop customised and bespoke applications to support a better client and intermediary experience. This will include consolidating existing and developing new digital applications, tools and software that are seamless, intuitive and easy to use.

Strategic data collection, analytics and robotics: increasing the value offered to clients and improving efficiencies

Sanlam is on a journey to become a more data and insights-driven organisation. Some initiatives to date include:

- A recent partnership with Datarobot, a leading enterprise AI technology company, that provides us with a cloud-based automated machine learning platform to streamline the predictive modelling process. We can now run algorithms in parallel and store relevant output, spending less time on coding and more time on insights, analysis, decision-making and model implementation.
- The establishment of a Digital and Data Academy, where we recruit promising graduates and provide the necessary skills development and training to equip Sanlam for its digital transformation journey.
- The introduction of robotics to improve the client and intermediary experience, increase value and reduce costs. Robotics will augment and strengthen Sanlam's workforce, free up people to do more meaningful work and automate standard processes.

We require a reimagined mindset in the workplace to ensure our employees are performance driven and innovative. This includes replacing our historically conservative approach with a more calculated risk-taking culture.

COVID-19 and new ways of working: increasing flexibility, promoting work-life balance and supporting business productivity

We conducted two employee surveys to assess current and future ways of work given the COVID-19-induced shift to working from home. Over 8 000 employees were invited to participate and approximately 50% of employees responded to our questions around their work experience during lockdown.

Key insights:

- Almost 57% of employees would prefer to continue to work from home, with 35% preferring a hybrid work arrangement while less than 8% would prefer to work at the office.
- Employee preference on where, how and when to work will become a key differentiator to attracting and retaining talent.
- New ways of working provide an opportunity to instil and embed a new culture, fuelled by heightened accountability, high performance and greater employee experience.

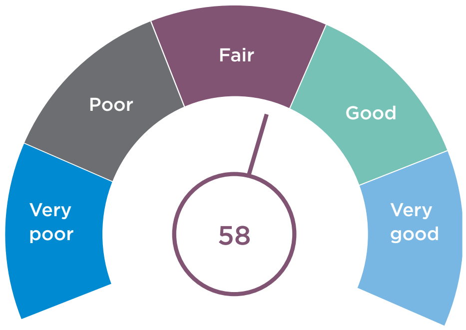
Based on the survey, we plan to evolve our ways of working towards a hybrid model: remote working coupled with some work spaces in the office. We believe this approach will allow for increased flexibility as a competitive advantage, promote employee wellbeing, work-life integration and enable an engaged workforce while sustaining employee and business productivity.

We started mapping roles and employee numbers to establish space planning requirements and identified policies that will have to be reviewed. The implementation of new ways of working commenced in the latter part of 2020. A significant reduction in our space utilisation will drive increased cost efficiencies as a secondary benefit.

Key factors shaping our strategy continued

A baseline culture score: evolving the culture to be competitive in a fast changing world

The culture journey assessment was launched across the Group in September. 71% of employees participated. Sanlam's overall culture score is 58, reflecting a satisfactory assessment of the health and strength of the culture. While this score is comforting when compared to global, regional and industry averages, we will continue focusing on improving our employee experience and enhancing the culture necessary to sustain our operations.



In comparison:

Global average: 49
Regional average: 44
Industry average: 49

The survey helped us to understand the collective culture imperatives and where we need to emphasise different cultural aspects. We aim to ensure better cultural alignment across the Group, while recognising the distinct differences in our various businesses.

Based on the culture score and detail metrics we are developing a Sanlam culture journey map that includes milestones such as reinforcing our purpose and values, defining the Group culture framework and articulating culture interventions.

We require closer collaboration across the Group to unlock value, increase product penetration and reduce our cost base. Our strategic journey will be more proactively supported from the centre. This includes the creation of a Group Strategy function that will support accelerated strategic execution and enhanced cohesiveness and cross-cluster synergy extraction.

Cross-selling and collaboration: creating opportunities to do more business with existing clients and develop deeper client relationships

One of the main drivers behind forming the SLS cluster was to promote better integration of financial solutions across our South African retail clients and retirement fund and health scheme members. To encourage cross-selling and collaboration, we are focused on being advice led, offering intuitive client journeys and using data-driven insights to integrate our solutions to better service client needs. We believe these capabilities are crucial to establish Sanlam as our clients' preferred partner across the full basket of financial solutions. An example of cross-selling during the year was the launch of the Smooth Growth Series, which is the result of collaboration between Glacier in SLS and Sanlam Corporate. The Smooth Growth Series is available across living annuities, retirement annuity funds and retail preservation funds.

To note: changes to the Exco

Jurie Strydom (previously CEO of Sanlam Personal Finance) was appointed CEO of the newly established SLS cluster. Kanyisa Mkhize was appointed CEO of Sanlam Corporate. Bongani Madikiza (previously CEO of African Rainbow Life) was appointed CEO of South Africa: Retail Mass. Anton Gildenhuys (previously Chief Risk Officer and Chief Actuary) was appointed CEO of South Africa: Retail Affluent. Anton was replaced by Lotz Mahlangeni. Karl Socikwa (previously CEO of Sanlam Sky) was appointed Group Executive: Market Development. He replaces Temba Mvusi who retired December 2020. Wikus Olivier (previously acting Chief Financial Officer) was appointed Group Executive: Strategy. Abigail Mukhuba was appointed Group Financial Director.

We will accelerate growth outside of South Africa by improving the performance of our current operations, building scale through bolt-on acquisitions and expansion into new markets of the future.

Delivering value from the Saham acquisition: priorities going forward

Sanlam acquired the remaining 53% stake in Saham in October 2018. Following this transition, SEM underwent a major transformation that included facilitating the transition to a new operating model and the ongoing onboarding of the Saham businesses. We are now focused on delivering value to improve and stabilise returns.

To date, good progress has been made rationalising the client base, repricing products, strengthening the focus on fraud and claims management, selling non-core assets and optimising reinsurance.

Management has reviewed the composition of the investment portfolio in Morocco in the context of long-term value creation, local capital requirements and its risk appetite. The revised asset allocation strategy will support an above hurdle return on capital at a lower level of expected volatility given a planned shift to less equity and property exposure. Given the current market values and economic climate, the implementation of the strategy is expected to be phased in over time as and when opportunities present themselves. Our target is to maintain a float margin range of between 6% and 9% of net earned premiums for SPA general insurance.

Other SEM priorities include focusing our efforts to better direct capital and capacity – we will prioritise businesses and markets where value can be extracted while ensuring that we have the best people in the right jobs to become a truly Pan-African business. We will also continue to improve underwriting. Our target is to maintain an underwriting margin of between 5% and 9% of net earned premiums for SPA general insurance.

These priorities will be pursued in collaboration with Santam, enforced by strong and rewarding in-country partnerships and businesses and a move towards digital ways of working. Looking forward, we believe that we are taking the right steps to create a platform that can be leveraged long into the future.

Growing the SPA life insurance operations is also an area of focus. We aim to build high-performance agency forces in-country and continue to build on our strategic distribution partnerships. Bancassurance is a key distribution channel and we have a number of bancassurance agreements across the continent.

The potential of Africa: committed to the continent, our people and their potential

While the growth prospects are evident, short-term challenges in Africa include wide oscillations in commodity-driven currencies, social and political instability, volatile commodity prices, a lack of liquidity and nascent financial markets. Added to this, transparency and governance have presented challenges in sub-Saharan Africa.

However, the unrivalled ingenuity and long-term growth potential of Africa remains intact. The continent remains one of the fastest growing regions in the world and we believe it presents an attractive long-term investment destination. The growth opportunity is predicated on low insurance penetration and Africa's demographic dividend, underpinned by a growing labour force, rapid urbanisation and a burgeoning middle-class in many markets with increasing disposable incomes and demand for goods and services.

Positive trends in Africa[1] include:

- The African Continental Free Trade Area, (CFTA), which is accelerating intra-African trade and boosting Africa's trading position in the global market. The CFTA includes 44 countries and represents a combined GDP of more than US$2 trillion and a population of approximately 1,2 billion.
- Four out of the top 10 fastest growing economies are African
- Africa is anticipated to have the largest and youngest labour force by 2030, made up of 1 billion people
- 3,4% of the world's foreign direct investment flows into Africa
- Rapid smartphone adoption is contributing to economic and social development across sub-Saharan Africa: mobile data traffic grew by a compound annual growth rate of 66% between 2016 and 2020

At Sanlam, we believe that investing in Africa will enable much needed growth and economic development across the continent. It also offers strong returns with significant diversification benefits. We are well-positioned to capitalise on Africa's economic, technological and infrastructural growth potential through SEM.

[1] *Source: World Bank, African Development Bank*

Understanding our strategic risks and opportunities

We recognise that the Group's core purpose, risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

Sanlam is one of the biggest internationally active insurance groups and is classified as a domestic, systemically important financial institution in South Africa. Due to our potential impact on the system and the inter-connected nature of financial services, the ability to effectively manage complex risks needs to be a key capability.

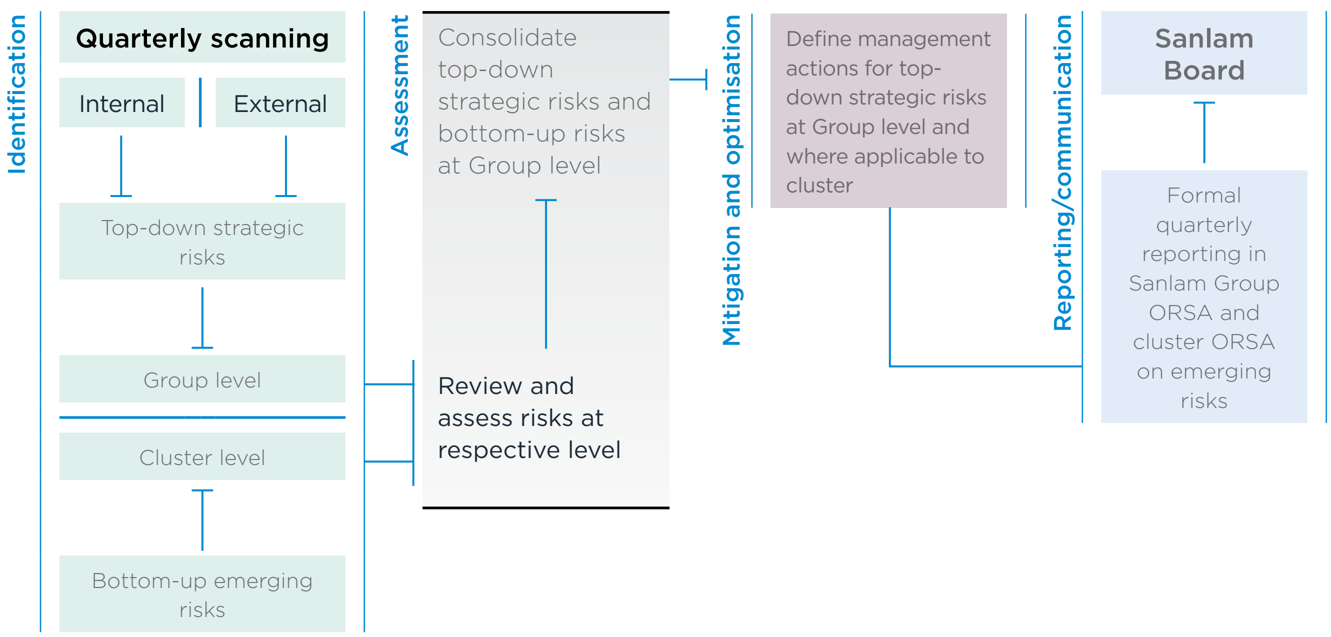
Risks are managed on a preventive basis as far as possible through various risk management activities. Should they materialise, Sanlam's financial capital is available to absorb the financial impact and ensure we remain solvent and able to honour the commitments made to our clients. Despite the impact of the COVID-19 pandemic and related lockdown on markets and reserves, Sanlam's solvency ratio remained solid at 191%, well above the 100% minimum regulatory requirement.

We distinguish between strategic and operational risks, which are mitigated through a mature risk management governance structure:

The top-down approach is undertaken at an executive and senior management level, and considers the key strategic risks affecting Sanlam in the medium to long term. We also do a quarterly scan of external risk reports.

The clusters and business units undertake a bottom-up approach with the assistance of their risk management functions to assess all categories of key risks from an operational perspective.

There is a specific focus on emerging risks that forms part of the top-down strategic risk assessment process. As part of this process, internal and external scanning of emerging risks is performed on a quarterly basis. Internal scanning includes input from key subject matter experts within the Group regarding emerging risks, whereas the external scanning process focuses on external industry and media risk reports. Emerging risks are therefore constantly tracked and assessed for potential impact.



Strategic risks for 2020

Key descriptor	Year-on-year trend
COVID-19 pandemic	^
Poor economic growth	^
Disruptive threats/Fourth Industrial Revolution	>
Cyber-risk	^
Human resource scarcity and stretched resources	^

Key descriptor	Year-on-year trend
Simultaneous regulatory implementation and uncertainty	>
Diversified growth initiatives	^
Transformation, diversity and inclusion	>
Political and social instability	^
Extreme weather/climate change	>

COVID-19 pandemic

The COVID-19 pandemic continues to have a multifaceted impact globally with varying economic, market, demographic and insurance sector impacts seen at regional and country level, with differing negative effects and offsetting elements. The significant increase in infections, hospitalisations and deaths seen during the second wave, partly due to new mutations/variants, started to come down during January/February 2021.

A number of (mostly developed) countries recently started rolling out vaccine programmes, with the aim to reduce local infection rates and deaths, but progress has been slow. The first vaccinations in South Africa started in mid-February. At least three variants have emerged around the world (UK, Brazil and South Africa) with concerns related to their transmissibility, virulence and ability to evade immunity, either naturally induced or from vaccination, detection methods and treatments. Clinically significant variants could seriously complicate the attainment of herd immunity, or even make it unattainable.

Another unfortunate recent development is vaccine nationalism where wealthier nations are hoarding vaccine supplies. This approach is counterproductive. Until COVID-19 is controlled globally, no country in the world is safe from it. All of this indicates COVID-19 is likely to be with us for many years.

The COVID-19 pandemic risk has had a pervasive impact across the entire Group. Transmission channels can be summarised in three main categories: (1) the impact of asset market changes on values and on liquidity; (2) those related to the obligations under insurance contracts; and (3) operational risks.

It is expected that over the medium term the impact will continue to be seen through the same transmission channels; however, the various inter-connected risks imply inter-connected consequences. It will be important to continually consider these factors from a strategic perspective.

Over the longer term the Group needs to consider the risk of a prolonged impact of COVID-19/lockdowns and/or future pandemics which may cause similar or even greater disruption to businesses and economies. Organisations will also need to adapt to the new ways of working which will be become part of the new reality post-COVID-19.

Mitigating actions

- Management is investigating the possible downscaling of the current Sanlam Office Footprint which will lead to cost savings in the medium to long term.
- New ways of working are being considered and HR is developing guidelines for more flexible work arrangements. This will also promote better work-life balance and assist in attracting skills and talent to the organisation.
- The pandemic also creates new opportunities that are being identified and actioned, including potential new partnerships.
- Lessons learned from the pandemic will be used to build stronger organisational resilience, by reviewing current business continuity management plans and strategies.
- Management is also putting plans in place to ensure that staff can continue to work from home during Eskom power outages.

Clusters impacted

SLS SIG SEM SNT

Stakeholders impacted

Understanding our strategic risks and opportunities continued

Poor economic growth

Changes in the global, regional and domestic macroeconomic environments can significantly affect local economic and market conditions in the markets where Sanlam businesses operate, directly impacting Sanlam's ability to achieve its strategic intent to create sustainable value for all stakeholders.

It is likely that the COVID-19 pandemic – at a global as well as local level – will severely, perhaps even permanently, damage the fabric of South Africa's economy and those of other countries in which we operate. Most governments, including South Africa's, now have a limited ability to introduce additional fiscal stimulus packages to offset the ongoing economic impact of COVID-19.

The problem for South Africa and other emerging economies is the size of their debt loads, relative to gross domestic product, which are approaching levels projected for developed economies. The difference being that developed economies will find it relatively easier to live with increased levels of public debt even with low economic growth almost certain to exceed very low interest rates. For South Africa this will, however, not be the case.

Mitigating actions

- Market risk is managed continuously at product and portfolio level and further monitored at the different governance forums providing oversight. Exposure to unrewarded risk in estate portfolios is minimised through continuous balance sheet management.
- There is also significant focus across the Group on managing expense levels.
- SLS focuses on optimising distribution capabilities and evaluated strategic partnerships to exploit growth opportunities and gain access to underpenetrated market segments. Structural growth initiatives are also pursued to diversify and enhance the product offering.
- The diversification of the SEM portfolio provides some natural mitigation, although there may be higher correlation in the economic fortunes of some countries exposed to similar external factors, such as the price of oil.
- With the listed and traditional asset classes under pressure, those with high return characteristics or which have asymmetric risk characteristics will be in demand. SIG is developing competitive capabilities in alternatives where higher yields can still be extracted from asset classes like unlisted credit, infrastructure, unlisted/private equity and other categories.

Clusters impacted

SLS SIG SEM SNT

Stakeholders impacted

Disruptive threats/Fourth Industrial Revolution

The ongoing technological revolution is fundamentally altering the way people live, work and relate to one another through technology, and will affect Sanlam's current and future customers, employees and partners. This revolution coincides with longer-term changes in demographics and globalisation, and has been accelerated by the COVID-19 pandemic.

International insurance players, incumbent banks and tech players may disrupt the industries/lines of business in which we operate throughout Africa and elsewhere. Our ability to respond may be constrained by limitations of our legacy systems, scarcity of talent with key capabilities, lack of cross-cluster collaboration and associated pressure on costs.

Thus, there is a risk that Sanlam's competitive position could be compromised should we fail to properly manage and respond to disruption, as the nature of the disruption is evolving fast. To continue to be the leading insurer in Africa and create sustainable client-centric growth, Sanlam requires a digital transformation.

Delivering such fundamental change at scale in a large and complex organisation like Sanlam is challenging, especially with short-term pressures.

Mitigating actions

- Sanlam has developed an integrated group strategy, across all four clusters, based on a clear vision to become a true Pan-African champion. This strategy is backed by a set of strategic imperatives and quantified strategic ambition (e.g. Group Equity Value), linking digital transformation to the overall strategy and sustainable competitive advantage. These imperatives are translated into specific strategic initiatives, both for each cluster as well as cross-cluster, and embedded in an actionable roadmap that addresses use cases and technology, people and organisational capabilities.
- Commitment of leadership from the top is of paramount importance for this large-scale change to be successful. Next to the commitment of the Group Chief Executive and other top executives, the relevant middle managers are involved in the planning and execution of the transformation to make sure they buy into the goals and strategy. This commitment is also shown by the creation of the Digital Transformation Executive role to co-ordinate digital initiatives across the Group and the creation of a dedicated Client Experience unit which will focus on client's digital experience across all channels.
- The insurer of the future requires different skills than the one of the past. Through our Talent and Mobility programme we will ensure we will train and hire the right people. Close alignment between HR, strategy and the clusters is required to create a strong employee value proposition to be able to hire this top digital talent. Furthermore, we put together multi-disciplinary teams that have the right skills to get their strategic initiatives done in time with the associated value creation. The Sanlam Data Academy in Sanlam Group Technology (SGT) has been transformed into a Sanlam Data and Digital Academy. The 2021 class started successfully, making use of remote learning. A three-week virtual boot camp has onboarded 22 graduates from varying disciplines such as engineering, statistics, mathematics and computer science into the Sanlam Academy with the intent to teach skills such as cyber, robotics process automation, optical character recognition, artificially intelligent operations, future architecture and cloud. All candidates from the previous Data Academy have been integrated into the Sanlam businesses across the Group.
- An agile governance mindset is required to deliver solutions that are competitive and relevant for clients in short delivery cycles. We have set up a quarterly Agile Planning Cycle that will enable leadership to actively steer decisions, make trade-offs and set priorities. This will create the alignment required for the teams that are working on the strategic initiatives to operate and drive success independently at high pace. The establishment of the Lean Agile Centre of Excellence, the Robotics COE and Scaled agile in SGT in capability areas will be key in our response to business agility and speed in future-fit product development.
- Monitoring and measuring the value creation of the implementation is of utmost importance and will be done on an ongoing basis by the new Strategy & Impact Office (SIO). Progress against the strategic ambition will be tracked by frequent measurement of key performance indicators. The SIO will monitor and track the execution of strategic initiatives and facilitate the timeous resolution of issues. It will also identify additional opportunities for value creation by monitoring external and internal trends/events.
- To create the flexibility required from our technology platform we are creating a Business-Led Modular Technology and Data Platform. The newly created SGT will be responsible for this. Ongoing projects by the SGT are removing technology and platform duplication, as well as product and technology simplification using future best-of-breed platforms for customer engagement, product technology and data management. At the same time the Sanlam BI initiative (SBI) is expanding the foundational blocks, and already extracting significant value on propensity, experience and retention insights. This continues to enable the use of data to gain insights across a broad spectrum as well as the ability to measure changes at a more granular level.

Clusters impacted

SLS SIG SEM SNT

Stakeholders impacted

Understanding our strategic risks and opportunities continued

Cyber-risk

Cyber-risk includes various risks related to digitised information, the supporting information technology infrastructure and increasing digitisation of all channels. New threats such as cyber-hurricanes, increasing reputational risk and tougher data regulation mean that the threat of cyberattacks is escalating.

Protecting against attacks demands more timely and effective risk intelligence, understanding the constantly morphing nature of the threats, developing the ability to detect anomalous behaviour of network software, improving users' security awareness and improving understanding of the crown jewels (critical data and systems) most at risk. Lasting damage is reputational and could be caused in a wide number of ways, the most prevalent being the theft or ransom of sensitive client data, the corruption of insurers' databases, fraud or the theft of intellectual property.

COVID-19 introduced additional cyber-risk through employees working from home for prolonged periods of time and connecting remotely to the Sanlam network. If users do not apply similar standards to those applied in the office they become more susceptible to phishing and other cyberattacks. This in turn exposes Sanlam's network.

Mitigating actions

- The Group IT Steering committee oversees the response to cyber-risk by executing the cyber-resilience strategy through a dedicated sub-committee. The control gaps and risks that were identified during the assessments that were conducted during 2020 are addressed in the actions and priorities that were set in the Group Cyber and Information Security Strategic plan for 2021 to 2023. The focus areas of this plan were discussed at the Q1 Cyber and Information Security sub-committee and at an Information Security Officer (ISO) Strategic Planning session that was facilitated by the Group Information Security programme.
- The second round of crown jewels risk assessments were completed, and results reported to the Cyber sub-committee. Each business ISO has drafted a plan of action to address the issues that were identified during their crown jewel assessments. The Group Information Security programme will drive the initiatives to address the common themes identified during these risk assessments, and it will standardise and track the progress feedback of the individual business units.
- The Cybersecurity Standards that support the Sanlam Cybersecurity policy have been updated to the format of the new policy framework and will be implemented during 2021.
- The Cyber-resilience sub-committee of the South African Reserve Bank (SARB) has started an initiative to map local financial industry infrastructure. It completed banking and payment system mapping in 2020 and is now engaging with the Association for Savings and Investment South Africa (ASISA) and South African Insurance Association (SAIA) to map the investment and insurance environments. Having this consolidated view should enable the South African financial sector to understand the systemic impact of cyber-events better and hopefully lead to more meaningful industry cybersimulation exercises.

Clusters impacted

SLS SIG SEM SNT

Stakeholders impacted

HR scarcity and stretched resources

Employees in key talent segments are stretched due to operational, regulatory and competitive challenges. In South Africa sourcing key talent and particularly black talent remains challenging and this adds further strain to existing staff complements.

Similarly, SEM is faced with a lack of experienced in-country staff in specialist positions (e.g. finance, operations, actuarial, risk and HR) needed to comply with Sanlam's requirements while also responding to pressure from in-country governments to appoint local skills and competitors actively targeting staff. This is exacerbated by limitations on the deployment and secondment of talent from South Africa with the required industry experience.

The Group is also tracking and actively monitoring the impact on staff's mental and psychological wellbeing due to the extended periods working from home. There is also an increased risk of staff feeling disconnected from their colleagues which in turn may impact productivity.

Mitigating actions

- Exco decided in principle to lead the management of the top talent pool in the Group, ensuring better mobility and development of staff. Group HR is operationalising this decision and the business clusters also have talent management strategies in place.
- The introduction of Success Factors during 2020 brought improved talent attraction and people management processes into the Group. Employee engagement, motivation and retention should all be enhanced as the digital platform facilitates and drives better people practices and a significantly improved employee experience.
- In the shorter term, the following measures are in place: (a) Retention plans for key resources; (b) additional roles added to structures where a case is made for them; (c) increased use of consultants (both individual fixed-term contractors and consultancy firms); (d) rigorous identification of and focus on essential work as opposed to work less immediately urgent; and (e) increased accommodation of flexible work practices which drive motivation and productivity.
- Over the long term, the mitigation actions include the following: (a) Continued support of talent pipeline feeder programmes to build up capacity (i.e. graduate programmes; actuarial resourcing strategy, which includes our bursary programme, Data Academy, sponsorship of targeted university programmes, etc.); b) building the capability of resources internally through development interventions (the ELP (Executive Leadership programme) is one of the key interventions to build senior GM capability); (c) sharper focus on the talent management and succession process and the need to build succession pipelines, both internal and external; and (d) investing in automation and simplification of processes to free up capacity.
- Our remuneration policy is regularly challenged in trying to both attract and retain senior black staff and we are increasingly paying a premium. There is nonetheless a pleasing spike in interest from senior external talent in Sanlam. Sanlam is viewed as a stable, growing and dynamic organisation and as some of our competitors struggle, the interest in Sanlam has increased.
- A current area of focus is on our remuneration policy in certain parts of the Group and for key segments. Market benchmarking is being done at a more granular level as appropriate, to ensure proper competitiveness.
- Priority focus on the vesting of sound leadership competencies and organisational culture to maintain an environment conducive to personal growth and development to attract and retain high-quality resources.
- Increased effort by SEM specialist functions to train and develop in-country specialists to improve their skills.
- SEM HR assists subsidiaries in enhancing recruitment and selection processes and playing a stronger role whenever businesses appoint new people in critical vacancies (e.g. all shortlisted candidates for key positions are subjected to assessments and sign-off by SEM HR).
- Talent map per country, to identify local key talent pools in order to create proactive views of available in-country talent, to address the push by governments for employing local skills.
- Group is actively monitoring the work from home scenario and the related impact on staff's mental and psychological wellbeing. Management is also engaging with employees and teams on a regular basis regarding their wellbeing. Group HR has scheduled a number of wellness sessions which are open for all staff to attend. In addition, management is also encouraging staff to take leave where this might have been neglected.

Clusters impacted

SLS SIG SEM SNT

Stakeholders impacted

Understanding our strategic risks and opportunities continued

Simultaneous regulatory implementation and uncertainty

The Sanlam Group continues to operate under the ever-evolving requirements set out by diverse regulatory, legal and tax regimes. Ongoing regulatory reforms can have a material impact on Sanlam's businesses.

In South Africa considerable uncertainty still remains, especially in relation to further phases under market conduct regulations such as the Conduct of Financial Institutions Bill (CoFI Bill), RDR and other proposed policy directions under the National Social Security Scheme and National Health Insurance.

The implementation of the new regulatory regime for the financial services sector introduced by, inter alia, the Financial Sector Regulation Act and the Insurance Act implementation is well advanced. Financial Conglomerate supervision and Market Conduct regulation are the main outstanding issues, although it was confirmed by the Prudential Authority (PA) in December 2020 that the Sanlam Group would not be formally subjected to financial conglomerate supervision.

The conversion of Sanlam Life and all the other insurers in the Sanlam Group from registered to licensed insurers was completed by the PA with effect 1 July 2020. Sanlam Limited was formally licensed as the controlling company of Sanlam Limited Insurance Group in September 2020.

Sanlam continued to receive *ad hoc* information requests on a regular basis during 2020 (with short turnaround times to submit information) and submitted numerous applications and notifications to both the PA and the Financial Sector Conduct Authority (FSCA) for regulatory approvals. The PA/FSCA have conducted several on-site visits focusing on specific areas/themes during 2020 and the PA has provided a list of proposed visits in 2021.

National Treasury published a second draft of the CoFI Bill for public comment by November 2020 and expressed the intention to finalise the enactment of the CoFI Bill in 2021. Sanlam provided comments via ASISA on the CoFi Bill.

The release of IFRS 17, with an implementation date of 1 January 2023, requires significant investment in building new valuation models and accounting systems, data management as well as process optimisation across the Group. For SEM the number of insurers and stakeholders involved across multiple territories introduces further complexity to implement IFRS 17 for Sanlam.

The effort required to ensure the simultaneous implementation of the constant flow of new and updated regulatory measures is placing a huge strain on already stretched resources in the Group and significantly hampers our ability to invest (time/resources) on other business initiatives. The compliance date for the Protection of Personal Information Act (PoPIA) is set for 1 July 2021 and implementation efforts must be focused to ensure compliance by the due date.

Mitigating actions

- Risk is mitigated by taking a proactive approach in investigating and formulating views on all regulatory proposals facing the financial services industry.
- Sanlam monitors and influences events to the extent possible by participation in discussion with regulators, directly and through industry associations (e.g. ASISA) and NEDLAC.
- All South African-based clusters are continuously re-evaluating their business models and distribution to align with and obtain a competitive advantage in a changing regulatory environment (e.g. post-RDR implementation).
- Using consultants to assist with regulatory requests where we do not have resources/capacity internally.
- Group-wide co-ordination, through a dedicated resource in each cluster, of implementation effort to achieve economies of scale, and a consistent approach.
- The Group's IFRS 17 programme remains on track to ensure Sanlam will be able to comply with IFRS 17 well in advance of the effective date. Progress reports are tabled with the Sanlam Audit committee on a quarterly basis. Sanlam is also participating via a number of industry forums, such as ASISA and the South African Institute of Chartered Accountants (SAICA), to influence industry interpretation of the standard.
- Sanlam was formally licensed by the PA as the controlling company of an insurance group in October 2020 and continues to engage with the PA to ensure compliance with the requirements under Group supervision.
- Implementation projects are in place across all of the South African-based clusters regarding PoPIA and it is foreseen that the compliance date will be achieved.

Clusters impacted

SLS SIG SEM SNT

Stakeholders impacted

Diversified growth initiatives

SEM's strategic objective over the next four years is to become a true Pan-African Champion and to strengthen our position in India (with the ambition to be a Top 3 insurance company in all our chosen markets and segments and to more than double our GEV by 2025).

Becoming a Pan-African champion requires SEM to deliver on four strategic pillars:

- Deliver value from Saham
- Build scale where it matters
- Explore new markets
- Strengthen our position in India

In order to reduce the risk of not achieving these objectives (in addition to driving initiatives and monitoring KPIs), the SEM Group Office (support functions) has five clearly defined roles:

- Manage interface with Sanlam Group and other business clusters: Leveraging opportunities at a Sanlam Group level to positively impact the growth or operations for SEM
- Steer cluster strategy, set standards and monitor cluster performance: Defining and steering strategic ambitions, setting Group principles and monitoring performance and compliance across sub-clusters and regions
- Provide operational support: For projects where each sub-cluster or region drives the conceptualisation and implementation, as well as *ad hoc* requests, acting as a topic expert giving guidance and support to regions and sub-clusters
- Drive Group-led priorities: For clearly defined topics, driving processes from start to finish and allocating SEM office resources to execute to successful completion
- Enable cross-country or cross-sub-cluster synergies: In the case of strategic projects that affect multiple regions or sub-clusters, leveraging the overall portfolio view to drive conceptualisation and facilitate or co-ordinate implementation to realise synergies

Mitigating actions

- SEM has expanded capacity and breadth of skills in some areas to help cope with the increased support requirements. Concerted effort is focused on recruiting more experienced and skilled staff at senior level in-country. However, it should be noted that the staff is still extremely stretched and under significant pressure. The Sanlam Code of Ethical Conduct (Code) is annually reinforced through the risk appetite process.
- Standardisation of insurance platforms enables central governance, standardised functionality and sharing of costs.
- We have set appropriate hurdle rates for capital invested across emerging markets, to compensate Sanlam for the associated political, economic and business risks.
- Via the SEM Estate and Alco committee, there has been a big focus on the investment strategy and significant assets across the portfolio. This includes, amongst others, the float strategy in Morocco and properties in Morocco and Côte d'Ivoire. As the opportunities arise, we continue to exit non-core assets.
- SEM performs balance sheet reviews and analyses across the portfolio to safeguard assets. This includes ensuring that appropriate assets are invested to support capital and identifying mismatching of liabilities.

Clusters impacted

SEM

Stakeholders impacted

Understanding our strategic risks and opportunities continued

Transformation, diversity and inclusion

Transformation challenges and the changing demographics have become more challenging. Our B-BBEE Level status, our empowerment transaction and our continued improvement at becoming more representative in management layers are all indicators of progress with transformation, diversity and inclusion.

However, the imminent Employment Equity (EE) Amendment Bill will result in mandatory EE sector targets that are much higher than the current EE targets organisations set for themselves as per the EE Act. This will result in stretched targets which will need to be achieved between 2020 and 2024. Failure to be compliant will result in potential loss of business and potential fines.

Management has conducted the scenario analysis to determine the gaps, and revision of the strategies is in progress. We are involved in the consultations with the DOE and remain focused on staying relevant and vigilant to the regulatory pressures in the amendments to the B-BBEE codes (South African focus).

Mitigating actions

- Appointment of new black Group Exco members, a move which signals transformation is being led from the top.
- Contracted delivery by businesses on recruitment ratios which are designed to shift our internal leadership demographics. Cluster talent review processes are being enhanced as an input into this process and bi-annual discussions on top talent have commenced but remain a work in progress.
- Targeted recruitment strategies and participation in industry and societal initiatives (participation in the YES programme and in a variety of internship initiatives, as examples).
- The Sanlam Data Academy, aimed at recruiting and training young graduates in technical, data, analytical and business skills over a two-year period is progressing successfully and is now being opened to internal staff with the second intake of 20 people to start beginning of 2021.
- Adherence to the Group Language policy.
- Introduction of further diversity and inclusion initiatives across the Group.
- Sanlam/Santam Enterprise and Supplier Development Programme in partnership with ASISA.

Clusters impacted

SLS SIG SEM SNT

Stakeholders impacted

Political and social instability

Instability has become a staple feature of South Africa's socio-political and economic environment with the trend increasing on a year-on-year basis. The phenomenon is fuelled by income inequality, unemployment and poor service delivery.

Government took decisive action to prepare the country to deal with COVID-19, which strengthened its credibility significantly. However, the economic consequences of these actions will not only lead to further job losses and inequality but will also force government to take action to rescue its fiscal path. If taken, these actions will be unpopular and may lead to increased social instability, directly impacting government's efficiency and effectiveness in developing and implementing policies to manage the fiscus.

SEM is invested in several economically and politically unstable countries, which can give rise to unintended consequences and risk.

Mitigating actions

- Sanlam participates on different levels in engagement between business, labour, government and society.
- Contribution of over R1 billion in COVID-19 relief initiatives together with the Motsepe Foundation and the companies associated with it.
- The Sanlam clusters operate in line with the relevant regulations and contribute to initiatives such as the YES campaign.
- Sanlam Foundation is actively working on consumer financial education programmes to improve financial literacy in communities.
- Sanlam is working on a number of projects termed SA Inc. projects aimed at rejuvenating the economy, and contributing to the social and economic environment.
- SEM continuously monitors the political, economic and regulatory environments within which it operates. The cluster is strengthening its compliance capabilities to reduce the risk of non-compliance and improving its ability to deal with regulatory change. Ongoing and proactive engagement with in-country regulators/authorities helps to build and maintain positive relationships.

Clusters impacted

SLS SIG SEM SNT

Stakeholders impacted

Severe weather/climate change

Climate change risk is becoming increasingly apparent and receiving growing investor attention. It is therefore increasingly important that Sanlam understands how climate change can affect business performance.

National Treasury released a draft technical paper in May 2020 ("Financing a Sustainable Economy"). In this paper, they propose several actions for the financial services sector and the expectation is that the following will be started between 2020 and 2025:

- Regulators and industry to co-develop or adopt technical guidance, standards and norms for use across all financial sectors to identify, monitor and report, and mitigate their environmental and social risks. These include climate-related risks at portfolio and transaction level. These should include environmental and social risk management frameworks, the use of science-based methodologies and the incorporation of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations;
- Develop a benchmark climate risk scenario for use in stress tests by the sector;
- Develop or adopt a taxonomy for green, social and sustainable finance initiatives, consistent with international developments, to build credibility, foster investment and enable effective monitoring and disclosure of performance;
- Include disclosure of progress in environmental and social risk management, including climate risks, in supervision activities carried out by the PA and FSCA; and
- Incorporate voluntary codes of principles, or acknowledged benchmarks for good practice, into regulatory regimes.

This signals a move from voluntary to compulsory disclosure.

Mitigating actions

- Sanlam joined ClimateWise and is also looking at how to meet the TCFD recommendations in a pragmatic way. These recommendations provide an international framework to translate information about climate change into financial metrics.
- Sanlam has been in partnership with WWF-SA for 13 years and contributed a total of R75 million.
- Sanlam and Santam set reduction targets to support carbon footprint and water usage management across main office buildings. Carbon emissions, electricity and water consumption, and waste generation are measured, monitored and reported against set targets annually. Sanlam has submitted its environmental performance data to the CDP since 2007.
- The expansion into credit assets means that Sanlam is investing more in longer-term infrastructure projects, such as renewable energy.
- Santam partners with municipalities across South Africa to manage fire and flood risks. Santam was the first African insurer to mobilise the short-term insurance industry in response to increasing climate and weather-related risk to address this need – a gap that can be termed "the risk protection gap".
- Co-ordinated Group approach towards ESG reporting.

Clusters impacted

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Stakeholders impacted

Understanding our strategic risks and opportunities continued

Operational risks

The risks associated with the clusters' day-to-day operations inform the bottom-up approach to risk management. The maintenance of risk registers and reports in each area controls this process. Risk registers are aggregated and reviewed by each cluster's finance and risk committees or forums. Significant and emerging risks are escalated to Group level for consideration. The following are the key bottom-up risks facing the Group's business units and clusters:

Rank	Descriptors	Trend
1	Poor economic growth leads to challenging trading conditions making it difficult to maintain profit margins (particularly in light of ever increasing competition and upward pressures on the cost basis). COVID-19 has increased the risk of extended poor economic performance in markets.	^
2	Market risk arises from negative market movements or volatility of financial instrument market prices of (including interest and exchange rate movements), negatively impacting profitability. This includes the potential for poor investment product performance. COVID-19 is adversely affecting global markets.	>
3	Credit risk relates to the failure of a big South African bank, the failure of government or a government-related institution. Lockdown measures imposed as a result of COVID-19 placed cash flow pressure on various companies and state-owned enterprises. This increases the risk of credit defaults and requests for credit indulgences.	>
4	Strained resource capacity, particularly in management, key employees and specialist functionaries with specific Sanlam and industry knowledge and expertise. This is due to the implementation demands related to strategic change initiatives and support capabilities while maintaining operational efficiency. COVID-19 has forced employees to work from home, which may adversely impact long-term performance.	^
5	Loss of accuracy, confidentiality, availability and integrity of critical information including exposure to cyber-risk. This risk has been heightened by COVID-19.	^
6	If regulatory changes and requirements are not implemented in a timely manner it could increase the risk of non-compliance.	>

Our governance approach to manage risks

The Board is ultimately responsible for overseeing risk management. The Risk and Compliance committee is mandated by the Board to advise and assist with the design and implementation of Sanlam's Group risk assurance framework and responsibilities. Therefore, the Risk and Compliance committee takes responsibility for approving the risk appetite and level of risk tolerance for the Group for recommendation to the Board, and monitoring the implementation of the Group risk assurance framework and supporting policies.

A comprehensive and mature enterprise risk management framework is in place, with appropriate risk escalation processes from a business unit to Group level. The enterprise risk management framework is reviewed annually. Sanlam's risk appetite statement is the key mechanism through which limits are set for material risk categories such as:

- strategic risk;
- capital and solvency risks;
- market risk;
- credit risk;
- liquidity risk;
- insurance risk (life and general insurance);
- operational risk; and
- conduct risk.

Risk management through the ORSA process

The Own Risk and Solvency Assessment (ORSA) is an overarching process that brings together the results from various processes embedded at the Group and cluster level as part of the Group enterprise risk management framework. The ORSA process consolidates the various outputs and provides an analysis of the risk capital required to be held in respect of the Group's risks, both currently and over the business planning horizon. The risk and capital assessments in the ORSA take account of Sanlam's risk profile, approved risk appetite and business strategy.

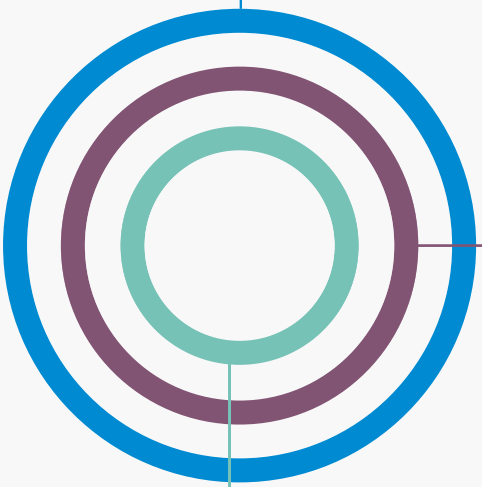
The Group risk function manages the ORSA process and drafts a quarterly Group ORSA Update report, which covers assessments and analysis of the Group's top-down strategic risks, bottom-up operational risks, risk profile, approved risk appetite, corporate credit risk, liquidity risk, current and projected capital and solvency positions, stress and scenario testing, and projections over the business planning horizon. After management review, the report is tabled at the next Sanlam Risk and Compliance committee and Board meetings.

The Group risk function is also responsible to draft the annual Group supervisory ORSA report in accordance with the requirements under the Prudential Standards. The Group supervisory ORSA report is discussed by management and recommended to the Board for approval before submission to the PA.

The Group ORSA process is well established and supported by parallel ORSA processes at cluster level. All clusters report on assessments of the cluster's strategic risks, top bottom-up risks, risk profile, risk appetite, emerging risks, issues as well as solvency, stress and scenario testing with forward-looking projections.

In response to significant market volatility and the announcement of a national government lockdown towards the end of March 2020, we introduced more frequent out-of-cycle ORSAs to assess the financial, insurance and operational risks to the Group. Initially weekly out-of-cycle ORSA updates were provided. Following the successful move to work-from-home operations and reduced market volatility, the frequency of these out-of-cycle ORSAs was reduced to bi-weekly and thereafter to monthly.

The Sanlam Board adopted the three lines of defence model for managing risks. This model defines the roles, responsibilities and accountabilities for managing, reporting and escalating risks and other matters throughout the Group. The model incorporates the oversight, management and assurance of risk management, essentially giving three independent views of risk. This approach ensures that risk management is embedded in the culture and daily activities of business units and provides assurance to the Board and Group Exco that risks are managed effectively.



- First line of defence
- Second line of defence
- Third line of defence

1

- Group Chief Executive and the Group Exco
- Risk-taking business units within the clusters

Roles and responsibilities

Doing and recording

Delegated Board authority to:

- develop and implement strategy;
- measure and manage performance; and
- implement internal control and risk management framework within agreed risk appetite.

Assurance: management based

2

- Risk management and compliance functions within the clusters, with reporting to the Sanlam Group risk management function

Roles and responsibilities

Internal verification

Objective oversight of risks. Key activities include:

- designing and deploying the overall risk management framework;
- developing and monitoring policies and procedures; and
- monitoring adherence to framework and strategy.

Assurance: risk and compliance based

3

- The Sanlam Board's mandated committees:
  - Risk and Compliance
  - Audit, Actuarial and Finance
- Internal and external assurance

Roles and responsibilities

Independent verification

Independent and objective assurance over the effectiveness of corporate standards and compliance:

- Assurance that the risk management process is functioning as designed
- Identifies improvement opportunities

Assurance: independent based

Understanding our strategic risks and opportunities continued

Risk categorisation and classification ensure that we have an effective and comprehensive risk management system. The taxonomy is summarised as follows:

Level 1 risk categories	Level 2 risk categories include a detailed breakdown of level 1 risks	For each level 2 risk, the relevant policies are listed	For each level 2 risk, the second line of defence oversight body is identified	For each level 2 risk, the Group risk oversight responsibilities are set out in detail
Example: operational, market, credit, conduct, strategic and other risks	Example: currency, property, settlement and process risk	Example: investment, outsourcing, cyber and life underwriting risk policies	Example: the compliance function or estate committees	Example: IT infrastructure and cyber-risks are monitored and reported by the Group Technology Infrastructure, Audit, Actuarial and Finance, and Risk and Compliance committees. Oversight of IT governance is performed by the Risk and Compliance committee by following a risk-based approach.

The Sanlam Board determines the risk strategy, risk appetite and policy

The following diagram depicts the flow of risk management information from the individual business units to Sanlam Limited:

Sanlam Board committees

- **Audit, Actuarial and Finance**
- **Risk and Compliance**
- **Human Resources and Remuneration**
- **Nominations**
- **Non-Executive Directors**
- **Customer Interest**
- **Social, Ethics and Sustainability**
- **Independent Non-Executive**

Sanlam Limited and Compliance committee: assists Sanlam Limited in fulfilling its responsibilities

Sanlam Limited: responsible for the Group's risk management framework and policy, as well as monitoring the effectiveness and disclosure thereof, in accordance with best practice

Sanlam Group

Sanlam Group Exco: as the Sanlam Board's overseer, responsible for ensuring that the businesses achieve optimal risk-adjusted returns

Group risk management: develops Group risk management framework, policy and guidelines for approval by the Sanlam Limited Board, co-ordinates reporting responsibilities and improves risk management across the Group

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Business and sub-business level risk management: identifies and manages risks faced by the business

Business level management committees: additional committees that may be established by a business to assist their executive committees in certain areas of risk management

Business level Risk and/ or Audit committee/ forum: assists the business level board in fulfilling its responsibilities to Sanlam Limited

There were no material breaches of our risk appetite statement. Read more about the role and focus areas of the Risk and Compliance committee in the online Corporate Governance Report.

The Sanlam Board and committees are ultimately accountable for risk management within the Group

Control functions such as the Group compliance forum form an integral part of the line 2 risk oversight model. Each of the control functions contributes to robust Group oversight.

The Group risk management function is at the core of line 2 risk management oversight.

Specialist risk committees and centres of excellence provide varying degrees of line 2 risk management oversight.

The cluster risk management teams provide the bottom-up risk management support to the Group risk management function, performing line 2 risk management.

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Our operating context

Global economy

The estimated fall in global real GDP of -3,5% in 2020, due to widespread COVID-19-related economic restrictions, was the sharpest since World War II. The decline was, however, concentrated in 1H20 as extraordinarily large fiscal and monetary policy support programmes, notably in developed markets (DM), together with easing COVID-19-related economic restrictions, induced a rebound in global economic activity in the latter half of the year.

Apart from government spending and automatic revenue stabilisers, fiscal support packages included loans, equity injections and guarantees. In addition to expansionary monetary policy in the form of interest rate cuts and quantitative easing, these programmes provided income support, kept credit lines open, eased financial market conditions and supported a swift recovery in global equity markets.

Although supply disruptions initially induced upward pressure on prices, the annual advance in global inflation was still low at year-end. This allowed central banks to maintain loose monetary conditions. At the conclusion of its December 2020 Federal Open Market committee meeting, the US Federal Reserve reiterated its intention to maintain the federal funds target range at 0 to 1/4 percent until maximum employment is reached and inflation is on course to "moderately exceed 2 percent for some time".

In response, the US Federal Reserve's five-year forward inflation expectations rate increased to 2% by end December 2020, from below 1% in March 2020. This commitment to an inflation rate above the Federal Reserve's inflation target was one of the catalysts for significant US dollar depreciation in the latter half of the year.

A notable feature of the global economic policy response to COVID-19 is the increasing use of central bank balance sheets amongst emerging market (EM) economies. In numerous countries, including South Africa, interventions were limited and aimed at ensuring the continued smooth functioning of debt markets. In some EM economies, though, central banks held a relatively high portion of outstanding government debt issuance by year-end 2020.

The resurgence in COVID-19 infections around the globe late in 2020 accentuated the uneven nature of the economic recovery. The economies of Asia generally fared relatively better in containing infections and maintaining growth momentum. But, whereas China's strong growth recovery commenced in 2Q20 and continued through the remainder of the year, Euro area data points to an outright contraction in economic activity in 4Q20 in response to renewed COVID-19-related restrictions.

Countries that reintroduced stringent economic lockdown measures towards the end of 2020 include the United Kingdom (UK). This development is expected to weigh heavily on the country's real GDP momentum the first quarter of 2021.

The UK nonetheless avoided a disorderly exit from the EU at year-end, as a tariff and quota-free trade agreement was signed between the two parties. In effect, the UK has left the customs union and single market, but a hard border between Northern Ireland and the Republic of Ireland has been avoided with Northern Ireland remaining in the EU single market for goods.

In 2021, global growth momentum is expected to lift following a significant slowdown in the first quarter, given less stringent economic restrictions, additional fiscal policy stimulus in the US and continued monetary policy support. In aggregate, global real GDP is expected to advance by more than 5% this year.

South Africa

Real GDP contracted by -51,7% seasonally adjusted and annualised in 2Q20, as economic lockdown measures temporarily shut down most production.

Monetary policy support included easing of bank regulations aimed at maintaining credit extension, a cumulative 300bp cut in the Reserve Bank's repo rate and central bank purchases of government bonds.

Further, a fiscal support programme (10% of GDP) included tax breaks and deferrals, reprioritised expenditure (including healthcare and a temporary increase in social grants), spending on job creation initiatives and a lending guarantee scheme administered by commercial banks. The Unemployment Insurance Fund (UIF) was utilised to support the Temporary Employee/Employer Relief Scheme (TERS) for businesses unable to pay salaries due to restrictions on activity.

Together, the easing of restrictions and the macroeconomic support programme underpinned a 66,1% seasonally adjusted and annualised bounce in real GDP in 3Q20. However, parts of the services sector, including tourism, lagged, indicating that the economic recovery is incomplete.

Moreover, the decline in activity in 2020 was accompanied by extensive weakness in the labour market. Following the loss of 2,1 million jobs in 2Q20, only 543 000 jobs were added in 3Q20.

A downturn in corporate profits is evident in South Africa's total gross operating surplus, which fell -5,3% in the first three quarters of 2020, compared with the same period a year earlier. Concomitantly, the earnings of the JSE/FTSE All Share Index decreased -26,3% in the year to December. The All Share Index nonetheless recorded a positive total return of +7,0% in local currency. This performance was driven by the mining sector, as the JSE Africa Resources 10 Price Index increased +16,9% in 2020 and yielded a total return in domestic currency of +21,1%. The FINDI 30 Index increased +2,7% in the year and yielded a total return of +5,0% in domestic currency.

However, South Africa's weak fiscal position deteriorated further in fiscal year 2020/21. Recent revenue statements suggest the decrease in government revenue is likely to be less severe than initially thought. Nonetheless, the budget deficit for 2020/21 is still expected to be in double digit territory, leaving the government's debt ratio at around 80% of GDP at the end of the current fiscal year.

Our operating context continued

Meanwhile, inflation remained well contained through 2020, averaging 3,3%, while inflation expectations, as measured by the Reserve Bank's inflation expectations survey, declined.

South Africa illustrated its commitment to maintaining low inflation when the Minister of Finance and Governor of the Reserve Bank signed a Letter of Intent, including the stated intention to pursue an inflation target of close to 4,5%, when the country applied for an SDR3051,2 million loan from the IMF in July 2020.

In turn, the IMF loan, under its Rapid Financing Instrument, helped ease pressure on South Africa's balance of payments position, contributing to stabilisation of the rand. After persistent depreciation over the first quarter, the currency appreciated markedly through the remainder of 2020, ending the year at US$/R14,69. This level was nonetheless still weaker than its level of US$/R14 at end 2019.

Despite unfavourable fiscal dynamics, the intervention of the Reserve Bank helped stabilise the debt market after a sharp increase in bond yields in March 2020. And, against the background of sustained low inflation, the All Bond Index yielded a total return of +8,7% in local currency in 2020.

Looking ahead, following an estimated contraction of -7,0% in 2020, real GDP is expected to increase by 3,5% in 2021, due to less stringent economic restrictions, firmer external demand and the nascent increase in South Africa's terms of trade.

Sub-Saharan Africa, excluding South Africa

Although recorded COVID-19 infections were low in sub-Saharan Africa (SSA) relative to the rest of the world, restrictions on economic activity were implemented widely across the region in 1H20.

Many SSA economies encountered significant balance of payments pressure in addition to economic contractions during the first wave of the pandemic. But, following the loosening of DM monetary policy, in addition to assistance from the G20 Debt Service Suspension Initiative (DSSI), the IMF, the World Bank and other multilateral institutions, SSA economies stabilised in 2H20. Their currencies firmed, sovereign debt spreads declined and confidence in future growth prospects improved.

Still, debt dynamics deteriorated further. Fiscal measures, implemented in response to the pandemic, exacerbated trends in fiscal policy that were already unfavourable. Accordingly, risk remained elevated in some economies.

Despite weakening fiscal positions and depreciating currencies, SSA central banks focused on the unfolding economic downturn, cutting their policy interest rates, while allowing currencies to act as shock absorbers. In some instances interest rates were cut even though inflation was elevated, for example in Nigeria and Zambia. In others, central bank balance sheets were utilised to help fund pandemic-related spending, including Ghana and Mauritius, where a collapse in tourism receipts weighed heavily on GDP.

In addition to the pandemic-related downturn, the fall in oil prices and production cuts impacted negatively on oil exporters, including Angola and Nigeria.

In Angola, where real GDP fell by an estimated -4,3% in 2020, currency weakness was accompanied by elevated inflation levels. This constrained the ability of the National Bank of Angola to ease monetary policy in order to mitigate downward pressure on the domestic economy. The central bank's Basic Reference Rate ended 2020 at 15,5%, unchanged from its end 2019 level.

The elevated spread on the country's Eurobond revealed concern about Angola's fiscal position, with general government gross debt exceeding 120% of GDP by end 2020. At least, Angola has committed to economic reform and the IMF noted in its January 2021 Fourth Review of the Extended Fund Facility Arrangement for the country that debt reprofiling agreements reached with creditors and the extension of the DSSI to end June 2021 will "provide significant debt-service relief and help reduce risks related to debt sustainability".

Higher oil prices should underpin an improvement in Angola's terms of trade, but real GDP growth is only expected to increase modestly by 1,9% in 2021. Firmer long-term growth forecasts are dependent on fiscal stabilisation and financial sector reform, including the restructuring of ailing banks.

In Nigeria, where the naira was devalued in March and July 2020, inflation remained in double digits, well above the central bank's inflation target range of 6% to 9%. Even so, the monetary authorities cut the policy interest rate by a cumulative 200bp in 2020.

Business conditions improved in 2H20, but a renewed increase in COVID-19 infections towards year-end is expected to dampen activity early in 2021. Following an estimated contraction of -3,6% in 2020, Nigeria's economy is expected to record moderate positive growth of 1,8% in 2021, given higher oil prices.

Nigeria's 10-year bond spread fell markedly in 2020, following an initial spike during the first wave of the pandemic, as external investors sought yield once EM economies stabilised and DM central banks loosened policy. Nigeria has a relatively low level of government debt, although it has a high level of interest payments relative to its narrow revenue base. At the same time, its balance of payments was supported by multilateral lending, including an SDR2454,5 million disbursement from the IMF under its Rapid Financing Instrument in April 2020. However, foreign exchange shortages were reported and the parallel exchange rate traded substantially weaker than the official naira exchange rate by year-end.

Despite its weak economy, Nigeria's equity market delivered a positive total return of +48,0% in US dollar in 2020.

Amongst other SSA commodity producers Botswana was severely impacted by falling demand for diamonds and lower tourism receipts. Real GDP is expected to contract by -9,5% in 2020.

Support measures provided for by the country's COVID-19 Relief Fund, included wage subsidies, tax deferrals and a government loan guarantee scheme, which was partially financed by commercial banks. Against the background of an estimated fiscal deficit of -9,4% of GDP in 2020, in addition to a weakened external position due to sharply lower diamond sales, Standard and Poor's downgraded the country's sovereign rating for long-term foreign and local currency bonds to BBB+ from A- with a stable outlook in March 2020. The outlook was subsequently revised to negative in September 2020.

Botswana's equity market recorded a negative total return of -5,3% in US dollar in 2020.

Looking ahead, even though Botswana's government re-imposed COVID-19-related economic restrictions late in 2020, an expected increase in diamond sales, firmer tourism demand and the lagged impact of the 100bp decrease in the Bank of Botswana's policy interest rate through last year is expected to lift activity in 2021. Strong real GDP growth of 8,1% is forecast for the year.

In Zambia, COVID-19-related economic restrictions were relatively less severe. Even so, the pandemic exacerbated Zambia's already weak economic conditions reflecting low commodity export prices, electricity supply shortages and a deteriorating fiscal position.

Pandemic-related fiscal support kept the budget deficit wide and general government gross debt ended 2020 at an estimated 120% of GDP. After Zambia missed an interest payment and suspended debt service payments to external commercial creditors, Standard and Poor's reduced its foreign currency credit rating to selective default in October 2020.

The Zambian kwacha also depreciated through 2020 as the Bank of Zambia cut its policy interest rate materially by a cumulative 350bp to 8,00% in 2020, despite high inflation in excess of its inflation target and an unsustainable fiscal position.

Zambia's macroeconomic and financial stability risk is high and growth is expected to be soft at 1,0% in 2021, following a contraction of -4% in 2020.

In the Common Monetary Area, weakness in economic activity induced by the pandemic was broad-based amongst sectors in Namibia in 2020. Real GDP contracted by an estimated -6,5%.

Economic weakness was reflected in the country's equity market, which yielded a negative total return of -6,4% in US dollar in 2020.

In April 2020, the government implemented the Economic Stimulus and Relief Package, including additional health expenditure, wage subsidies, income grants and guarantees, which underpinned low interest rate loans. Together with the easing of Namibia's lockdown restrictions this prompted a relative improvement in activity in 3Q20, supported by increased mining production.

Given higher commodity export prices and the lagged impact of last year's cumulative 275bp decrease in the Bank of Namibia's repo rate in 2020, real GDP growth is expected to increase by 3,0% in 2021, following a contraction of -6,5% in 2020.

Recovery in the level of activity back to its pre-pandemic level is nonetheless likely to be slow, partially due to Namibia's unsustainable fiscal dynamics. Government debt amounted to 60,7% of GDP at end September 2020. Fiscal consolidation in Namibia over the medium term is expected to include lower government expenditure. But, given the elevated level of real interest rates on government debt, GDP growth must lift meaningfully to stabilise the debt ratio.

In Mozambique, economic activity was partially supported in 2020 by government consumption spending, but, overall, amidst a severe contraction in fixed investment, real GDP is estimated to have declined -0,6%.

Although benefiting from the DSSI, Mozambique's debt level remains a focal point. Public debt amounted to an estimated 120% of GDP by end 2020 and is expected to remain elevated above this level in 2021, posing financing risk.

From a long-term perspective, development of Mozambique's gas reserves is expected to lift economic activity substantially, although security concerns have prompted delays in large-scale Liquefied Natural Gas investment spending.

In East Africa, a region known for its elevated growth rates prior to the pandemic, relatively stringent COVID-19-related economic restrictions were imposed on economic activity towards the end of 1Q20.

In Kenya, agriculture production held up, while credit extension was buoyant, underpinned by the repeal of the interest rate cap on banks' lending rates in late 2019. However, social distancing and the adverse impact of the pandemic on tourism restricted real GDP growth to an estimated 0,8% in 2020.

Inflation remained within the Central Bank of Kenya's inflation target range and the monetary authorities cut the policy interest rate by a cumulative 150bp in 2020. Further, fiscal support included spending on health care and social protection, a youth employment scheme, a credit guarantee facility and temporary decreases in the corporate income tax rate, the top PAYE rate and VAT.

Balance of payments pressure was also eased when Kenya gained access to SDR542,8 million through the IMF's Rapid Credit Facility in May 2020.

As a result, economic activity improved towards year-end despite a resurgence in COVID-19 infections, while a sustained high level of government spending and the initiation of a COVID-19 vaccination programme in 1Q21 is expected to support economic activity in 2021, lifting real GDP growth to 4,8%.

Although persistent high budget deficits and an increased risk of fiscal distress remain a concern, Kenya negotiated the postponement of debt servicing costs from the Paris Club of international creditors and China early in 2021.

Our operating context continued

Elsewhere in East Africa, with restrictions on activity easing in 2H20, the economies of Uganda, Tanzania and Rwanda are expected to return to robust GDP growth trends from 2021, reflecting the regions favourable long-term human capital development trends.

However, despite the nascent improvement in the outlook, the equity markets of Kenya and Tanzania yielded negative total returns in US dollar of -10,7% and -7,5% respectively in 2020. Similarly, Uganda's Local Share Index delivered a negative total return of -5,1% in US dollar in 2020, while Rwanda's equity market yielded a positive total return of +2,88% in US dollar over the year.

In West Africa, where a number of countries have built strong growth track records in recent years, relatively stringent COVID-19-related economic restrictions were imposed during 1Q20, but were relaxed materially from mid-year.

In Côte d'Ivoire fiscal measures equating to 3,5% of GDP, including capital expenditure, were introduced to counter the impact of the pandemic. Economic activity began to improve from 3Q20, although activity softened in 4Q20, partly due to weaker cocoa exports. Côte d'Ivoire delivered one of the world's relatively better real GDP growth outcomes in 2020, advancing by an estimated 1,9%.

The IMF concluded its 7th and 8th reviews of the extended credit facility and extended fund facility arrangements for Côte d'Ivoire in late 2020 and lent support for the country's balance of payments. The Fund did nonetheless stress the importance of fiscal consolidation to reduce the fiscal deficit to -3% of GDP, which is the norm for West African Economic and Monetary Union countries, by 2023, from an estimated deficit in excess of -5% of GDP in 2020.

In 2021, robust real GDP growth of 6,3% is expected in Côte d'Ivoire, given less stringent economic lockdown measures and firmer demand for exports. Despite the better outlook, the equity index of the West Africa Stock Exchange (the BVRM Composite all listed company Index) yielded a negative total return of -8,7% in US dollar.

Ghana's economy gained traction in 4Q20, following declines in the first two quarters of the year. The country's purchasing manager's index was in expansionary territory in 4Q20 and gold production is increasing, while the services sector should respond to easing restrictions. Hence, solid real GDP growth is expected for the commodity producer in 2021.

However, the country's fiscal dynamics are unsustainable against the background of a poor revenue collection track record and high expenditure levels.

A combination of low interest rates, high inflation and questions around fiscal policy maintained pressure on the cedi through 1Q20, although the currency was reasonably stable thereafter as the IMF disbursed SDR738 million to Ghana in April 2020 under the Rapid Credit Facility.

At the same time, Ghana's equity market yielded a negative total return in US dollar of -13,9% over the year.

On balance, signs are emerging of an economic recovery in SSA in 2021, although activity patterns are uneven. Following an estimated decline of -2,9% in 2020, real GDP growth of 3,3% is expected for the region in 2021, with the economies of West Africa and East Africa delivering the strongest growth rates. However, downside risks linger due to uncertainty around the likely further development of the pandemic and related vaccination programmes.

Morocco

In Morocco, the economy contracted in 2020 against the background of a collapse in foreign tourism receipts, falling external demand goods and declining agricultural production. Moreover, Morocco's twin deficits widened significantly, while public sector debt increased to an estimated 77% of GDP by end 2020. To support its balance of payments Morocco drew on its US$3 billion Precautionary and Liquidity Line Arrangement with the IMF in April 2020.

During the first wave of the pandemic, Morocco established a fund to support the economy through income transfers to eligible temporarily unemployed workers, deferral of social contributions and deferral of income tax payments. And, given subdued inflation of less than 1%, the Bank Al-Maghrib cut its policy interest rate by 75bp to 1,50% in 2020.

In August 2020, additional measures aimed at driving economic recovery included credit guarantees and a fund to finance investment spending. Morocco also aims to provide COVID-19 vaccinations to 80% of its population over 18 years. These developments are expected to underpin a recovery in domestic demand, although tourism is likely to lag. On balance growth of 4,8% is expected in 2021, from -6,8% in 2020.

Meanwhile, Morocco's equity market was subdued in 2020, recording a modest total return of +2,4% in US dollar.

Lebanon

Lebanon's economy remains severely constrained. In October 2020, the IMF estimated real GDP would contract -25% in 2020, with inflation averaging 85,5%. Further, a sustained high government budget deficit increased the public debt ratio to an estimated 172% of GDP.

Amidst strict capital controls, the official currency peg was maintained against the backdrop of a deteriorating balance of payments position, leaving the Lebanese pound substantially overvalued at the end of 2020, implying a material risk of devaluation. However, considering the high level of foreign currency liabilities in the financial system, currency devaluation holds financial sector risk.

India and Malaysia

In India, the Reserve Bank of India (RBI) responded to the outbreak of the pandemic by cutting its repo rate 90bp in 2020, while the country's macroeconomic support package included liquidity support, credit guarantees and suspension of new insolvency proceedings. The central bank also purchased state government bonds.

Following a 68,4% seasonally adjusted and annualised fall in 2Q20, India's economy bounced strongly in 2H20 and the equity market yielded a positive total return in US dollar of +13,7% over the year.

Also, India's manufacturing and purchasing managers' indices were in expansionary territory in November 2020. India's COVID-19 vaccination programme should lend additional support to services activity.

Large foreign capital inflows resulted in a continued increase in India's foreign exchange reserves through 2020 and maintained a stable exchange rate against the US dollar. However, higher than expected inflation resulted in the RBI maintaining a relatively cautious approach. Still, the Governor's Statement, following the December 2020 RBI Monetary Policy committee meeting, indicated the central bank would maintain an accommodative stance "as long as necessary" (although bad debts may imply banks are reticent to lend).

On balance, real GDP is expected to increase 11,0% in 2021, following an estimated decline of -7,3% in 2020.

From a longer-term perspective, economic reforms, including steps to promote foreign direct investment, in addition to measures to broaden the tax base and consolidate fiscal policy (since general government debt is expected to amount to close to 90% of GDP by end 2020), are expected to underpin growth prospects – although fiscal targets in the years ahead have been "softened" to a degree.

In Malaysia, the economy was severely impacted as a stringent economic lockdown was imposed involving most sectors during the first wave of the pandemic. GDP fell by an estimated -5,4% in 2020. The weakness of the economy was accompanied by an outright fall in consumer prices, while unemployment increased significantly.

The equity market, however, delivered a positive total return of +7,5% in US dollar over the year.

Including its January 2020 interest rate cut, the Bank Negara Malaysia cut its Overnight Policy rate by a cumulative 125bp to 175bp in 2020. In addition to establishing a fund for working capital loan guarantees, the government introduced a range of fiscal stimulus packages through the year, which included healthcare expenditure, wage subsidies, cash transfers and social security support, temporary tax relief and a focus on infrastructure spending. The fiscal stimulus packages are expected to total RM55 billion over 2020/21, of which RM17 billion is to be spent in 2021.

After an estimated decline of -5,4% in 2020, a robust bounce of 7,0% is expected in real GDP in 2021, supported by exports and an improvement in domestic demand.

Regulation as an enabler of resilience

Evolving regulation shapes the environment within which we operate and compete. It is also linked to our ability to contribute to resilience and create value for stakeholders.

Regulation that supports the fair treatment of clients, fair competition between product providers, financial stability and the prevention of large-scale corporate failures contributes significantly to the trust clients have in the industry.

In South Africa, the regulatory agenda in the financial services sector has been dominated by the implementation of the Twin Peaks model, social security, transformation, the role of the state in the provision of financial services and financial inclusion. Intensifying risk related to financial crime, data privacy, cybersecurity and climate change further shapes the global and South African regulatory landscapes. Increased cross-border transactions as a result of globalisation and digitisation have also seen a drive towards global harmonisation in certain areas of regulation.

Sanlam is supportive of regulatory reform that empowers our stakeholders to be financially confident, secure and prosperous. We support regulators in developing tools and mechanisms that will ensure a more predictive response to the next potential crisis. We welcome the way in which this is evolving from being focused on client-centricity and capital and liquidity management, to also include increased sensitivity for the role of ethics, culture and related accountabilities.

We support the major regulatory developments in the financial services sector currently being implemented and considered. However, a consequence of the increased regulatory burden is significantly higher barriers of entry. While this benefits established groups such as Sanlam, we believe the industry benefits from strong competition. The current scale of regulatory reform also demands responsible, skilful and well-considered responses. This can affect management capacity, adding to real and opportunity cost in business.

The financial services industry is built on a business model that requires long-term valuations and assumptions. The uncertainty created by numerous and unco-ordinated regulatory proposals therefore impacts strategic decisions, investment choices, innovation and product design. We have a further concern that the number of concurrent initiatives create complexity and inter-dependencies that might result in unintended consequences not yet fully anticipated or mitigated.

Our operating context continued

South African regulatory developments impacting the financial sector relevant to Sanlam:

- A status update on the RDR proposal on TT: Special remuneration dispensation for the low-income market and the application of uncapped commission for micro-insurance and funeral businesses only
- The Financial Intelligence Centre (FIC) published a number of Public Compliance Communications relating to obligations arising from the FIC Amendment Act, 1 of 2017, which commenced on 2 October 2017
- The PA and the FSCA published a Joint Communication on 8 May 2020 to provide clarity on a number of issues related to funeral insurance business
- FSCA communication 47 of 2020 (relating to previously issued Directive 8 of 2018 and Communication 7 of 2019 to determine that Principal Officers (PO) of retirement funds may not be employed or remunerated by service providers to the funds) afforded service providers and funds until 28 February 2021 to comply
- The PA and FSCA published the Joint Standard on Fit and Proper Requirements for Significant Owners of Financial Institutions, effective 1 December 2020
- FSCA Conduct Standard 5 of 2020 published in October 2020, which prescribes the conditions with which a smoothed bonus policy must comply in order to meet the definition of "default investment portfolio" as defined in the regulations in terms of the Pension Funds Act, 24 of 1956 (Pension Funds Act)
- The PA published the financial conglomerate designation criteria for the designation of a financial conglomerate in terms of Section 160 of the FSR Act; the PA, in accordance with section 98 of the FSR Act, published draft Prudential Standards for financial conglomerates together with accompanying documents for public comment as required under the FSR Act
- Final amendments to the General Code of Conduct for authorised financial services providers and representatives, 2003
- Taxation Laws Amendment Act, 34 of 2019 and subsequent Draft Taxation Laws Amendment Bill, 2020
- National Treasury on 28 October 2020, published the first draft of the Financial Inclusion Policy Paper, *"An Inclusive Financial Sector For All"*

Second Draft of the CoFI Bill, 2020

A number of significant amendments were made to the second draft of the CoFI Bill during September 2020. The amendments include retaining the Collective Investments Schemes Act, 45 of 2002 and the Pension Funds Act. Sanlam provided extensive comment on the second draft of the Bill to ASISA and consolidated industry comment was submitted by ASISA to National Treasury during November 2020. Once enacted, the CoFI Act will have far reaching consequences across the financial services industry. The next draft of the CoFI Bill will be the one that is tabled in Parliament and the next opportunity for written comment will be a submission to Parliament. National Treasury have yet to communicate definitive timelines in this regard.

Other South African regulatory developments relevant to the industry

The COVID-19 pandemic and the subsequent national lockdown regulations resulted in the publication of a host of regulatory materials that provided guidance to regulated entities in the financial sector. The lockdown regulations deemed services necessary to maintain the functioning of a financial system as essential, meaning that, subject to certain conditions, certain essential staff continued working on-site during the lockdown. Some of the key regulatory materials include the following:

- An extension of period for compliance with various requirements related to submission of statutory returns (FSCA General Notice 1 of 2020)
- Section 13A of the Pension Funds Act and financially distressed employers in respect of the submission of urgent rule amendments to assist employers who are, as a result of the financial challenges brought about by COVID-19, unable to comply with the payment of contributions in terms of section 13A of the Pension Funds Act (FSCA Communication 11 of 2020 (RF))
- The FSCA provided guidance on the general expectations on regulated entities during the COVID-19 pandemic (FSCA Communication 12 of 2020 (General)). The communication informed regulated entities that they need to ensure they treat clients fairly during the pandemic and report any major risks, which could materially impact on fair outcomes to clients without delay
- FSCA INS Notice 7 of 2020 provided for an exemption that allowed certain long-term insurers to provide premium relief to policyholders
- Protection of Personal Information Act, 4 of 2013 (POPIA) Information Regulator Guidance Note: COVID-19

POPIA

POPIA was signed into law in 2013, but only became effective on 1 July 2020. POPIA aims to enhance the constitutionally entrenched right to privacy of data subjects while achieving a degree of harmonisation with foreign data privacy instruments such as the European Union's General Data Protection Regulation. All public and private bodies have been afforded a 12-month period to ensure full compliance with POPIA by 30 June 2021. It is important to note that it is not the effective date of POPIA that is delayed, but merely the enforcement date after which non-compliance will be sanctioned. All of the business clusters in the Sanlam Group have initiated projects to ensure compliance with POPIA by the June 2021 deadline. In addition to the final POPIA Regulations which were published in December 2018, the Information Regulator published:

- Draft guidelines for the drafting of codes of conduct under POPIA
- Draft guidelines for the registration of information officers

We await the finalised versions of the above guidelines, but the Information Regulatory has also indicated the intention to publish further guidelines before 30 June 2021.

SEM regulatory developments

- The Namibian Financial Institutions and Markets Bill was passed in the National Assembly on 12 March 2020 and, after being passed by the National Council and Parliament, the Bill is now awaiting the President's signature. Once signed into law, a phased implementation over a period of 12 months is expected.
- In the Conférence Interafricaine des Marchés d'Assurances (CIMA) region, the increased capital requirements (from 3 to 5 bn CFA) planned for 2021 was postponed to 2024 for non-life insurers and suspended for life insurers (unless there are changes in the life market).
- In Kenya, the Insurance (Amendment) Act, 2019, effective July 2019, deals with amongst others: (i) a clause on group-wide supervisions – the Insurance Regulatory Authority can write to any member of a group requesting information; (ii) forbids issuance of insurance cover without receipt of premiums; (iii) forbids collection of premiums on behalf of an insurer; and (iv) introduces various penalties of KShs200 000 and a further KShs10 000 for each day after the expiry of a prescribed period during which an insurer remains non-compliant with a provision of the Insurance Act. Due to legal action brought through the association of brokers, the whole of the implementation of the Amendment Act was suspended. The matter was scheduled to be heard on 24 February 2020, but has since been postponed indefinitely due to COVID-19.
- The Angolan Regulator has concluded a consultative process with regards to the new Insurance Law. The proposed legislation covers the following main areas: (i) General provisions on insurance and supervision; (ii) access to insurance; (iii) conditions for operating as an insurance or reinsurance company (including control functions); (iv) rescue and liquidation of insurance companies; (v) micro-insurance; and (vi) sanctions. The law is now with the Angolan parliament for approval, the expected date is end March 2021.
- On 15 September 2020, the Bank of Rwanda issued a directive for the underwriting of big risks, dealing with the following: (i) prohibition of fronting arrangements; (ii) use of co-insurance arrangements with local insurers before externalising any risks; (iii) application to the Regulator for externalisation of large risks with foreign insurers; and (iv) reporting of large risks.
- Several jurisdictions in which SEM entities operate listed interventions relating to the COVID-19 pandemic. Some of the types of interventions (without reference to specific jurisdictions) applicable to SEM entities included: (i) reduction of various tax rates; (ii) expeditiously process and settle all claims and payments related to COVID-19; (iii) pay expense claims and other death benefits arising out of COVID-19, even in case of delayed submission or absence of required documentation; (iv) not to reject claims due to delayed reporting and challenges that may arise out of government restrictions on COVID-19; (v) conduct stress and scenario testing, including updating capital adequacy and liquidity strain calculations and submit a report to the Regulators; (vi) not introduce changes to products or product offerings or suspension without approval from the Regulators; and (vii) communicate to existing policyholders which policies are likely to get impacted by the pandemic.

Compliance breaches

Sanlam experienced no notable compliance breaches during the year.

Preparing for IFRS 17

The International Accounting Standards Board (IASB) published IFRS 17 in May 2018. It is designed to achieve consistent, principle-based accounting for insurance contracts. The new standard requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts.

Sanlam launched an IFRS 17 project in preparation for implementation by 1 January 2023. The gap analysis phase is complete, as well as the development of IFRS 17 compliant disclosures and an overall blueprint for Sanlam that will guide implementation efforts across the Group. Sanlam and Santam are co-ordinating closely on the implementation of IFRS 17 and participating via ASISA to influence industry interpretation of the standard. The most significant internal risks relating to IFRS 17 implementation is the availability and capacity of Sanlam resources given concurrent transformational projects.

Our 2020 performance

Chair's report

The world changed dramatically in 2020, with COVID-19 overtaking our lives in a manner never experienced before. The pandemic started as a health crisis, quickly transforming into a ravaging global human and economic crisis.

Many lives have been lost and livelihoods impacted in a hugely negative way. For us, in particular, this is not just a historical occurrence. In South Africa, the first death to be recorded was the loss of a member of the Sanlam family. It made the pandemic real very early on. Not only did it affect lives and livelihoods, it devasted businesses and economies. While it is impossible not to be saddened by the devastation COVID-19 has brought about, the pandemic also presented opportunities for us to respond with resilience and compassion, expressed in our commitment to our employees, clients, intermediaries and communities.

Almost overnight, 90% of our people were equipped to work remotely. We recognised that employees struggled to adjust and many experienced emotional and health strain. Caring for employee wellbeing was quickly elevated to one of our top priorities during this trying time.

In the midst of what was unfolding, and despite growing uncertainty, the Board boldly undertook a strategic planning session to ensure we emerge from this crisis with a robust, bullish and resilient plan. With hindsight, it was the most strategic decision we could have taken; the process prepared us to respond appropriately to a deepening complexity of economic, social and policy outcomes.

Following the devastating economic impact of COVID-19 in South Africa, the Sanlam Foundation initiated three consumer financial education programmes targeting 9 000 beneficiaries. This was important to create equitable opportunity for financial security in a particularly difficult time. We continue to tailor our solutions to empower generations to be financially confident, secure and prosperous.

Recognising that the urgency and scale of the required response to the pandemic cannot be managed by government alone, we committed capital of R2,25 billion to seed three funds that will provide large-scale support to South African companies impacted by COVID-19. Named the Investors' Legacy range, these funds demonstrate Sanlam's deliberate commitment and determination to reignite economic growth, preserve and create jobs, and foster social inclusion. We believe that there is a shared responsibility among South Africa's private sector to assist with essential economic intervention. We hope our actions will mobilise further capital from like-minded corporates and encourage investors to embark on projects that will have a quick turnaround effect on our economic fortunes as well as a lasting "impact" on the wellbeing of our people.

Sanlam further aims to be an African champion and a truly Pan-African business. In collaboration with our partner companies, including the Motsepe Foundation and associated companies, Saham Assurance Morocco, Shriram and others, Sanlam committed over R1 billion to supporting clients and national imperatives across the countries where we operate, from South Africa to Morocco to Lebanon, India and Malaysia. We donated R45 million to support various SEM initiatives in 30 African countries as well as in other emerging markets in response to the pandemic. Sanlam also supported the African Union with a donation of R50 million to provide relief across the continent focusing on personal protective equipment and food relief.

Chair's report continued

Governance, guidance and leadership

One of several areas requiring care in 2020 was the leadership changes that occurred within the Board and Exco.

These changes included my appointment as independent Chair of the Board in June 2020, replacing Dr Johan van Zyl, who stepped down on 10 June 2020. I would like to thank Johan for his strong and visionary guidance of the Board. Johan remains on the Board as non-independent director and nominee of UB. Anton Botha and Sipho Nkosi, who have both served on the Board for longer than nine years, were recognised as non-independent directors from 10 June 2020. Nicolaas Kruger and Kobus Möller were appointed as independent non-executive directors to the Sanlam Limited and Sanlam Life Insurance Limited boards. Both have already contributed immensely to the productivity of the Board.

After five years, Ian Kirk stepped down as Sanlam's Group Chief Executive. Under Ian's leadership the Group expanded its growth strategy and achieved a leadership position among insurance groups operating on the continent. This was cemented by the Saham transaction in Morocco – the Group's biggest ever acquisition.

Paul Hanratty was appointed as Group Chief Executive. In filling this critical position, the Board followed a rigorous process utilising a global external recruitment agent and considered local and global candidates. He has been an instrumental addition to the Exco.

The Exco was further strengthened during the year to support the revised strategy and new cluster structure while advancing the Group's transformation agenda. Among other appointments, Abigail Mukhuba was appointed as Group Financial Director and Lotz Mahlangeni was appointed Group Chief Actuary and Chief Risk Officer. The Board is confident in the skills and abilities of the new Exco. We believe the appointments support Sanlam's intention to build a team for the future and create sufficient bandwidth for each client segment. Furthermore, they will enhance our ability to consistently deliver trusted and high-quality service to consumers.

These new appointments are key to deliver on the revised strategy and on our vision of distinguishing ourselves as the most admired financial services company in Africa. The Board continues to provide strategic support to management in implementing the strategy through ongoing, regular interaction and progress evaluation.

The Board ensures that it has the appropriate balance of knowledge, skills, experience, diversity and independence that will enable it to discharge its governance role and responsibilities objectively and effectively. Each of the non-executive directors serving on the Board is annually exposed to a robust review to assess their independence. The capacity of each director is categorised as defined in the amended JSE Listings Requirements and takes into consideration the application of King IV™ and other factors, as outlined in the Board's terms of reference.

Oversight of related-party transactions involving UB

It is in Sanlam's business and commercial interest to transform in line with the needs and preferences of its current and potential clients. Key to this is that Sanlam is seen to continue contributing to economic transformation and inclusive wealth creation. Sanlam's empowerment strategy is to protect and enhance its leadership position in South Africa through, among other things, a leading empowerment status and appropriate partnerships. This is a deliberate strategic move to enhance the long-term sustainability of the Company and enable long-term value creation for stakeholders.

UB has been Sanlam's strategic empowerment partner since 2004. The partnership has been one of the most successful empowerment partnerships in South Africa. It created value of over R14 billion for broad-based black shareholders when the first 10-year transaction matured. Sanlam's partnership with UB has contributed to Sanlam's growth and success over the years. UB has remained supportive and involved with Sanlam's strategy in South Africa and extended and expanded its strategic relationship with Sanlam. UB is also the biggest shareholder in Sanlam, holding almost 14% of Sanlam's issued shares.

The Board is committed to the highest standards of corporate governance. I chair the Independent Non-Executive Directors committee, overseeing related-party transactions, specifically matters involving Sanlam and UB that may give rise to conflict of interest and other similar matters. This committee has the appropriate skills to effectively carry out its duties and is also able to rely on external advice if the need arises. All transactions with UB are also evaluated for fairness by independent experts in line with JSE Listings Requirements.

As part of its annual independent Board evaluation process, which is conducted by an external service provider, the Board implemented a best practice recommendation to formulate a Board criteria document to manage the potential conflicts of interest that might arise in dealings between all interested and related parties within Sanlam, including UB and African Rainbow Capital (ARC) Financial Services. The intention of the criteria document is to ensure that the Sanlam Board remains independent without any favouritism to any party. Any conflicted directors recuse themselves from all Board deliberations relating to matters they may present any conflicts or perceived conflicts of interest at the Sanlam Board or committee meetings.

Setting remuneration in a time of uncertainty

The past year and the uncertain outlook for 2021 have made it particularly challenging to set and implement a competitive remuneration policy. There is a delicate balance between having a remuneration structure that motivates and retains our people while being neatly aligned to shareholder interest. This delicacy was precipitated by the economic effects of the pandemic.

In response to the challenging environment we made several changes to our remuneration policy to ensure agility and deal with the impact of the pandemic, while ensuring that differentiation remains possible. We froze all pay increases for senior roles in 2021, rather prioritising prudent, yet sustainable, increases for junior employees. We believe this is important to insulate our employees and their livelihoods.

Sanlam's remuneration philosophy and policy support the Group's strategy by incentivising the behaviour required to meet and exceed the strategic goals. The Board, through its sub-committees, ensures that the organisation remunerates fairly, responsibly, and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium, and long term. We welcome shareholder engagements on this and are mindful of shareholders' feedback regarding the implementation of our remuneration policy.

In setting remuneration for the Group's new Chief Executive, the Board sought to align interests with shareholders as close as possible. The Chief Executive's remuneration is almost entirely linked to the shares and performance of Sanlam and more in favour of long-term performance. The Chief Executive was hired to drive strategic change and performance. His remuneration is almost entirely aligned to shareholders and we believe that short-term, long-term and strategic issues are all balanced.

Read more in our full Remuneration Report, available online.

Navigating through the uncertainty of CBI claims

Measures taken to limit the spread of COVID-19 disrupted economic activity, resulting in significant business interruption losses. In response, Santam raised a claims provision of R1,3 billion in June 2020, which was increased by a further R1,7 billion in the second half of 2020. The initial provision was used to fund R1 billion in relief payments to clients who claimed for losses during the COVID-19 pandemic period and have CBI extensions in their policies. Santam therefore made a substantial payment commitment to help sustain policyholders in the most impacted industries.

As a Board, we remain aware of the potential reputational impact of the legal process and media interest related to CBI claims. Santam's executive management keeps the Board fully informed about developments regarding its exposure. The inherent complexity of these claims, as well as bespoke policy wordings for corporate clients, require significant assumptions to be applied to determine the best estimate of net CBI claims provisions. The overall financial impact of Santam's CBI exposures will therefore take some time to finalise. More detail on this matter can be found in Santam's Integrated Report, available online.

Transformation and empowerment

Transformation and empowerment are critical to Sanlam's success – having formed the DNA of the Group's foundation over 100 years ago and remaining a pivotal part of our long-term strategy.

Together with other institutions in South Africa we manage the vast majority of South Africa's savings. Empowerment in this context is about increasing access, participation and livelihoods of all South Africans, in the most equitable and sustainable manner. This is achieved through various channels, namely, through service to clients, investments and partnerships.

In 2018, Sanlam announced a series of B-BBEE transactions to enhance the Group's competitiveness in South Africa.

We announced at the time that we were reorganising our third-party asset management business and would dispose of an interest therein to ARC Financial Services, a company within Ubuntu-Botho Investments (UBI). This transaction would, among others, enable Sanlam to explore opportunities to further develop its third-party asset management business in partnership with UBI and ARC.

We concluded this agreement in December 2020, in terms of which ARC Financial Services now holds a 25% interest in the Group's third-party asset management business. Importantly, Sanlam has established the largest black-empowered asset management company in South Africa.

Sanlam also announced that it will acquire 25% of a new subsidiary of ARC Financial Services. The subsidiary will hold ARC Financial Service's financial assets excluding banking-related investments. These transactions will assist Sanlam in the execution of its South African strategy, through enhancing empowerment in the financial services sector and in its own operations. This transaction further aligns the strategic interests of Sanlam and UB. Not only does this strengthen Sanlam's base for new business growth, it also gives us the ability to continue helping the growth of emerging managers – creating value for Sanlam's shareholders and the wider community that we serve in South Africa.

Transformation is key to remain relevant and sustainable in South Africa and it is the right thing to do. As I elaborate above, the requisite governance structures are in place to ensure related-party transactions as well as any perceived and actual conflicts of interest are appropriately managed – ensuring that all shareholder interests are looked after.

Chair's report continued

Board priorities for 2021

Sanlam is entering 2021 with an even more durable foundation and an exciting future. Our strengths lie in diversification, our ability to optimise risk while remaining entrepreneurially conservative – displaying our strong skills set and dependable leadership. It is from this strong base that we will be able to assist our clients and the broader economy.

Strategy implementation is paramount in returning the Group to pre-pandemic performance levels and to meet the demands of the market opportunities Sanlam is gearing up for in Africa and India. As a Board, we will closely monitor the execution of the revised strategy to ensure it delivers against expectations.

We will continue to maintain the highest governance standards. An evaluation of overall performance and Board effectiveness was completed in early 2021. This is essential to objectively test and validate the Board's processes and its members.

The world will undoubtably continue to grapple with the crisis of the pandemic way into the foreseeable future. At Sanlam, we recognise that we operate within a social and economic system. If this system falters, we also falter. The reverse is also true. The Group must, therefore, continue to play a leading role in putting a floor below which South Africa's economy cannot fall. This responsibility is imposed on us and defined in the impact agenda we have set for ourselves.

Lastly, we will continue to deepen transformation and inclusivity within Sanlam, paying particular attention to being both transformative and transformational. We remain guided by our purpose to empower generations to be financially confident, secure and prosperous. This includes ensuring increased and equitable access to financial services by pursuing inclusivity and responding to client needs through relevant financial solutions and investing for the long term. In summary, serving our clients and all other stakeholders with care and integrity.

A message of thanks and appreciation

I am grateful for the opportunity to chair the Board of Sanlam, a systemically important company in South Africa and Africa's largest insurer. A special word of thanks to my fellow Board members who provided invaluable support and guidance in helping steer Sanlam for the benefit of all stakeholders within an increasingly tough and complex operating environment.

I have been inspired by the many moments of support and leadership I witnessed within Sanlam's Exco and management teams and among all employees. This troubling time brought out the best in many and I thank each of you for your commitment and dedication throughout what has been one of the most challenging years in the Group's history.

Deep gratitude goes to our clients for trusting Sanlam as a partner on their lifelong journey to financial security, prosperity and comfortable retirement. We continue to work hard each day to find new and innovative ways to serve our clients better and inspire confidence. However, it is important that we remain guided on how well we are doing and encourage our stakeholders to critique the way in which we run the business and deliver solutions to the market. That is the only way the partnership will be mutually beneficial.

I would like to recognise the regulators and policy makers who provided brave guidance and direction to help mitigate the negative impact of COVID-19 with the success we have managed to record. Lastly, and certainly not the least, I salute the South Africans on the front line. They sacrificed their lives to ensure that the economy continued to function. We also enjoyed the requisite health and safety.

Siyabonga.

Elias Masilela SOB
Chair

Group Chief Executive's report

2020 was an incredible time of change and challenge for humankind.

COVID-19 caused pain for our employees, clients and communities. We lost loved ones, friends and colleagues. Many people remain concerned about their financial situation, their employment and health. Sanlam has been there to provide support and advice. Our own financial position remained strong throughout the year as we stood ready to help our clients and other stakeholders to ensure a resilient future for all. Our purpose remains to help our clients live with confidence.

This was our resolute message in all the moments of uncertainty that clouded 2020. More than just words, Sanlam was one of the top monetary contributors to alleviate health and economic pressures in each country in which we operate.

In South Africa, our COVID-19 contributions were channelled through independently administered organisations like Business for South Africa, the government's Solidarity Fund and similar organisations. The Exco and the Board made individual voluntary contributions to the Solidarity Fund, joined by our employees. The Group matched these contributions rand for rand, with funds going to the Sanlam Foundation's COVID-19 initiatives such as food relief programmes.

In addition to the efforts above, our South African general insurance subsidiary, Santam, paid out R1 billion in early relief payments to nearly 2 500 small and medium-sized businesses in hospitality, leisure and non-essential retail services with CBI policies. This has been an extremely difficult process for our clients whose businesses were devastated by the COVID-19 pandemic. The type of insurance cover for such business interruptions was not designed for pandemics and globally the insurance sector has been grappling with how to deal with the issue. Acquiring legal certainty over insurance coverage was an important part of the overall process but has unfortunately created enormous stress among our clients. The legal certainty required to deal with claims has finally been achieved and considerable support will be available to clients who have suffered high levels of loss.

Sadly, the pandemic has resulted in a large number of COVID-19-related deaths and Sanlam paid over R531 million in excess claims in 2020 (including COVID-19).

Our clients required substantial advice during this period, and we invested heavily in equipping our financial advisers with technology to enable them to advise clients. Our business model has adapted considerably during the year as we sped up the digital transformation. Our investments in data analytics have paid off during 2020 as we were able to anticipate many of our clients' needs proactively.

Another truly remarkable highlight for me was the effort and dedication of our employees and the executives across the Group, despite the pressures they have all faced during the year. We have begun to look at new ways of working and managing our business to fully utilise the benefits of technology, and we believe that are well placed to realise efficiencies in the future based on some of our learnings from 2020.

Group Chief Executive's report continued

Our revised strategy

We made solid progress formulating and implementing the revised strategy, which continues to emphasise the client at the forefront of everything we do.

We are moving our business to one that has much closer collaboration between clusters. This will support our drive towards integrating client propositions and improving cross-sell. Technology is a key enabler of our strategy, and we are emphasising digitalisation and data usage across our business. Synergies and co-operation between the clusters will be driven at a Group level, together with key functions including guidance on market and environment-related developments, managing human capital, driving digital innovation, and better co-operation in execution of our strategy.

We restructured our Exco in 2020 and brought in some new executives. Our Exco is now well constituted to ensure sufficient capacity to deliver on opportunities to create and unlock value.

South Africa is Sanlam's home and original base. This market presents a significant opportunity for Group equity value outperformance by further strengthening the businesses where we have market leading positions, and by partnering to grow those businesses where we do not. We therefore remain focused on building and strengthening the base locally, in partnership with UBI and ARC.

To enhance our client focus within South Africa, we formed the SLS cluster, which incorporates the former Sanlam Personal Finance and Sanlam Corporate businesses. Sanlam Personal Finance was further split into two business clusters; SA Retail Mass and SA Retail Affluent. We believe this will facilitate a better focus on specific important client segments and strong co-operation between different parts of the business – thereby better serving Sanlam's South African clients.

Deepening of client relationships is critically important. Underpinned by digitalisation and the adoption of data analytics, our ambition is to develop a simple, intuitive and integrated client proposition and sell more products to existing clients to bolster new business. The new structure supports this ambition and we will further leverage learnings from two of our newer businesses, MiWay and Indie.

In 2020 we established a new client experience unit and launched two new strategic client experience projects:

- A new digital model for underwriting, which includes enabling clients to complete a digital health questionnaire privately and schedule an appointment. For savings clients, it entails the design of an end-to-end engagement model to deliver a differentiated savings journey experience.
- A new product category model, which includes, for example, a client journey analysis to determine business and back-end systems requirements for new application tracking and creating onboarding videos to remind clients about the specific details of their savings goals.

Across the various distribution channels, the focus remains on reducing adviser turnover, improving the adviser value proposition as well as improving and enhancing digital enablement.

We are also focused on the simplification and rationalisation of our core set of administration systems, which we cannot change as quickly as our front-end client facing systems. Over the next few years, we will therefore focus on efficiency and making things simpler for the business to support better client experiences and outcomes. We continue to make the necessary investments in cybersecurity, although it is challenging to stay ahead of threat actors in this area.

Progress in Africa outside South Africa was excellent during 2020 as operational improvements took effect. The COVID-19 pandemic impacted our financial results and the Group made significant impairment charges in recognition of the fact that, due to the pandemic, it would take longer to realise the full potential of our operations. Beyond the border of South Africa, Africa remains a long-term focus for the Group, with a great set of businesses that will yield excellent returns for shareholders.

One of our ambitions is to improve our reach in Africa. We are developing innovate solutions using technology and partnerships to reach clients who would otherwise be underserved. Outside of Africa, India remains strategically important and we continue to explore opportunities to strengthen the partnership with Shriram Capital and to enhance Sanlam's involvement.

Ultimately, our strategy remains guided by our purpose, which we are confident can carry us through despite obstacles or changes in the world around us. The past year demonstrated the importance of ensuring that people are secure and equipped to navigate the tough environment we find ourselves in. It is against this backdrop that Sanlam can shine. In addition to pursuing fantastic client service and delivering consistently superior returns to shareholders, we want to invest in local economies. This includes ensuring local ownership and investment in all businesses so that the benefits of our success create value for clients and communities and drive economic growth across the continent and in India.

Sanlam's performance in 2020

-2,8%	Return on Group Equity Value per share
-13%	Net result from financial services
R311 billion	New business volumes
R1 921 million	Net value of new covered business (VNB)
2,58%	Net VNB margin

In the face of unprecedented business disruption Sanlam delivered solid financial results that reflect the diversity of our business and the underlying resilience of the Group's businesses. We implemented alternative ways of working, with the bulk of our employees working remotely, while maintaining service levels to our clients and advisers. We helped our clients, intermediaries and partners weather the storm and adapt their financial plans for a new world. We did this through various measures, including unprecedented levels of client communication and review of clients' financial plans where required, premium holidays and direct financial support.

Sanlam continued to manage capital prudently and the Group remained strongly capitalised throughout the year despite stock and bond market turbulence. The Group solvency cover ratio was 191% at 31 December. This positions us favourably to take advantage of opportunities that may emerge from the current challenging environment.

Net result from financial services declined by 13%, impacted by the downturn in equity markets across many of our markets, a general widening in corporate credit spreads, an increase in doubtful debt provisions in respect of our institutional and retail credit books, Santam's CBI claims experience, higher mortality claims from the COVID-19 pandemic, as well as substantial COVID-19-related relief offered to our clients and intermediaries. These are direct outcomes of the COVID-19 pandemic.

New business volumes of R311 billion increased by 25%, supported by strong investment business sales. The Capitec partnership continued to deliver positive growth and is an example of the mutually beneficial partnerships Sanlam seeks to build. Sanlam Glacier remained especially resilient and attracted strong client flows in a challenging environment. Our direct business, Sanlam Indie, gained significant traction over the year, albeit of a small base, delivering some early gains on our digitalisation journey that can be rolled out to the broader business.

In Sanlam Pan-Africa we maintained a very good underwriting margin and achieved one of the best years in terms of new asset management flows. Our focus remains on operational execution and optimising the portfolio to drive consistent growth and a stable return on investment.

Despite difficult operating conditions, we experienced resilient persistency. This shows us that clients are aware of the importance of our products and services, particularly during tough times, and see the benefit of retaining their policies and plans with Sanlam even when affordability is challenged.

Sanlam has increased its dividend each year since listing in 1998. 2020 proved to be a challenging year in terms of earnings for the reasons outlined above. Despite the difficulty in the environment, the Board has decided to pay a dividend of 300 cents per share for 2020 (only 10% lower than prior year), reflecting the ability of the Group to withstand turbulent and challenging conditions.

Value-creating partnerships

Sanlam made a significant contribution to transformation by creating South Africa's biggest black-owned investment house this year.

Additionally, Sanlam announced that it will acquire 25% of a new subsidiary of ARC Financial Services, subject to certain suspensive conditions.

Transformation has been a critical factor in Sanlam's growth journey, particularly in the past 20 years. Specifically, the partnership between Sanlam and UB has been one of the most successful empowerment partnerships in South Africa.

We are pleased with progress we are making to implement the package of B-BBEE transactions approved by Sanlam shareholders in 2018. We will continue to update our stakeholders about initiatives to realise the full implementation of those transactions. This will place Sanlam in a strong, market-leading position in terms of empowerment.

Group Chief Executive's report continued

Collective voices, distinct culture

Historically, Sanlam has been a primarily South African business. Our expansion across the continent and investment in India requires us to embrace different cultures to be successful. We are also moving into a fast-changing world, shaped by technology. Innovation and an ability to take calculated risks will be critical in tackling new challenges. We saw the importance of this during the pandemic, which forced us to make rapid, high-impact decisions in response to the shifting dynamics and an uncertain operating environment.

We therefore need to ready our people and culture to operate in a different way to ensure we remain a future-fit organisation, now and in the long term. Accordingly, we started on a culture journey this year to understand the collective, Group-wide imperatives to successfully compete in a dynamic world. The first step was to conduct a culture survey across the Group.

In total, 71% of the employees in all our operations across the Group participated, enabling us to set a baseline on which to improve in coming years. The findings indicate that we have a great foundation to enhance the employee experience and to enable business performance and competitiveness.

Our immediate focus will be on integrating the refined Group values and purpose with the culture and making sure our plans result in a strong performance culture.

Safeguarding and enabling sustainable value creation

Sanlam has a unique role to play in creating an inclusive society where people have confidence in their financial prospects. Sanlam's size in South Africa, and our increasing footprint in Africa and presence in India mean that we can serve a growing number of clients, policyholders and other stakeholders.

COVID-19 tested Sanlam's resilience in many ways. Our Resilience Report expands on our material resilience themes, which focus our attention on matters that enable Sanlam to create value. Our Resilience Report also provides insight into the agile social support we provided, which anchored Sanlam and our stakeholders in a difficult year.

Ethics awareness initiatives and training were conducted across all business clusters during the year. We are pleased to report that there were no major breaches of ethics during the year.

As a financial services group we have a direct contribution to make through investments and the way we do business. One example of this is Climate Investor One, a fund in which we own a substantial stake that is committed to investing US$71,2 million in a near-shore wind power project located in Vietnam.

We remain particularly proud of Sanlam's partnership with World Wide Fund for Nature – South Africa (WWF-SA). A R10,5 million contribution from Sanlam to the Freshwater programme assisted in leveraging co-funding of R101 million to protect water source areas in South Africa. Sanlam has invested more than R75 million in the partnership with WWF-SA over the past 13 years, supporting WWF-SA with conservation activities on water-related projects.

Our SES committee strengthened its role as custodian of the Group's social responsibility. The SES committee needs to be relevant in this changing world. COVID-19 brought humanity to the fore and emphasised that we need to think about resilience beyond financial wellbeing. We need to think about all stakeholders and the environment in a way that will restore harmonious interaction.

Looking ahead

Despite a tough 2020 and the realisation that we have much to do to reposition the Group, we are optimistic about what we can achieve in 2021. The environment will continue to be extremely difficult but we have a strategy, committed people and some momentum behind our strategic plans.

Forecasting economic growth and recovery is difficult. Fiscal and capital account positions remain vulnerable in South Africa, as well as many other countries.

We continue to proactively manage the consequences of the COVID-19 pandemic. The eventual claims experience for COVID-19 remains uncertain, both at Santam for CBI claims and in the life insurance operations. The second wave of COVID-19 infections in South Africa and second or third wave of infections in other markets where we operate will likely further disrupt economic recovery. The reintroduction of lockdown measures will also disrupt economic activity and directly impact our business through new business volumes, claims, asset levels and persistency of policy contracts.

We remain confident in the long-term growth potential of all the markets in which we operate, and that we can continue to deliver value to our shareholders and other stakeholders. Sanlam is strongly capitalised and well positioned to take advantage of opportunities. We have resilient businesses and the demographic fundamentals of our markets are good, with young, growing populations and rising wealth.

Sanlam hopes that as our various stakeholders reflect on the past year, they will remember the positive and winning moments and that these will serve as a powerful reminder of what we have overcome and the opportunities that we should seek to embrace in 2021. As a Group, we will have to be agile, innovative and work hard to achieve success, and we are confident that we will able to add value to the lives of all our stakeholders.

Paul Hanratty
Group Chief Executive

Key performance indicators for the 2020 financial year relative to 2019

Earnings

- Net result from financial services decreased 13% (up 17% excluding the impact of COVID-19)*
- Net operational earnings decreased 23%
- Headline earnings increased 24%

New business

- New business volumes exceed R300 billion for the first time, up 25% to R311 billion: life insurance +4%, general insurance +3% and investment business +37%
- Net fund inflows of R62 billion, 8% higher than the R57 billion achieved in 2019
- Net value of new covered business decreased by 16% to R1 921 million (down 14% on constant economic basis)
- Net new covered business margin of 2,58% (2,98% in 2019)

Group Equity Value

- Group Equity Value per share of R59,20 (2019: R64,36)
- Return on Group Equity Value (RoGEV) per share of -2,8% (2019: 6,4%)
- Adjusted RoGEV per share of 2,6% (2019: 11,9%)

Capital management

- Discretionary capital of R636 million at 31 December 2020 excluding expected sale of Sanlam UK holding in Nucleus Financial Group plc (2019: R220 million)
- Sanlam Group Solvency Assessment and Management (SAM) cover ratio of 191% (December 2019: 211%)

Dividend

- Dividend of 300 cents per share (2019: 334)

* *Refer to the definition of the "impact of COVID-19" on page 71.*

Group salient results

for the year ended 31 December

	Unit	2020	2019	△
Earnings				
Net result from financial services	R million	**8 382**	9 674	(13%)
Net operational earnings	R million	**8 349**	10 798	(23%)
Headline earnings	R million	**9 249**	7 481	24%
Weighted average number of shares[(1)]	million	**2 087,8**	2 090,0	–
Adjusted weighted average number of shares[(1)]	million	**2 226,7**	2 208,5	1%
Net result from financial services per share	cents	**376,4**	438,0	(14%)
Net operational earnings per share	cents	**374,9**	488,9	(23%)
Diluted headline earnings per share	cents	**443,0**	357,9	24%
Business volumes				
New business volumes	R million	**310 875**	249 323	25%
Net fund inflows	R million	**61 563**	56 766	8%
Net new covered business				
Value of new covered business	R million	**1 921**	2 280	(16%)
Covered business PVNBP[(2)]	R million	**74 591**	76 446	(2%)
New covered business margin[(3)]	%	**2,58**	2,98	
Group Equity Value				
Group Equity Value	R million	**131 812**	143 271	(8%)
Group Equity Value per share	cents	**5 920**	6 436	(8%)
RoGEV per share[(4)]	%	**(2,8)**	6,4	
Adjusted RoGEV per share[(5)]	%	**2,6**	11,9	
Solvency cover				
Sanlam Group	%	**191**	211	
Sanlam Life Insurance Limited	%	**257**	253	
Sanlam Life Insurance Limited covered business[(6)]	%	**197**	206	

[(1)] *Weighted average number of shares excludes Sanlam shares held directly or indirectly through consolidated investment funds in policyholder portfolios, as well as Sanlam shares held by the Group's broad-based black economic empowerment special purposes vehicle (B-BBEE SPV) that is consolidated in terms of International Financial Reporting Standards (IFRS). These shares are treated as shares in issue for purposes of adjusted weighted average number of shares in issue, which is the base to determine net result from financial services per share and net operational earnings per share. Diluted headline earnings per share is based on the weighted average number of shares.*

[(2)] *PVNBP = present value of new business premiums and is equal to the present value of new recurring premiums, at the relevant risk discount rate for each business, plus single premiums.*

[(3)] *New covered business margin = value of new covered business as a percentage of PVNBP.*

[(4)] *Growth in Group Equity Value per share (with dividends paid, capital movements and cost of treasury shares acquired reversed) as a percentage of Group Equity Value per share at the beginning of the year.*

[(5)] *Adjusted RoGEV equals RoGEV excluding investment market and currency volatility, changes in interest rates and other factors outside of management's control.*

[(6)] *Excludes investments in subsidiaries and associated companies, discretionary capital, cash accumulated for dividend payments and the net asset value of non-covered operations.*

Executive review

The Group commenced the 2020 financial year from a solid and strong footing to navigate the challenges faced through the year. The outbreak of the COVID-19 pandemic, followed by the declaration of states of disaster and emergency in several countries where we operate, abruptly transformed the operating environment into one of the most challenging periods faced by the Group and our stakeholders since our listing more than 20 years ago.

We quickly responded to this changing and challenging environment by transitioning to alternative ways of work while protecting the health and safety of our employees and ensuring business stability and continuity. The Group was then able to offer support to our broader stakeholder community through premium relief for clients, subsidised income for intermediaries and broader initiatives with the objective of preserving and creating jobs.

Our business was resilient through this difficult period. The Group solvency ratio remained well above the regulatory minimum and within target ranges throughout the year. Liquidity was managed within the Group's well-established liquidity risk management framework. The cash generation of the underlying Group operations, particularly in the life insurance businesses, remained robust. The diversity of our business by product, segment and geography, supported by strategic partnerships, remains a core strength.

COVID-19, including the economic impact of preventative measures taken by governments globally, impacted the operating results of Sanlam in the following key areas:

- Increased mortality claims;
- Lower new business volumes in face-to-face distribution channels;
- Significant investment and credit market volatility;
- Contingent Business Interruption (CBI) claims; and
- Increased provisions for doubtful debts in the credit businesses.

The impact of lower new business and volatility in investment and credit markets were more severe in the first half of the year, while the other impacts were felt more severely in the second half of the year.

Overall persistency experience remained steady over the year and did not deteriorate as anticipated. We however believe future experience remains at risk given the increase in unemployment in many of our markets and the depletion of savings by many people.

Mortality claims increased significantly over the year, in line with the trends reported by the South African Medical Research Council. The Group recorded excess claims of R531 million over the year, after considering the offsetting impacts of annuitant mortality and disability experience. The significant increase in excess claims in the second half of 2020 resulted in the assessment of the utilisation of the pandemic reserve. An amount of R492 million (gross of tax) was released from the R760 million pandemic reserve held as part of policyholder liabilities, largely mitigating the impact of these claims on operating earnings.

Investment market volatility increased in the second quarter of the year, which had a significant negative impact on our interim results. Volatility however subsided over the second half of the year, with a recovery in both equity and credit markets. South African equity markets ended 2020 at levels higher than 2019; however, 2020 average market levels were below those of 2019.

The recovery in credit markets resulted in a significant portion of the credit spread losses in the Central Credit Manager (CCM) at Sanlam Specialised Finance (SanFin) reversing since 30 June 2020. Credit spreads have, however, not yet reduced to pre-COVID-19 levels. Retail credit provisions remained elevated due to the sharp deterioration in economic growth over the year.

Santam was negatively impacted by CBI claims but still reported a positive underwriting margin for the year. Improved underwriting performance from the motor, engineering and crop books supported results. The business achieved satisfactory premium growth in a difficult operating environment and despite premium relief offered to clients.

Executive review continued

Net result from financial services declined by 13%, impacted by the factors mentioned above as well as the relief offered to our clients and intermediaries. The table below summarises the sources of earnings most severely impacted (directly or indirectly) by COVID-19 (as explained below):

R million (year-to-date)	December 2020	June 2020	December 2019
Sanlam Life and Savings (SLS)	**(388)**	(272)	114
Excess claims	**(383)**	–	–
Pandemic reserve release	**354**	–	–
Retail credit provisions	**(235)**	(151)	(65)
Support to intermediaries	**(185)**	(101)	
Glacier participating product fee income	**61**	(20)	179
Sanlam Emerging Markets (SEM)	**(743)**	(684)	19
Investment return on Saham general insurance funds	**20**	(145)	420
Shriram retail credit provisions	**(676)**	(445)	(401)
North and West Africa investment variances	**(87)**	(94)	–
Sanlam Investment Group (SIG)	**(404)**	(554)	53
Credit spreads: listed and unlisted bonds	**(88)**	(227)	–
Mark-to-market changes: listed preference shares	**(69)**	(61)	39
Change in provisions for doubtful debt and credit defaults	**(247)**	(266)	14
Santam	**(547)**	(115)	527
CBI claims experience and relief payments	**(1 318)**	(581)	–
COVID-19 support	**(169)**	–	–
Motor book underwriting result	**940**	466	527
Impact of COVID-19 on earnings	**(2 082)**	(1 625)	713

Excluding the COVID-19 earnings impact, net result from financial services grew by 17%. The COVID-19 adjustment is an indicative number of the earnings when adjusting for all items impacted by COVID-19 in 2020 and the corresponding contribution in 2019.

R million	2020	2019	△
Net result from financial services	**8 382**	9 674	(13%)
COVID-19 adjustments:			
Sanlam Life and Savings	**388**	(114)	
Sanlam Emerging Markets	**743**	(19)	
Sanlam Investment Group	**404**	(53)	
Santam	**547**	(527)	
Net result from financial services excluding the impact of COVID-19	**10 464**	8 961	17%

Net investment surpluses declined from profits of R210 million in 2019 to a loss of R810 million in 2020. The 2020 results include a net R726 million expected credit loss provision raised in respect of government bond and banking exposure on the Lebanon balance sheet. This provision was required due to a continued increase in sovereign credit risk in Lebanon, with COVID-19 placing further pressure. The remainder of the underperformance in 2020 relates to the relatively weaker investment market performance compared to 2019.

New business volumes increased a satisfactory 25%, with investment business recording strong growth. Life insurance volumes were particularly impacted in the second quarter of the year as the government-imposed lockdowns and curfews implemented in most of our markets severely affected face-to-face sales. This had a commensurate impact on the value of new covered business written (VNB).

Volumes showed a steady recovery from June 2020 with all clusters reporting higher growth in the fourth quarter relative to the first quarter as well as relative to the fourth quarter of 2019.

New business volumes	Relative to Q1 2020 Q2	Q3	Q4	Q4 2020 relative to Q4 2019
Sanlam Life and Savings	**78%**	**90%**	**127%**	104%
SA Retail Affluent	**85%**	**97%**	**134%**	133%
SA Retail Mass	**71%**	**106%**	**116%**	89%
Sanlam Corporate	**43%**	**55%**	**98%**	44%
Sanlam Emerging Markets	**90%**	**84%**	**133%**	160%
Southern Africa	**108%**	**79%**	**143%**	163%
North and West Africa	**96%**	**107%**	**99%**	112%
East Africa	**37%**	**51%**	**213%**	364%
Other International	**89%**	**92%**	**65%**	72%
Sanlam Investment Group	**139%**	**82%**	**114%**	128%
Investment Management SA	**149%**	**89%**	**104%**	107%
Wealth management	**69%**	**68%**	**78%**	132%
International	**133%**	**60%**	**177%**	239%
Sanlam Group	**112%**	**86%**	**120%**	122%
Life insurance	**79%**	**105%**	**140%**	127%
Investment business	**124%**	**79%**	**119%**	126%
General insurance	**95%**	**99%**	**98%**	98%

The Group's primary indicator of shareholder value creation remains RoGEV. 2020 RoGEV per share was -2,8% compared to a target of +13,3%. The valuations of all non-life (non-covered) businesses were adversely affected by reduced top-line growth and future investment return assumptions in the short to medium-term, while persistency assumptions were strengthened for life insurance (covered) business. RoGEV was also negatively impacted by economic assumption changes and significant weakening of Angola currency.

Adjusted RoGEV per share, which excludes investment market and currency volatility as well as changes in interest rates and other factors outside of management's control, amounted to 2,6%.

Results excluding the impact of COVID-19 and related market conditions ("impact of COVID-19")

The information included in this annual results announcement indicated as "excluding the impact of COVID-19" has been presented to illustrate the impact of the COVID-19 pandemic and other existing market conditions on the Group's results and is the responsibility of the Group's board of directors (Board). It is presented for illustrative purposes only and because of its nature may not fairly present the Group shareholders' fund information, Group's financial position, changes in equity, result of operations or cash flows. All references to information "excluding the impact of COVID-19" was calculated by excluding those components of earnings that were most significantly impacted by COVID-19 and related market conditions. The performance indicators are specifically identified. For comparability, the same earnings components are also excluded from the comparative period. It should be noted that although these impacts are ascribed mainly to COVID-19, it is acknowledged there are also other external and market impacts that could have influenced these items. Given the exclusion of the current and prior year impacts of certain elements of the results, the variances are not necessarily an indication of what the profit growth would have been had COVID-19 not occurred.

Comments on the results

Introduction

The Sanlam Group's International Financial Reporting Standards (IFRS) financial statements for the year ended 31 December 2020 are presented based on and in compliance with IFRS. The basis of presentation and accounting policies for the IFRS financial statements and shareholders' information are, in all material respects, consistent with those applied in the 2019 Integrated Report and Annual Financial Statements, apart from the following:

- In support of Sanlam's updated strategy, the former Sanlam Personal Finance (SPF) cluster was split into two clusters with effect from 1 September 2020 being SA Retail Mass and SA Retail Affluent. These two clusters, together with Sanlam Corporate, will form part of a new Sanlam Life and Savings cluster. This reflects the way that management information is reported internally. All comparative information that has been affected by this reorganisation has been adjusted to reflect the new structure in the shareholder information.
- IAS 29 – Financial Reporting in Hyperinflationary Economies has been applied to Lebanon from 1 January 2020. The 2020 monetary and non-monetary items on the balance sheet are reindexed at the end of the period to recognise the impact of the hyperinflation. This would have resulted in various line items on the income statement being artificially inflated but has been aggregated in fund transfers. For the second six months management has included all items of income and expense for LIA Insurance in the impairments line as it has been decided to write down the NAV to zero.

All references to 2019 relates to the 2019 financial year, unless otherwise stated.

Operating environment

Economic conditions

The estimated fall in global real gross domestic product (GDP) of 3,5% in 2020, due to widespread COVID-19-related economic restrictions, was the sharpest since World War II. The decline was, however, concentrated in the first half of 2020 as extraordinarily large fiscal and monetary policy support programmes, notably in developed markets, together with some easing of COVID-19-related economic restrictions, induced a rebound in global economic activity in the second half of the year.

Most of our key markets experienced a contraction in real gross domestic product (GDP) in 2020, with a recovery to 2019 levels of economic activity only expected in the medium term.

Real GDP growth forecasts (%)	2020	2021	2022	2023
South Africa	**(7,0)**	3,5	2,6	2,0
Namibia	**(6,5)**	3,0	2,8	2,6
Botswana	**(9,5)**	8,1	5,1	4,4
Morocco	**(6,8)**	4,8	3,5	3,5
Côte d'Ivoire	**1,9**	6,3	6,4	6,3
Angola	**(4,3)**	1,9	2,9	3,5
Nigeria	**(3,6)**	1,8	2,8	3,1
Zambia	**(4,0)**	1,0	1,8	2,1
Mozambique	**(0,6)**	2,6	4,8	7,5
Kenya	**0,8**	4,8	5,7	5,6
Uganda	**(0,8)**	4,9	5,6	6,1
Tanzania	**2,3**	4,5	6,0	6,2
India	**(7,3)**	11,0	4,6	7,5
Malaysia	**(5,4)**	7,0	5,1	5,5

Equity and interest rate markets

The key investment markets where we operate recorded marked declines up to the end of March 2020. A strong recovery commenced from April and indices in some of our markets ended the year above 2019 levels. Equity markets in Morocco and Côte d'Ivoire however, remained suppressed at December 2020, albeit higher than at June 2020.

	December 2020 (year-to-date)	June 2020 (year-to-date)
Equity markets – change in indices		
South Africa All Share	**4,1%**	(4,8%)
South Africa Swix	**0,0%**	(7,9%)
MSCI World (in Rand)	**21,7%**	17,1%
India Sensex	**15,7%**	(15,4%)
Botswana All Share	**(8,2%)**	(4,5%)
Namibian Overall Index	**(5,7%)**	(19,2%)
Morocco All Share	**(7,3%)**	(16,5%)
Côte d'Ivoire BRVM COMP	**(8,7%)**	(14,7%)
United Kingdom FTSE 100	**(14,3%)**	(18,2%)

The yield curve in South Africa steepened significantly in the first half of 2020 relative to the end of December 2019, before flattening somewhat in the second half. Relative to 31 December 2019, the benchmark nine-year point used for most of our South African (GEV) valuations increased by 30 basis points, but with a 140 basis points decline at the five-year point that is used for the SA Retail Mass GEV value. Reference interest rates in most of our other key markets were in line or lower than end-2019.

Interest rates – Sanlam reference government bond yield	31 December 2020	30 June 2020	31 December 2019
South Africa (nine-year)	**9,6%**	10,0%	9,3%
South Africa (five-year)	**6,7%**	7,5%	8,1%
Namibia	**8,1%**	8,7%	8,6%
Botswana	**7,5%**	7,0%	6,5%
Morocco	**2,4%**	2,8%	2,8%
Côte d'Ivoire	**5,8%**	5,8%	6,5%
India	**6,1%**	6,2%	6,8%
Malaysia	**2,6%**	3,0%	3,3%
United Kingdom	**0,5%**	0,5%	1,2%
Nigeria	**7,4%**	10,6%	12,4%

Foreign currency exchange rates

The South African rand weakened against most of the currencies where we operate, with the Angolan kwanza being the main exception.

Foreign currency/ZAR	United Kingdom	USA	Botswana	India	Morocco	Angola	Malaysia
31/12/2019	18,52	13,98	1,34	0,20	1,49	0,03	3,44
31/12/2020	20,08	14,69	1,36	0,20	1,65	0,02	3,64
Weakening/(strengthening)	8,4%	5,0%	1,4%	1,7%	10,9%	(23,9%)	5,7%
Average 2019	18,42	14,43	1,36	0,21	1,52	0,04	3,49
Average 2020	20,99	16,34	1,44	0,22	1,73	0,03	3,91
Weakening/(strengthening)	14,0%	13,2%	5,3%	8,0%	14,3%	(29,6%)	11,9%

The GEV valuations of the non-South African operations benefited in general from the weaker rand at 31 December 2020 compared to the end of 2019.

The weaker average rand exchange rates did not have an overall significant impact on the Group's operational earnings for the period due to offsetting positive and negative foreign currency translation differences. The latter primarily relates to the translation of negative investment return in SEM at the weaker average rand exchange rate and the weaker Angolan kwanza.

Comments on the results continued

Earnings

As stated above, COVID-19 significantly impacted the Group's earnings. The tables below provide a summary of the impact of the COVID-19 pandemic per cluster on net result from financial services.

Sanlam Life and Savings

R million (year-to-date)	December 2020	June 2020	December 2019
Excess claims	(383)	–	–
Pandemic reserve release	354	–	–
Retail credit provisions	(235)	(151)	(65)
Support provided to intermediaries	(185)	(101)	–
Glacier participating products	61	(20)	179
Impact on net result from financial services	(388)	(272)	114

Excess claims were R383 million (net of tax and reinsurance), after allowing for improved experience on annuity and disability books. This was largely driven by increased mortality directly from COVID-19 and higher deaths from existing comorbidities where COVID-19 is not indicated as cause of death. The pandemic reserve release of R354 million (net of tax) mitigated the impact of increased mortality on SLS earnings.

Sanlam Personal Loans' (SPL) retail credit book amounted to R5,6 billion at 31 December 2020 (31 December 2019: R5,6 billion). Repayment holidays granted to 5% of the book, together with some deterioration in general arrears, required an increase in doubtful debt provisions. Total provisions were 21,6% of the book at 31 December 2020 compared to 13,2% at 31 December 2019.

SLS provided support to its intermediaries as many agents lost most of their normal monthly income during levels 5 and 4 of the national lockdowns. Support was in the form of loans and non-refundable grants.

Glacier's product offering includes a line of business where there is participation in the actual investment return earned on the underlying portfolios. The equity market performance resulted in a significantly lower return being earned on the portfolios in 2020 compared to 2019, which commensurately reflects in lower fee income.

Sanlam Emerging Markets

R million (year-to-date)	December 2020	June 2020	December 2019
Investment return on Saham general insurance funds	20	(145)	420
Shriram retail credit provisions	(676)	(445)	(401)
North and West Africa investment variances	(87)	(94)	–
Impact on net result from financial services	(743)	(684)	19

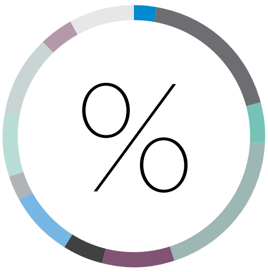
Equity and property market valuations in Morocco and Côte d'Ivoire declined over the year despite improving substantially from the positions at June 2020. This resulted in a R400 million decline in net investment return earned on general insurance funds in these markets. The impact of negative investment variances due to extreme yield curve movements on life insurance earnings in North and West Africa reduced significantly in the last two months of the year, albeit at a similar level to that at June 2020.

Retail credit businesses in India offered a six-month repayment holiday to all clients following formal requests by the regulators and in line with the rest of the industry, which ended in August 2020. The uncertainty of collections in addition to the economic impact of COVID-19 on small businesses resulted in a strengthening in doubtful debt provisions at both Shriram Transport Finance Company (STFC) and Shriram City Union Finance (SCUF). The earnings impact of changes in doubtful debt provisions increased commensurately from R401 million in 2019 to R676 million in 2020.

Sanlam Investment Group

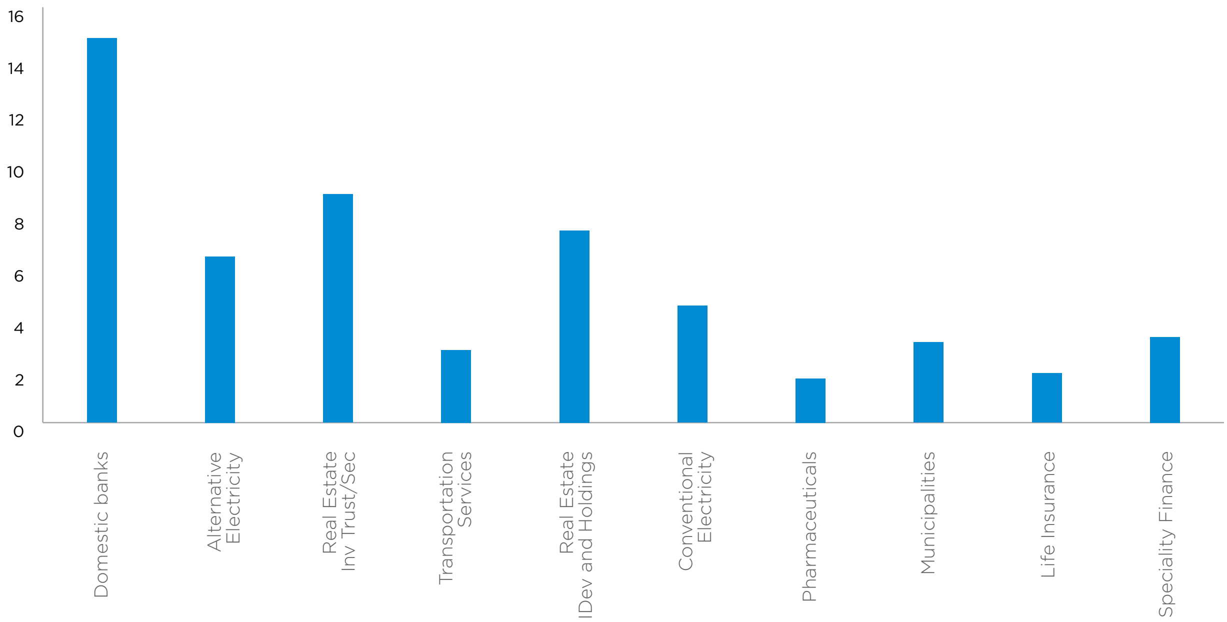
SanFin manages a well-diversified corporate credit portfolio of R55 billion that supports non-participating policyholder portfolios (through the Central Credit Manager (CCM)) and shareholders' funds for the shareholders' account. Most of the portfolio relates to the CCM. All realised and unrealised mark-to-market changes, changes in doubtful debt provisions and actual defaults are for the account of shareholders and recognised in net result from financial services. There have been no material changes to the credit quality of the book since 30 June 2020 and no material changes to the composition of the book.

Credit book composition



3	Africa unlisted	8	Properties unlisted
18	SA local listed	3	International listed
5	SA offshore listed	8	Cash
19	SA local unlisted	10	Government bonds
9	Infrastructure local unlisted	4	Collateralised lending
5	Properties local listed	8	Other

Portfolio Split by Sub Sector (%)



Comments on the results continued

Credit markets partially recovered in the second half of 2020, which resulted in a significant portion of the credit spread losses in the CCM reversing since 30 June 2020. The mark-to-market loss from credit spreads reduced to R88 million at 31 December 2020 from R227 million at 30 June 2020.

R million (year-to-date)	December 2020	June 2020	December 2019
Credit spreads: listed and unlisted bonds	**(88)**	(227)	–
Gross movement in credit spreads	**(181)**	(597)	–
Transfer to asset mismatch reserve	**59**	282	–
Taxation	**34**	88	–
Mark-to-market changes: listed preference shares	**(69)**	(61)	39
Change in provision for doubtful debt and credit defaults	**(247)**	(266)	14
Impact on net result from financial services	**(404)**	(554)	53

In terms of the Group's accounting policies, 50% of the movement in spreads relating to the CCM is transferred to the asset mismatch reserve held in respect of non-participating policyholder business, as it is considered to be changes in illiquidity premiums that will reverse over time, as opposed to reflecting deteriorating credit quality.

In line with the asset mismatch reserves held in respect of SLS, the SanFin asset mismatch reserve is recognised in future earnings at a rate of 16% per annum of the quarterly asset mismatch reserve balance.

The listed prices of perpetual preference shares also deteriorated, contributing to mark-to-market losses in 2020 compared to profits in 2019.

The decline in economic activity in South Africa in 2020 had a significant impact on corporate earnings, with a commensurate rise in corporate credit risk. In light of these conditions, SanFin's credit-related losses increased by R247 million in 2020.

Santam

Attributable to Sanlam (R million)	December 2020	June 2020	December 2019
CBI claims provisions and relief payments	**(1 318)**	(581)	–
COVID-19 support	**(169)**	–	–
Motor book underwriting result	**940**	466	527
Impact on net result from financial services	**(547)**	(115)	527

COVID-19 contributed to a R547 million (net of tax and non-controlling interest) adverse impact on Santam's underwriting performance. The motor book benefited from reduced accidents over the year (especially during the initial phases of lockdown) partly offset by premium relief offered to policyholders.

The Santam CBI matter is still not fully resolved. Santam announced in January 2021 that it will commence the process of assessing and settling valid claims for policies with CBI extensions after obtaining legal certainty on the insured peril for policies with contingent business interruption cover. Two major areas of uncertainty remain with respect to the quantum of these claims: firstly the extent of reinsurance recoveries, secondly the issue of whether the indemnity period in certain contracts is three months (as per Santam's view of the policy contract) or whether the indemnity period follows the underlying policy indemnity period for standard physical damage. In addition, the inherent complexity of business interruption claims, as well as bespoke policy wordings for corporate clients, require significant assumptions to be applied to determine the best estimate CBI claims provisions. For more details on the matter refer to Santam Limited annual financial statements or www.santam.co.za.

Shareholders' fund income statement for the year ended 31 December

R million	2020	2019	△	Excluding the impact of COVID-19* 2020	2019	△
Net result from financial services	**8 382**	9 674	(13%)	**10 464**	8 961	17%
Sanlam Life and Savings	**4 600**	4 855	(5%)	**4 988**	4 741	5%
Sanlam Emerging Markets	**2 377**	2 632	(10%)	**3 120**	2 613	19%
Sanlam Investment Group	**805**	1 070	(25%)	**1 209**	1 017	19%
Santam	**686**	1 217	(44%)	**1 233**	690	79%
Group office and other	**(86)**	(100)	14%	**(86)**	(100)	14%
Net investment return	**271**	1 254	(78%)	**1 081**	1 044	4%
Project expenses	**(304)**	(130)	134%	**(304)**	(130)	134%
Net operational earnings	**8 349**	10 798	(23%)	**11 241**	9 875	14%

* *Excludes earnings components impacted by COVID-19, as outlined on pages 74 to 76.*

Group net result from financial services of R8,4 billion declined by 13% in 2020 but increased by 17% excluding the impact of COVID-19. Net operational earnings declined by 23% but increased by 14% excluding the impact of COVID-19.

SLS net result from financial services decreased by 5%. Mortality claims with COVID-19 indicated as the cause of death amount to R399 million (net of reinsurance) for the year. However, excess claims amounted to R531 million (net of reinsurance) inclusive of COVID-19 claims, after considering the offsetting impacts of annuitant mortality and improved disability experience. The impact of mortality claims was mitigated by the pandemic reserve release of R492 million (gross of tax). Excluding all COVID-19-related items net result from financial services increased by 5%.

SLS net result from financial services for the year ended 31 December

R million	2020	2019	△
SA Retail Affluent	**4 059**	4 455	(9%)
Recurring premium sub-cluster	**2 376**	2 501	(5%)
Glacier	**1 561**	1 566	0%
Sanlam Personal Loans & other	**122**	388	(69%)
SA Retail Mass	**1 050**	1 348	(22%)
Sanlam Corporate	**836**	826	1%
Pandemic reserve release	**492**	–	
Gross result from financial services	**6 437**	6 629	(3%)
Tax on gross result from financial services	**(1 882)**	(1 806)	4%
Non-controlling interest	**45**	32	41%
Net result from financial services	**4 600**	4 855	(5%)

- *SA Retail Mass* gross result from financial services declined by 22% (up 17% excluding excess claims and COVID-19 support provided to intermediaries). Earnings were impacted by higher claims experience, negative investment variances and COVID-19 support to advisers. Higher claims experience was most intensely reported in group schemes (including Safrican). In the individual life business, higher claims experience and support to advisers resulted in a 12% reduction in earnings. African Rainbow Life contributed a loss of R92 million compared to a loss of R87 million in 2019. With increased adviser focus on retention, persistency was better than expected over the year. In this segment cause of death is not required for a claim which potentially understates the impact of COVID-19. Excess claims amounted to R394 million for the year including R46 million where COVID-19 was indicated as the cause of death. Capitec delivered a satisfactory result as the in-force book grew over the year.
- *SA Retail Affluent* gross result from financial services declined by 9%. A strong performance from the individual life risk and savings businesses was largely offset by a provision for one-off expenses of R197 million and a R326 million increase in provisions for doubtful debts at Sanlam Personal Loans.

  Earnings from the risk business increased as good profits from annuity and disability books offset the increase in COVID-19 related mortality. The business also benefited from lower new business strain (in line with the decline in new business volumes), steady persistency and a larger overall book. Mortality claims where COVID-19 was indicated as the cause of death for the year amounted to R159 million (net of reinsurance). Earnings from the savings business increased by 9%, supported by the recovery in market levels in the second half of the year, tight cost management and positive basis changes. Lower profits from the closed book detracted from results.

Comments on the results continued

Glacier's earnings were in line with 2019 with LISP earnings down 9% and Life earnings 4% higher (benefiting from higher annuity profits). The International business benefited from strong net fund inflows and a weaker rand exchange rate. Weaker relative equity markets impacted earnings from those products where Glacier participates in the actual investment return earned on the underlying portfolios. Excluding the impact of COVID-19 discussed above, overall profits grew by 12%.

Strategic business development includes SPL, Sanlam Trust, Multi-Data and Sanlam Reality. Gross result from financial services declined 69% largely due to a R326 million increase in provision for doubtful debts attributable to the impacts of COVID-19. Growth in SPL's loan book was muted in 2020, attributable to lower client demand and management actions implemented to manage the quality of the book under the current challenging conditions.

- *Sanlam Corporate* grew its gross result from financial services by 1%, a satisfactory performance in a difficult operating environment. The business benefited from better than expected mortality profits from the annuity book, lower new business strain and lower administration expenses. Improved group disability claims experience assisted in offsetting the higher COVID-19-related mortality experience. Excess claims amounted to R95 million (net of reinsurance) for the year (COVID-19-related claims net of reinsurance were R194 million). The health business posted an improved performance as a result of good sales at the pharma cluster and lower claims in the gap cover book.

SEM's net result from financial services declined by 10% mainly due to lower returns on float in North and West Africa, increased provisions for doubtful debts in India and the poorer performance of other credit businesses in Africa in a COVID-19 environment, the impact of the Lebanon port facility explosion on Saham Re and the ongoing depreciation of the Angolan kwanza. These negative impacts were partly offset by the increase in Nigerian life insurance earnings contribution due to consolidation of the business from 1 June 2020. Excluding the COVID-19 impacts of capital markets in Sanlam-Pan Africa (SPA) and credit provisions in India, earnings were up 19%.

SEM net result from financial services for the year ended 31 December

R million	2020	2019	△
Southern Africa	**1 859**	1 776	5%
Life insurance	**807**	815	(1%)
General insurance	**347**	213	63%
Investment management	**121**	97	25%
Credit and structuring	**457**	596	(23%)
Other	**127**	55	>100%
North and West Africa	**1 102**	1 515	(27%)
Life insurance	**180**	224	(20%)
General insurance	**1 102**	1 436	(23%)
Other	**(180)**	(145)	(24%)
East Africa	**122**	218	(44%)
Life insurance	**101**	138	(27%)
General insurance	**11**	30	(63%)
Investment management	**39**	27	44%
Other	**(29)**	23	(>100%)
Other international	**1 965**	2 223	(12%)
Life insurance	**173**	139	24%
General insurance	**776**	989	(22%)
Credit and structuring	**876**	1 061	(17%)
Other	**140**	34	>100%
Corporate costs (including Cluster adjustment)	**(379)**	(184)	(106%)
Gross result from financial services	**4 669**	5 548	(16%)
Life insurance	***1 261***	*1 316*	*(4%)*
General insurance	***2 236***	*2 668*	*(16%)*
Investment management	***159***	*123*	*29%*
Credit and structuring	***1 323***	*1 637*	*(19%)*
Corporate costs and other	***(310)***	*(196)*	*(58%)*
Tax on gross result from financial services	**(1 254)**	(1 788)	30%
Non-controlling interest	**(1 038)**	(1 128)	8%
Net result from financial services	**2 377**	2 632	(10%)

- *Life insurance* gross result from financial services declined by 4% (up 7% excluding the COVID-19-related gross impact on investment variances of R142 million). Southern Africa earnings declined by 1% with steady performances from Namibia and Botswana offset by a weaker performance in Zambia. Botswana increased its contribution marginally due to positive claims experience on funeral business offset by negative expense assumption changes. Namibia's earnings also increased marginally. Cost savings, the accompanying improvement in expense assumptions and higher margin releases from favourable product mix were offset somewhat by a strengthening in persistency assumptions.

  Earnings from East Africa decreased by 27% as an improved performance in Kenya was not enough to offset the weakening in other regions. Kenya benefited from reserve releases due to modelling improvements. COVID-19-related negative investment variances were the main reason for the 20% decline in earnings from North and West Africa (up 44% excluding the COVID-19-related impact on investment variances). Morocco earnings recovered in the final quarter of 2020 as a result of improved equity market performance and cost savings. Côte d'Ivoire operating profit was impacted by negative returns on equity portfolios and provisions against property holdings. Nigeria achieved strong growth, the combined effect of strong group risk profits and the consolidation of the business from 1 June 2020.

  In India, Shriram Life insurance earnings declined due to lower volumes given lower business levels in the credit companies, and higher acquisition costs. Malaysia life insurance earnings benefited from lower acquisition costs and positive basis changes for expected claims on group business.

- *General insurance* earnings decreased by 16% but increased by 28% excluding the COVID-19-related impact on investment return from equities and properties earned on the Morocco and Côte d'Ivoire general insurance funds. Investment return on insurance funds was 6,1% for the year relative to 13,2% in 2019, with Morocco at 1,5% relative to 16,6% in 2019. Morocco achieved a satisfactory underwriting margin of 7,9% due to lower claims ratios on motor and health business. Angola's performance improved over the year driven by increasing volumes, an improvement in the motor loss ratio and better claims management and rate reviews in the health business. Saham Re, and to a lesser extent, Continental Re's underwriting margin was suppressed by the Beirut port facility explosion. Continental Re also experienced some large claims in the last two months of the year.

  In India, Shriram General Insurance reported a decline in earnings from a high comparative base which included a reserve release in respect of motor third-party business. In Malaysia general insurance earnings benefited from a lower claims ratio.

  Good progress was made in improving the underwriting performance of the Saham general insurance portfolio:

General insurance and reinsurance for the year ended 31 December

	Gross written premiums		Underwriting margin		Investment return on insurance funds		Net insurance result	
R million	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Southern Africa	**3 485**	3 499	**13,2%**	11,8%	**3,6%**	3,1%	**16,8%**	14,9%
North and West Africa	**14 953**	12 914	**6,0%**	0,8%	**2,7%**	12,7%	**8,7%**	13,5%
East Africa	**1 573**	1 445	**(5,4%)**	(1,4%)	**4,8%**	5,3%	**(0,6%)**	3,9%
Other international	**3 181**	3 424	**7,4%**	13,4%	**21,7%**	23,2%	**29,1%**	36,6%
Total	**23 192**	21 282	**6,3%**	4,0%	**6,1%**	13,2%	**12,4%**	17,2%
Saham	**17 853**	16 312	**7,3%**	2,0%	**3,0%**	11,9%	**10,3%**	13,9%
Other	**5 339**	4 970	**3,6%**	11,7%	**16,5%**	17,7%	**20,1%**	29,4%
Total	**23 192**	21 282	**6,3%**	4,0%	**6,1%**	13,2%	**12,4%**	17,2%

  - The overall general insurance portfolio underwriting margin improved from 4,0% in 2019 to 6,3% in 2020, with the former Saham portfolio improving from 2,0% to 7,3%.
  - The SPA general insurance portfolio achieved an underwriting margin of 6,1% (7,2% excluding the impact of the Beirut port facility explosion), within the 5% to 9% target range.
  - The other international portfolio achieved an underwriting margin of 7,4% compared to 13,4% in 2019. India reported an underwriting margin of 6,7% relative to 19,3% in 2019, with 2019 benefiting from reserve releases.

Comments on the results continued

Management has reviewed the composition of the investment portfolio in Morocco in the context of long-term value creation, local capital requirements and its risk appetite. The revised asset allocation strategy will support an above hurdle return on capital at a lower level of expected volatility given a planned shift to less equity and property exposure. Given the current market values and economic climate, the implementation of the strategy is expected to be phased in over time as opportunities arise.

All the *Credit* businesses were affected by a deteriorating arrears position. Gross earnings from this line of business declined by 19% (in line with 2019 excluding changes in doubtful debt provisions in India). In India, the credit businesses were affected by lower net interest margins and an increase in the provision for bad debts due to the six-month payment holiday that ended at 31 August 2020. Both disbursements and collections did, however, improve in the final quarter of the year. Southern Africa credit earnings declined by 23% due to lower interest income and higher impairment charges.

Lebanon's net asset value at 30 June 2020 was impaired to zero. For shareholder fund reporting, profits generated in Lebanon in the second half of 2020 (R57 million) were recognised against the impairment recognised at 30 June 2020, reducing the overall impairment charge for the full year.

SIG's net result from financial services decreased by 25% (up 19% excluding the COVID-19-related credit and preference share impacts), a satisfactory performance under challenging conditions. On a gross basis, net result from financial services decreased by 20%.

SIG net result from financial services for the year months ended 31 December

R million	2020	2019	△
Sanlam Investments (third-party business)	552	536	3%
Wealth Management	214	186	15%
International	282	355	(21%)
Corporate services	(40)	(28)	43%
Investment management	1 008	1 049	(4%)
Sanlam Specialised Finance	241	510	(53%)
Sanlam Asset Management	188	214	(12%)
CCM and other	53	296	(82%)
Gross result from financial services	1 249	1 559	(20%)
Tax on gross result from financial services	(378)	(392)	(4%)
Non-controlling interest	(66)	(97)	(32%)
Net result from financial services	805	1 070	(25%)

- The *Sanlam Investments third-party asset manager's* gross result from financial services increased by 3% from a high base in 2019 that included one-off income of some R60 million in the Alternatives business relating to the Climate Investor One Fund reaching its fund-raising target. Excluding this, gross result from financial services increased by 16% despite lower average investment markets for 2020 relative to 2019. Performance fees, cost controls and strong net fund inflows at Sanlam Multi-Manager and Satrix supported the performance.
- *Wealth Management* gross result from financial services increased by 15%. Brokerage income benefited from increased client trading activity, to some extent offsetting the impact of lower average equity markets. International portfolio fee income and growth in the Pan-Africa business augmented by tight cost management also supported growth.
- The weaker rand exchange rate could not fully compensate for lower fee income at the *International* businesses, with a 21% decline in gross result from financial services. International investment markets were also lower in 2020 compared to 2019, suppressing assets under management and related fee income. Sanlam UK is in the process of a large restructuring of its platform and to improve the operating systems of the underlying businesses. This includes the introduction of new operating systems and changes to the staff complement, which resulted in increased redundancy and contractor costs relating to the projects.
- *SanFin's* results were severely impacted by an increase in provisions for doubtful debts as a result of the impact of the COVID-19 pandemic on the operating environment. Gross result from financial services reduced 53% to R241 million in 2020 from R510 million in 2019. The CCM was impacted by credit-related provisions and declines in listed preference share values. The partial recovery in credit markets did support performance in the second half of 2020, resulting in an improvement in earnings from the half year. Sanlam Asset Management was impacted by lower average assets under management due to market volatility.

Santam's net result from financial services declined by 44% mainly due to provisions raised for CBI claims (refer to commentary above).

The motor and property books benefited from lower claims experience in South Africa. This was, however, more than offset by CBI claims and provisions of R3,0 billion. Santam's Conventional Insurance business achieved a net underwriting margin of 2,5% (2019: 7,7%), below its 4% to 8% target range.

Investment return on insurance funds (float income) decreased by 13% (for the Conventional Insurance business), largely due to lower short-term interest rates in 2020. Santam's share of earnings from the SEM general insurance businesses decreased by 23%, reflective of the Shriram General Insurance and SPA results.

Net operational earnings of R8,3 billion are 23% down on 2019 (up 14% excluding the COVID-19 impact). This is the combined effect of the 13% decrease in net result from financial services and a decline in net investment return earned on the capital portfolio from R1 254 million in 2019 to R271 million in 2020. Expected credit loss provision in Lebanon of R726 million was the main contributor to the lower investment return in 2020.

Normalised attributable earnings include the following items in addition to net operational earnings:

Shareholders' fund income statement for the year ended 31 December

R million	2020	2019	△
Net operational earnings	**8 349**	10 798	(23%)
Amortisation of intangible assets	**(699)**	(766)	9%
Equity participation costs	**(1)**	(596)	
Profit on disposal of subsidiaries and associates	**285**	(6)	
Impairments	**(8 638)**	(339)	
Net non-operational equity-accounted earnings	**10**	19	(47%)
Normalised attributable earnings	**(694)**	9 110	(108%)

A net impairment charge of R8,6 billion was recognised due to the lower valuation of Group operations of which R5,8 billion (net of utilisation of hedge of R855 million) and R803 million are attributable to Saham and Shriram Capital respectively. Positive foreign currency translation differences of R2,9 billion have been recognised directly in equity in respect of the SEM businesses subject to impairment. The net effect on net asset value therefore amounts to a reduction of R5,7 billion. The Saham impairment gross of hedge comprises of the following:

- Write-down of the premium paid at acquisition for synergies (R2 712 million)
- Reducing the valuation of the Lebanon businesses to zero (R2 048 million)
- Reducing future economic growth and investment return assumptions (R1 928 million)

The valuation of Shriram Capital was reduced given the increased levels of expected credit losses in the credit businesses, and the impact that COVID-19 continues to have on the economic growth rate environment in India, and hence top-line growth in all the Shriram businesses. This was also reflected in the lower listed share prices of Shriram Transport Finance Company (STFC) and Shriram City Union Finance (SCUF) during the year.

Included in the net impairment charge is an amount of R1,7 billion in respect of the B-BBEE SPV funding.

Equity participation cost, which included a one-off charge of R594 million in 2019 in respect of the 5% B-BBEE share issuance. The total one-off IFRS 2 charge amounted to R1 686 million. R594 million was recognised in normalised attributable earnings, representing the economic cost to Sanlam shareholders from issuing the shares at a higher than market-related discount. The remainder is recognised in fund transfers.

Headlines earnings increased by 24%. The difference in growth between normalised attributable earnings and headline earnings relates primarily to the exclusion of impairments and the inclusion of fund transfers of R3,6 billion (2019: negative R2,0 billion) in headline earnings. Fund transfers include:

- Non-economic mismatch profits and losses recognised in terms of IFRS through the elimination of Sanlam shares held in policyholder portfolios as treasury shares and the recognition of deferred tax assets in respect of assessed losses in policyholder portfolios of +R710 million (2019: -R240 million).
- In 2019, the difference between the R1,7 billion IFRS 2 charge recognised in respect of the B-BBEE share issuance, and a market-related discount of R594 million (R1 092 million expense).
- Consolidation of the B-BBEE SPV, which results in the recognition of interest paid on external funding in the SPV, mark-to-market changes on the hedging instruments in the structure and administration costs incurred by the SPV in Sanlam's earnings of -R19 million (2019: -R601 million).
- Net monetary gains of R1,2 billion in respect of hyperinflation in Lebanon.

The number of shares used to calculate headline earnings per share is reduced by the 5% shares held by the SPV, as these are treated as treasury shares on consolidation and written down to zero against reserves in the IFRS statement of financial position.

Business volumes

New business volumes increased by 25%, with the SEM and SIG clusters recording strong growth. Life insurance volumes increased by 4% relative to the 2019 financial year and general insurance volumes improved by 3%. Investment business was the key driver of overall volume growth, increasing by 37%.

SLS new business sales were 1% higher than 2019, attributable to a robust performance by Glacier, which was offset by weaker growth in the Sanlam Corporate and SA Retail Mass businesses. Life insurance volumes increased by 3% and investment business declined by 1%.

SLS new business volumes for the year ended 31 December

R million	2020	2019	△
SA Retail Mass	2 558	2 839	(10%)
SA Retail Affluent	65 441	58 974	11%
Recurring premium sub-cluster and strategic business development	2 865	3 315	(14%)
Risk	1 189	1 214	(2%)
Savings	1 676	2 101	(20%)
Glacier	62 576	55 659	12%
Life business	31 681	27 472	15%
Investment business	30 895	28 187	10%
Sanlam Corporate	9 848	15 238	(35%)
Life business	6 500	8 790	(26%)
Investment business	3 348	6 448	(48%)
New business volumes	77 847	77 051	1%

Life insurance volumes improved in the second half of the year as restrictions on face-to-face sales were eased. The recovery was slower in SA Retail Mass and Sanlam Corporate relative to SA Retail Affluent. New business in traditional channels was supported by accelerated digital adoption. Our digital business, Sanlam Indie, performed exceptionally well over the year.

- *SA Retail Mass* new business volumes decreased by 10% as a result of COVID-19 lockdown restrictions. The individual life business recorded a 28% decline in new business volumes. Distribution in this market segment is largely reliant on face-to-face contact, either at home or at worksites. This was prohibited for most of the second quarter of 2020. Sales in the second half of the year improved as lockdown restrictions were relaxed but remained below the comparative period in 2019. The Capitec Bank partnership was resilient, achieving growth of 4% on 2019. African Rainbow Life contributed new business sales of R80 million relative to R13 million in 2019. Group new business (including Safrican) sales declined by 4% relative to 2019.
- *SA Retail Affluent* new business achieved particularly pleasing growth of 11%. Sanlam Indie achieved strong growth, supported by MiWay Life and Brightrock. This partly offset lower sales in the traditional intermediated channels. The pressure on middle-market disposable income was felt in the recurring premium savings businesses, where sales declined by 20%. Glacier performed particularly well with life and investment business increasing by 15% and 10% respectively, with healthy demand for annuities, international products and money market discretionary solutions. From April to December, premium holidays were approved on 10 051 policies at individual life and 46 047 policies at savings. The premium continuance rate for these policies is 88% for individual life and for savings.
- *Sanlam Corporate* new business volumes declined by 35%, the combination of a 26% decline in life business and 48% decline in new investment business. New business was impacted by low quote activity in 2020 and a high base in the second half of 2019.

SLS's net fund inflows declined by 25% from R15,2 billion in 2019 to R11,4 billion in 2020. SA Retail Mass declined by 1% despite weak new business, as persistency improved over the year. SA Retail Affluent increased by 28% supported by strong Glacier flows. Sanlam Corporate declined by 94% due to lower new business, a high base in 2019 and the outflow of more than R2 billion relating to externally managed single manager portfolios that were loss making.

SEM new business volumes increased by 35% with all regions contributing to the growth. The Southern and East Africa regions recorded particularly strong growth in investment business.

SEM new business volumes for the year ended 31 December

R million	2020	2019	△
Southern Africa	20 840	15 695	33%
North and West Africa	14 220	12 666	12%
East Africa	7 728	2 362	>100%
Other international	4 110	4 086	1%
New business volumes	**46 898**	34 809	35%
Life insurance	9 241	8 343	11%
General insurance	16 479	15 604	6%
Asset management	21 178	10 862	95%

Most of the markets where SEM operates were subject to some form of COVID-19 lockdown or curfew, which inhibited new business sales, similar to South Africa. *Life insurance* new business volumes, however, increased by 11%, benefiting from the acquisition of the remaining 65% interest in the Nigerian insurance operations in June 2020. North and West Africa and East Africa both recorded strong volume growth over the year offsetting a slightly weaker performance from Southern Africa. Other international life insurance volumes improved 2% over the year.

General insurance new business increased by 6% despite COVID-19 restrictions and the deliberate non-renewal of a number of loss-making schemes aimed at improving the quality of the book. North and West Africa achieved growth of 9% and East Africa growth of 6%. This offset a 10% decline in Southern Africa and muted growth from the Other International businesses. The former Saham business achieved growth of 3%.

Investment new business volumes increased by 95% to R21,2 billion. This includes a strong improvement in East Africa, where new business of R5,7 billion was achieved compared to R738 million in 2019, and large new mandates from the government employee retirement funds in Namibia and Botswana.

Net fund flows increased by 89% from R11,2 billion in 2019 to R21,2 billion in 2020, with all regions contributing to the growth.

SIG's new business volumes increased by 43%, with Investment Management SA growing new business by 35%. This was driven by large institutional mandates awarded for index tracking and money market funds, as well as higher-than normal short-term asset allocation changes by retail clients in the uncertain environment. Wealth management grew new business volumes 51% and international volumes increased by 78% as these businesses reported strong pick-ups in client activity in volatile markets.

Net fund flows of R21,1 billion for the cluster were broadly in line with 2019. Lower net retail flows more than offset good growth in institutional net inflows over the year, contributing to a 48% decline in overall net fund inflows from the Investment Management SA business. Wealth Management reported improved net inflows of R2,8 billion compared to some R560 million in 2019. The international business reported net inflows of R8 billion relative to R579 million in 2019, largely reflective of its new business performance with no large withdrawals in 2020.

Gross written premiums at **Santam** increased by 7%, the aggregate of 5% growth in conventional insurance business and 17% in alternative risk transfer business. This is a satisfactory performance in the context of recessionary economic conditions. Motor, which contributes 43% of total gross written premiums, for the conventional business, was 1% higher than 2019 due to the premium relief offered to clients. Excluding these relief measures, gross motor premiums written grew by 3%. The property line of business grew by 8% on the back of strong growth in the specialist property business outside of South Africa. Gross written premiums from the other lines of conventional business increased 8% relative to 2019 in aggregate, largely due to good growth in the crop book. Net earned premiums increased by 3% in the conventional insurance business, with the lower growth compared to gross written premiums largely attributable to increased premium growth from the specialist business and Santam Re, where Santam retains less premium for its own account.

Overall Group net fund inflows of R62 billion (+8%) in 2020 is a particularly satisfactory performance given the challenging market conditions.

Comments on the results continued

Business volumes for the year ended 31 December 2020

R million	New business 2020	New business 2019	△	Net inflows 2020	Net inflows 2019	△
Sanlam Life and Savings	**77 847**	77 051	1%	**11 351**	15 160	(25%)
Sanlam Emerging Markets	**46 898**	34 809	35%	**21 192**	11 239	89%
Sanlam Investment Group	**161 470**	113 236	43%	**21 130**	21 221	0%
Santam	**24 660**	24 227	2%	**7 890**	9 146	(14%)
Total	**310 875**	249 323	25%	**61 563**	56 766	8%
Life insurance	**56 111**	53 927	4%	**14 613**	15 989	(9%)
Investment business	**213 625**	155 565	37%	**32 485**	25 596	27%
General insurance	**41 139**	39 831	3%	**14 465**	15 181	(5%)
Total	**310 875**	249 323	25%	**61 563**	56 766	8%

Value of new covered business

Net VNB declined by 16% to R1 921 million at actual interest rates and 14% on constant economic assumptions. Both SLS and SEM experienced lower VNB in 2020 relative to 2019, in line with lower new business sales in most of the more profitable life insurance lines. VNB was also impacted by increased lapse assumptions and higher acquisition and maintenance unit costs.

Economic basis changes had a net marginal impact on Group VNB as there were offsetting impacts between the different regions, specifically between SA Retail Mass and the Nigerian life insurance business. The Group new business margin declined to 2,58% from 2,98% in 2019, largely due to weaker volume growth in the higher margin product lines relative to the mainly fixed cost base.

SLS VNB declined by 15% to R1 638 million (21% lower on a comparable economic basis), with SA Retail Mass down 32% to R512 million and SA Retail Affluent 3% higher than 2019 at R1 032 million. Glacier's VNB increased by 38% benefiting from a mix of business favouring higher margin life insurance lines. Sanlam Corporate VNB declined by 46% to R94 million due to lower volumes with margins reducing to 1,04% from 1,29% in 2019. The SLS new business margin reduced to 2,73% from 3,08% in 2019, a satisfactory performance in a difficult operating environment.

SEM VNB declined by 17% to R283 million from R343 million in 2019 at actual interest rates but increased by 20% on a comparable economic basis. Good growth in Namibia, Malaysia and Tanzania was offset by declines in India (lower volumes and higher cost ratio) and Nigeria. Nigeria's VNB was negatively impacted by more than R90 million due to the change in yield curve.

Value of new life business for the year ended 31 December

R million	2020	2019	△
Net value of new covered business	**1 921**	2 280	(16%)
Sanlam Life and Savings	**1 638**	1 937	(15%)
Sanlam Emerging Markets	**283**	343	(17%)
Gross of non-controlling interest	**2 202**	2 545	(13%)
Net present value of new business premiums	**74 591**	76 446	(2%)
Sanlam Life and Savings	**59 947**	62 794	(5%)
Sanlam Emerging Markets	**11 176**	10 242	9%
Sanlam Investment Group	**3 468**	3 410	2%
Gross of non-controlling interest	**80 239**	81 540	(2%)
Net new covered business margin	**2,58%**	2,98%	
Sanlam Life and Savings	**2,73%**	3,08%	
Sanlam Emerging Markets	**2,53%**	3,35%	
Gross of non-controlling interest	**2,74%**	3,12%	

Group Equity Value

The valuations of all Group operations were adversely affected by the COVID-19 operating environment, contributing to negative RoGEV per share of -2,8% for 2020 compared to positive return of 6,4% in 2019.

The underperformance in net result from financial services and net investment surpluses outlined above, contributed to lower GEV earnings for the current period across the life and non-life operations. A negative return was earned on the listed Santam share, with the Santam share price declining in 2020, albeit less than other listed financial services shares. A prudent approach was applied to the GEV valuations in 2020, given the significant uncertainty around the eventual outcome of COVID-19 and the trajectory of economic recovery.

The following key assumptions were adjusted:

Non-covered business

- Economic assumptions were revised downwards in the current uncertain environment, in respect of both economic growth forecasts and future investment returns. This affected the valuations of the investment management, administration and SEM general insurance operations.
- Top-line growth was reduced across the board for non-life operations, through lower net fund inflow assumptions for investment management businesses and lower premium/fee income growth at other businesses.
- The valuation of the Lebanon operations was reduced to zero as a meaningful economic recovery, as well as the potential to repatriate profits, is not expected in the foreseeable future.
- Most of the premium paid for synergies in respect of the Saham acquisition was written off. Realisation of the synergies will take longer than originally anticipated due to the slowdown in economic growth across the Saham footprint as a result of COVID-19. We remain confident that the synergies can be realised but decided to instead allow them to emerge as positive future experience variances.
- A prudent approach was followed for the valuation of the Indian credit businesses, taking cognisance of significant uncertainty that remains around the eventual impact of the COVID-19 operating environment on these businesses.
- An impairment charge of R1,7 billion in respect of the B-BBEE SPV funding.

Covered business

- Persistency assumptions were strengthened for the life insurance book, with the major portion attributable to SLS. Despite no noticeable weaker persistency experience in 2020, it is not expected to persist in the context of rising unemployment in South Africa and increasing pressure on disposable income. Maintenance unit cost expenses were also strengthened as a commensurate second order effect.
- The valuation of the Lebanon covered business was reduced to zero in line with the non-life operations.

The weaker rand provided some support to the non-South African valuations but this was to a large extent offset by the significant weakening in the Angolan kwanza.

Impairments of R8,6 billion were recognised in the shareholders' fund income statement as a result of the lower valuations (refer to the earnings section above for further information).

GEV amounted to R131,8 billion or 5 920 cents per share at 31 December 2020. Including the dividend of 334 cents per share paid, RoGEV per share for 2020 amounted to a negative 2,8%. This is lower than the 13,3% target for 2020, largely attributable to the COVID-19 impact as outlined in the previous section.

Adjusted RoGEV per share, which excludes the impact of lower actual investment return than the long-term assumptions, interest rate changes and other one-off effects not under management control, and assuming normalised exchange rate movements, amounted to 2,6%.

Group Equity Value at 31 December

	GEV		RoGEV	
R million	**December 2020**	**December 2019**	**GEV earnings**	**%**
Group operations	**123 881**	133 517	(1 964)	(1,5)
SA Retail Affluent	**36 078**	37 065	2 586	7,0
SA Retail Mass	**10 596**	10 076	1 170	(11,6)
Sanlam Corporate	**5 604**	5 920	289	4,9
Sanlam Emerging Markets	**35 323**	40 731	(4 106)	(10,2)
Sanlam Investment Group	**19 003**	20 050	8	0,0
Santam	**17 277**	19 675	(1 911)	(9,7)
Covered business	**59 326**	60 156	3 724	6,2
Value of in-force business	**44 212**	45 179	(1 321)	
Adjusted net worth	**15 114**	14 977	5 045	
Other operations	**64 555**	73 361	(5 688)	(7,8)
Group operations	**123 881**	133 517	(1 964)	(1,5)
Discretionary capital and other	**7 931**	9 754	(1 910)	(18,8)
Group Equity Value	**131 812**	143 271	(3 874)	(2,7)
Per share (cents)	**5 920**	6 436	(174)	(2,8)

Comments on the results continued

Group operations yielded an overall negative return of 1,5% for 2020, the combination of a 6,2% return on covered business and negative 7,8% on other Group operations.

The main components contributing to the return on covered business at a consolidated Group level are summarised in the table below:

Return on covered business for the year ended 31 December

%	2020	2019
Expected return – unwinding of the risk discount rate	**9,3**	9,4
Value of new covered business	**3,2**	4,1
Operating experience variances	**0,6**	2,4
Operating assumption changes	**(4,1)**	(0,4)
Economic assumption changes	**0,2**	0,5
Expected investment return on capital portfolio	**1,7**	1,8
Investment variances	**(4,0)**	(0,6)
Value of in-force	**(2,6)**	0,6
Capital portfolio	**(1,4)**	(1,2)
Foreign currency translation differences and other	**(0,7)**	(0,6)
Return on covered business	**6,2**	16,6

- Expected return on covered business was in line with the comparable period in 2019 given comparable risk discount rates at the start of the periods.
- Return from VNB declined due to the COVID-19 impact on new business volumes and hence VNB.
- Operating experience variances for 2020 were almost R1 billion lower than 2019 mainly due to the impacts of COVID-19 on the following key items:
  - Risk experience was severely impacted by excess mortality experience which resulted in negative experience of R125 million for 2020 relative to positive experience of R454 million in 2019.
  - Credit spread variances of R129 million were R165 million lower than the R294 million reported in 2019. This is due to the COVID-19-related impacts on credit markets in 2020.
  - Working capital management experience profits declined from R527 million in 2019 to R457 million, in line with the lower short-term interest rates.
  - Persistency experience variances improved from negative R22 million in 2019 to positive R157 million in 2020.
- Equity and interest rate markets significantly underperformed the actuarial assumptions in 2020, contributing to overall negative investment variances of 4,0%, compared to a negative variance of 0,6% in 2019.
- Foreign currency translation differences and other in 2020 is the combined effect of R610 million of goodwill acquired through business combinations that was written off in line with actuarial guidelines for embedded values and positive foreign currency translation differences. The majority of the goodwill relates to the acquisition of the remaining 65% interest in the Nigerian operations.

Other Group operations recorded a negative return of 7,8% for the year. This is largely attributable to the assumption changes as outlined in the previous section. The Santam RoGEV reflects the investment return of the listed share price.

Capital management

The Group started the year with discretionary capital of R220 million. The following major transactions were concluded in 2020:

- The acquisition of the remaining 65% interest in the Nigerian insurance operations from FirstBank of Nigeria (FBN). SEM exercised its option to acquire the stake after a decision by FBN to dispose of the majority interest in line with its strategic repositioning to focus on core banking operations. The intention remains to introduce a new partner in the business, consistent with SEM's partnership approach. The acquisition price amounted to R1,2 billion and was fully funded through debt, with commensurately no net utilisation of discretionary capital. Debt was introduced to enhance the return on investment and to better facilitate the introduction of a new partner.
- The disposal of 25% of Sanlam's third-party asset management business to African Rainbow Capital for net proceeds of R817 million in order to enhance the competitiveness and empowerment of the business by establishing a leading South African black-owned asset management company.
- Some R370 million was invested in the Sanlam UK operations.

No other significant movements occurred in the year, with a discretionary capital balance of R636 million at 31 December 2020.

In December 2020, Sanlam announced that it will acquire 25% of a new subsidiary of ARC Financial Services, subject to certain suspensive conditions. The subsidiary will hold ARC Financial Services financial assets excluding banking-related investments. The proposed transaction will be funded from Sanlam Life's existing cash resources held in the non-participating business portfolio.

The shareholder approved R2 billion ARC facility expired in December 2020. The total drawdown of R1,95 billion was made throughout the 2-year period in respect of the following investments:

- Alexander Forbes investment of R1,1 billion
- SIG third-party asset manager of R653 million
- African Rainbow Life of R65 million
- ARC Investments rights issue of R126 million

On 9 February 2021 it was announced that Nucleus Financial Group plc had reached agreement on the terms of a recommended all-cash offer to be made by James Hay Holdings Limited (James Hay), pursuant to which James Hay is to acquire the entire issued and to-be-issued share capital of Nucleus (the acquisition). Sanlam UK Limited owned 52,19% of Nucleus' issued share capital as at 8 February 2021 and gave an irrevocable undertaking to vote in favour of the acquisition. Sanlam UK Limited will receive approximately £75 million in cash. The acquisition is subject to Nucleus shareholder and regulatory approvals, and other conditions precedent. Subject to satisfaction of these conditions, the acquisition is expected to complete in the second quarter of 2021.

Solvency

All of the major life insurance businesses within the Group were sufficiently capitalised at 31 December 2020. The Sanlam Group solvency capital requirement (SCR) cover ratio remained at a healthy level of 191%. The SCR cover for the Sanlam Life Insurance Limited (Sanlam Life) covered business of 197% at 31 December 2020 was towards the upper end of the target cover range of between 170% and 210%.

The SCR cover ratio for the Sanlam Life entity as a whole at 257% exceeded the covered business ratio at the end of 31 December 2020 due to the inclusion of discretionary and other capital held on the Sanlam Life balance sheet, as well as investments in Santam and other Group operations that are not allocated to Sanlam Life's covered business operations.

Dividend

As part of our business reviews, business planning and budget processes, we stress test and apply adverse event shocks to the business to monitor and safeguard the stability of Sanlam's financial soundness and overall capital position. In terms of these stress tests, we remain within the required levels of capital. Furthermore, the Group was able to declare a dividend within its normal dividend policy range without having significant impact on the ability of the Group to deal with further financial stresses.

Sanlam's dividend policy is based on cash operating earnings, which is equal to the portion of the business clusters' reported operating earnings that are distributed to the Group as cash dividends. The level of cash earnings available for distribution to the Group is informed by a number of factors, including working capital requirements, as well as the solvency position of the various entities within a cluster. The key principle is that the entities within a cluster should be sufficiently capitalised after a dividend distribution to ensure compliance with internal risk appetites and local regulatory solvency requirements, taking cognisance of future growth plans. The same considerations apply in setting the Sanlam dividend, taking due cognisance of the Group solvency position under the South African regulations. This dividend policy is aligned with the guidance issued by the Prudential Authority during 2020 amidst the worse of the pandemic.

At a secondary level, the Group's objective is to maintain a 1.0x – 1.2x times Group cash operating earnings cover in any year to manage a smooth dividend profile. The application of this policy resulted in Sanlam accumulating some historical excess dividend cover reserves. To the extent that excess dividend cover is not utilised for investment opportunities, the policy enables some smoothing of dividends in a year such as 2020 (dividend payable 2021).

The Group declared a dividend of 300 cents per share, despite adverse impact of the COVID-19 operating environment on our key performance metrics. This reflects the resilience of Sanlam and the Board's confidence in the underlying strength of the business. The target is to grow the Sanlam dividend per share by between 2% and 4% per annum in real terms over a 3-year rolling period, but subject to at least real growth in a particular year. A declaration of 300 cents per ordinary share results in three-year rolling period real growth of negative 2,7%. Given the uncertainty brought on by the potential CBI cost at Santam and the impact of further waves of COVID-19 on levels of mortality claims in 2021, the Board is comfortable that this negative growth is reflective of the current business environment and prudent. The application of this policy resulted in Sanlam's dividend declining by 10% whilst cash operating earnings decreased by 17%. Our solvency position remains solid at 191% for Sanlam Group at 31 December 2020.

Shareholders are advised that the final gross cash dividend of 300 cents for the year ended 31 December 2020 is payable on Monday, 12 April 2021 by way of electronic bank transfers to ordinary shareholders recorded in the register of Sanlam at close of business on Friday, 9 April 2021. The last date to trade to qualify for this dividend will be Tuesday, 6 April 2021, and Sanlam shares will trade ex-dividend from Wednesday, 7 April 2021. Share certificates may not be dematerialised or rematerialised between Wednesday, 7 April 2021 and Friday, 9 April 2021, both days included.

The South African dividend withholding tax regime applies in respect of this dividend. The dividend will in full be subject to the 20% withholding tax, where applicable, which will result in a net final dividend, to the shareholders who are not exempt from paying dividend tax, of 240 cents per share. The number of ordinary shares in issue in the Company's share capital as at the date of the declaration is 2 061 645 628 excluding treasury shares of 165 328 780 at 31 December 2020. The Company's tax reference number is 9536/346/84/5.

Governance, leadership and remuneration

Our approach to governance

Ethical leadership is paramount and an integral part of the Board's approach to corporate governance practices. It forms the basis for clients' and key stakeholders' trust in the Group.

The Sanlam Board oversees a group of companies that have been in business for more than a century. Its role includes safeguarding this legacy while ensuring that the Group continues to create value for future generations to come. The Board, in executing its fiduciary duties, among other things, remains the accountable custodian of corporate governance. It is committed to ensuring, collectively and individually, that sound governance principles are fully integrated into all aspects of the business.

As a result, Sanlam's policies, processes and procedures are controlled and executed according to a structured and formal system. This encompasses responding to the legitimate expectations of Group's various stakeholders which include (but are not limited to) those stakeholders who are affected by our business, those who could potentially influence how we conduct business, as well as those stakeholders who have an interest in the Group's actions and how these are being performed.

Our approach to good governance

- Organisational ethics
- Group Business Philosophy areas of guidance
- An entrepreneurial culture
- Traditional values
- Innovation
- Stakeholder value
- Strong ties with business partners
- Client centricity
- Solution oriented Business responsibility

The Sanlam values

Lead with courage to earn our clients' trust	**Serve with pride** as we are client focused	**Caring** that comes from respect for each other	**Winning with integrity** to be the unrivalled industry leader in Africa	**Creating value** in everything that we do

Key governance milestones and focus areas

The Board held five meetings during 2020, to among others, deliberate strategic matters as well as attend to the execution of the corporate action that had been approved by Sanlam's shareholders on 12 December 2018.

Other focus areas during the year included:

- reviewing and approving Sanlam's revised Group strategy;
- reviewing and approving Sanlam's risk appetite statement;
- reviewing and approving Sanlam's Group own risk and solvency assessment (ORSA) supervisory report. This included assessing the capital targets contained in the ORSA report to be adequate, i.e. given the size, business mix and complexity of the Group's operations;
- ensuring ongoing compliance with an enhancement of the Sanlam Group Governance policy, including enhancing governance and compliance protocols implemented across the Group. This included the recruitment of new independent non-executive directors to the Board, while taking cognisance of the recommendations made by shareholders and the PA as well as in accordance with the JSE's criteria relevant to diversity attributes;
- ongoing adherence to the Group information management and information technology (IIT) governance framework and charter, as well as the IIT policy framework;
- promoting and monitoring ESG and responsible investment principles in how Sanlam conducts its business;
- adopting a heightened approach towards stakeholder inclusivity and exercising an oversight role over the implementation of Sanlam's Group stakeholder management policy;
- evaluating on a continuous basis the independence status of Sanlam's directors in accordance with King IV™'s criteria and recommended practices, on a substance-over-form basis;
- recruiting and appointing an African black female as the Group Finance Director, effective 1 October 2020; and
- proposing candidates for the Sanlam Audit, Actuarial and Finance committee to be elected by shareholders at the AGM held in June 2019. This process will be repeated in 2021 as members are elected annually at the AGM.

Areas considered for improved disclosure in the annual reporting suite included:

- integrating Sanlam's resilience factors into the annual reporting suite;
- presenting Sanlam's remuneration report to shareholders to enable them to cast a non- binding advisory vote on the Company's remuneration policy; and
- updating the disclosure in the Remuneration Report in line with developing best practice.

Sanlam applies the recommendations of King IV™ and the Board's practices aim to achieve the appropriate outcomes. In 2020, the outbreak of COVID-19 challenged the Board to be even more forward-thinking, responsive and to find new ways to apply governance to ensure an ethical culture, good performance, effective control and legitimacy.

Governance in all markets

To support and develop mature governance and ethics structures and processes in all the markets where Sanlam operates, all companies across the Group are expected to adhere to and confirm compliance with Sanlam's governance principles, including the Code of Ethical Conduct, in their respective annual Board representation letters. The Group continually engages with internal stakeholders to ensure that there is a common understanding of how to report on ethical matters and the types of ethics breaches to be included in reporting.

King IV™ status

The Board is satisfied with the effort made during 2020 to apply and explain all aspects of King IV™, as appropriate. The Risk and Compliance committee, the Audit, Actuarial and Finance committee, the Human Resources and Remuneration committee and the SES committee are all satisfied that Sanlam has complied with the King IV™ principles. Appropriate actions, where required, are being implemented to ensure continued adherence to the obligations placed upon the Group in this regard. The Group regularly assesses its compliance levels to ensure that all areas requiring improvement have been appropriately identified and addressed.

Sanlam's King IV™ 2020 Disclosure Report, which includes the Group's response to the 17 principles and recommended practices per principle, is available on the Sanlam investor relations website (www.sanlam.com).

The Group made a concerted effort to ensure that it adhered to the applicable suite of governance requirements outlined in the following legislation, among others:

- The South African Companies Act, 71 of 2008 (as amended) (the Companies Act);
- The JSE Listings Requirements, as amended; and
- The Prudential Standards and Framework for Governance and Operational Standards for insurers.

In the dynamic process of evolving and assessing the effectiveness of our governance approach and structures, we also consider the criteria used by the following:

- FTSE/JSE Responsible Investment Index Series;
- Dow Jones Sustainability Index; and
- ISS-oekom corporate rating.

The Sanlam Group has made commitments in terms of the following:

- Investor member of the CDP;
- Signatory to the Principles for Responsible Investments;
- Signatory to the Principles for Sustainable Insurance;
- Member of ClimateWise; and
- A partnership with WWF-SA.

The Board exercises its oversight responsibility, rights and obligations through elected representatives in the various companies in which it has invested. The Sanlam and Sanlam Life Board has the ultimate responsibility to ensure that Sanlam promotes good governance by investing responsibly. The Board achieves this through its Group Exco and the respective governance structures within each of the cluster businesses. The clusters' Excos have the responsibility to ensure that Sanlam's investments are managed in accordance with the policies and Board-approved investment mandates. The Board requires that these governance practices promote responsible investment, achieve good governance, promote ethical culture and enhance effective control, good performance and legitimacy.

Sanlam Investment Group subscribes to the Code for Responsible Investing in South Africa (CRISA) which was launched in 2011 to encourage institutional investors and service providers to integrate environmental, social and governance (ESG) issues into their investment decisions.

Sanlam further subscribes to the UNPRI as both an asset owner (Sanlam) and an asset manager (Sanlam Investment). Both annually assesses their policy framework and implementation against the PRI principles to compare their progress made with that of international peers. The Board is of the view that the Group's approach towards responsible investment will improve Sanlam's ability to meet commitments to beneficiaries as well as better align our investment activities with the broader interests of society.

Examples of responsible investment include investing in support of economic growth and financial stability (funding provided to government and private enterprises, as well as liquidity provided to the banking system).

Read more about Sanlam's approach and its response to responsible investment in the Resilience Report.

The boards of Sanlam and Sanlam Life

Sanlam is the holding company with a primary listing on the JSE, a secondary listing on the NSX and a listing on A2X, as well as the controlling company of the Sanlam Limited Insurance Group as designated by the PA in terms of the Act. Sanlam Life is a wholly owned subsidiary of Sanlam and conducts mainly life insurance business. In practice, the two boards function as an integrated unit, as far as possible. Both boards have the same directors, Chairs, executive directors and Chief Executive.

The Sanlam and Sanlam Life board meetings are combined and held concurrently, thereby removing one layer of discussions in the decision-making process. Separate agendas and minutes are recorded for each Sanlam and Sanlam Life board meetings. This promotes the productivity and efficiency of the two respective boards, reduces effort and duplication as well as optimises the flow of information.

The Sanlam Board

The Board's agenda centres largely on Group strategy, the execution of capital management, accounting policies, financial results and dividend policy, human resource development, JSE Listings Requirements and corporate governance throughout the Group. The Board is also responsible for overseeing the relationship with key stakeholders of the Group. The Board has the following committees:

- Audit, Actuarial and Finance;
- Risk and Compliance;
- Human Resources and Remuneration;
- Nominations;
- Non-Executive Directors;
- Customer Interest;
- SES; and
- Independent Non-Executive Directors.

The Sanlam Life Board

The Sanlam Life Board is responsible for the overall oversight of Sanlam Life as a solo insurer as well as the general risk management and statutory oversight of the entity.

The Sanlam Life Board has the following committees:

- Audit, Actuarial and Finance;
- Risk and Compliance; and
- Human Resources and Remuneration.

Sanlam Board and Sanlam Life Board

Audit, Actuarial and Finance	Risk and Compliance	Human Resources and Remuneration	Nominations	Non-Executive Directors	Customer Interest	Social, Ethics and Sustainability	Independent Non-Executive Directors

Sanlam Group Exco

Four business clusters supported by a Group Office

Sanlam Life and Savings (previously Sanlam Personal Finance and Sanlam Corporate)	Sanlam Emerging Markets	Sanlam Investment Group	Santam
SLS	SEM	SIG	SNT

Cluster governance structures committees

Sanlam's business approach requires that each of its business clusters operates in concert with its underlying business units. However, all entities within the Group are required to endorse the spirit and principles of King IV™ by putting measures in place to ensure good corporate governance business practices. All businesses and governance structures in the Group are supported by clear approval frameworks and agreed-upon business principles, aimed at ensuring a coherent and consistent application of the Group's governance approach across the businesses.

Key facts about Sanlam's Board at 31 December 2020

17	Board members
6 years 2 months	average tenure as a Board member
58	average age of Board members
9	male Board members
6	black female Board members
4	black male Board members
5	Board meetings held during 2020
44	total number of Board committees' meetings held during 2020
3	newly appointed Board members in 2020
99%	attendance at Board meetings
9	Board committees
5	non-executive Board members (not independent)
9	independent non-executive Board members
5	executive Board members

Board composition

The Board, with the support of the Nominations committee, evaluates and determines the number of external directorships and other positions a director may hold, taking into consideration the relative size and complexity of Sanlam. The Nominations committee also assists the Board by continuously evaluating and assessing the skills, expertise and attributes of the Board and its committees, in alignment with the Group's strategy and key deliverables.

This is to ensure that shortcomings (if any) are being addressed timeously when considering or recruiting new Board members. Consequently, the Nominations committee makes recommendations to the Board on the process of nominating, electing and appointing Board members. This committee's mandate also includes succession planning in respect of the Chair, appointments to the Board and its committees.

Diversity at Board level

Sanlam recognises and embraces the benefits of a diverse Board. Targets to increase the number of black Board members (and particularly black female directors) are set and reviewed every year by the Nominations committee and recommended to the Board. The target that was set to become achieved for the 2020 financial year included women being represented at 35% on the Board by year-end. Non-executive and executive directorships were both included in the diversity targets.

During the financial year, after a rigorous process had been followed, the Sanlam Board made notable progress in attracting and appointing astute talent and expertise. This was evident after the following two new members were appointed to the Board in addition to Kobus Möller's appointment, which became effective on 1 January 2020:

- Nicolaas Kruger (an actuary); and
- Abigail Mukhuba (a chartered accountant).

The targets set for the 2021 financial year include maintaining the Group's current performance and retaining the existing talent that had been attracted and appointed to the Board during 2020. Bearing in mind the Board's composition as well as the selection criteria referred to that are relevant to all vacancies and new appointments, the objective remains to continuously improve on and enhance the Group's key transformation and diversity deliverables.

Independence of Board members

The Board is committed to ensure, on a continuous basis, that it has the appropriate balance of knowledge, skills, experience, diversity and independence that will enable it to discharge its governance role and responsibilities objectively and effectively. For this reason, with the assistance of the Nominations committee, each of the non-executive directors serving on the Board is, as a norm, annually exposed to a robust review to assess their independence. The capacity of each director is categorised as defined in the amended JSE Listings Requirements and takes into consideration the application of King IV™ and other factors as outlined in the Board's terms of reference.

The directors' independence in character and judgement, as well as the presence of any relationships, associations with or circumstances that are likely to affect, or could appear to affect, their objectivity, are taken into consideration. This process includes giving each of the executive and non-executive directors serving on the Board an opportunity to declare all actual or perceived conflicts of interest that might occur, at each Board meeting. When a director makes such a declaration, it is documented in accordance with sound corporate governance principles and the relevant director would be recused from the meeting. The independent and non-executive directors of Sanlam and Sanlam Life are highly respected and experienced individuals, and have illustrated the required integrity, professional knowledge and skills to exercise sound judgement on various key issues relevant to the business of Sanlam, independent of management and the business operations.

The Board also established an Independent Non-Executive Directors committee, which is chaired by the Chair of the Board (i.e. an independent non-executive director). This committee's primary function is to assist the Board on matters relating to independence and conflicts of interest, particularly where related-party transactions are concerned. The Board has also developed and approved a criteria document dealing with all matters regarding perceived or potential conflicts of interest to ensure effective management of sound governance practices.

The responsibilities and duties of the Independent Non-Executive Directors committee include the following as stipulated in the terms of reference of the committee:

- To review and recommend for approval by the Sanlam Board any related-party transaction, including, without limitation to any financial or economic interest, position, association or relationship, which, when judged from the perspective of a reasonable and informed third party, could unduly influence or cause bias in decision-making in the best interest of Sanlam;
- To periodically review and assess ongoing relationships with related persons to ensure that Sanlam complies with the principles of good corporate governance at all times;
- Where applicable, to review actual and potential conflicts of interests as they may exist from time to time; and
- To exercise independent judgement and objectivity in decision-making, taking into account the interests of Sanlam and its policyholders, and to be prepared and able, where necessary, to raise and debate alternative viewpoints or to express disagreement with their colleagues serving on the Board, including the Chair and the Group Chief Executive.

As recommended by the Nominations committee, the Board had comfort that during the period under review, each of the non-executive directors met the requisite fit and proper requirements, which include the criteria for independence. This assertion, however, excludes Dr Patrice Motsepe, Dr Rejoice Simelane and Dr Johan van Zyl, owing to their involvement in UB. During the 2020 reporting period, with effect from 10 June 2020, the Board concluded that Anton Botha and Sipho Nkosi were no longer regarded as independent non-executive directors. Both Board members were long-standing valuable members of the Board. Due to their tenure as well as their wealth of knowledge and expertise, the Board has agreed to retain both of them as Board members by recognising them with effect from 11 June 2020, as non-independent.

Furthermore, Paul Hanratty, Heinie Werth, Jeanett Modise, Temba Mvusi and Abigail Mukhuba were executive directors serving on the Board.

Changes to the Board in 2020

The three directors listed below retired from the Board during 2020:

- Ian Kirk (effective 30 June 2020) – previously an *ex officio* executive director
- Temba Mvusi (effective 31 December 2020) – previously an executive director
- Chris Swanepoel (effective 11 June 2020) – previously an independent non-executive director

The role and/or status of the following directors changed during 2020:

- After Elias Masilela was appointed as a member of the Board (effective 1 October 2019 with Board participation commencing on 3 December 2019), the Board afterwards elected him as the Chair of the Board effective 11 June 2020. Elias Masilela succeeded Dr Johan van Zyl as Chair of the Board. Elias Masilela's appointment was part of the changes made to the Board that were aimed at enhancing the Board's independence given Dr Johan van Zyl not being regarded as an independent director.
- After the Board duly considered and assessed Anton Botha's and Sipho Nkosi's tenure and independence in alignment with applicable regulatory requirements defining a Board member's independence, it was resolved that their status needed to be re-categorised as non-independent. This change came into effect after the 2020 AGM on 11 June 2020.
- Paul Hanratty previously served as an independent non-executive director on the Board until 10 June 2020. He ceased to be an independent non-executive director with effect from 11 June 2020 due to him assuming his new role as Group Chief Executive with effect from 1 July 2020. This appointment resulted in his status as an independent non-executive director of the Board, being re-categorised as an ex officio executive director of the Board. As per the SENS announcement that was issued during May 2020, shareholders were duly informed of the aforesaid development.

The following three directors were appointed to the Board in 2020:

- Kobus Möller (effective 1 January 2020) – independent non-executive director
- Nicolaas Kruger (effective 26 May 2020) – independent non-executive director
- Abigail Mukhuba (effective 1 October 2020) – *ex officio* executive director

Annual Board effectiveness evaluation

Every year, a Board effectiveness evaluation is conducted under the auspices of the Nominations committee and in consultation with the Chair. The objective is to determine ways to improve the Board's effectiveness. These assessments are transparent and documented. During the 2020 financial year, this assessment was performed with the assistance of an external service provider, who contributed to the integrity and objectivity of the process that was followed. The evaluation (which was a combination of a detailed questionnaire and interviews being held) confirmed that the Board and its committees were functioning effectively and that there were no material matters to report.

Each committee has a standing agenda point on training to ensure that all members are able to execute their fiduciary duties effectively and efficiently. In addition, each committee's charter includes a reference to an annual performance assessment of the respective committees in alignment with its approved annual plans. This is to ensure that an evaluation is conducted to assess how effectively the committees executed their mandates that were delegated by the Board. The Nominations committee considers the results of the Board evaluation process and the committees' performance reviews, whereafter it makes recommendations to the Board where deemed appropriate.

Remuneration philosophy

The Board recognises that appropriate remuneration for Sanlam executive directors, members of its Executive committee and other employees is inextricably linked to the attraction, development and retention of top-level talent and human capital within the Group. Given the current economic climate, changes in the regulatory requirements and the ongoing war for talent, it is essential that adequate measures are in place to attract and retain the required skills. In order to meet the strategic objectives of a high-performance Group, the remuneration philosophy is positioned to reward exceptional performance and to maintain that performance over time.

The primary objectives of the policy are to:

- attract, motivate, reward and retain key talent;
- promote the Group's strategic objectives, within its risk appetite;
- promote positive outcomes across the inputs and resources which the Group uses or affects; and
- promote an ethical culture and behaviour that are consistent with our values and which encourage responsible corporate citizenship.

Sanlam's remuneration philosophy aims to:

- inform stakeholders of Sanlam's approach to rewarding its employees;
- identify those aspects of the reward philosophy that are prescribed and to which all businesses should adhere;
- provide a general framework for all the other elements of the reward philosophy;
- offer guidelines for short and long-term incentive and retention processes; and
- offer general guidelines about how the businesses should apply discretion in their own internal remuneration allocation and distribution.

The Board recognises certain industry-specific and other relevant differences between Sanlam businesses and where appropriate, allows the businesses relative autonomy in positioning themselves to attract, retain and reward their employees appropriately within an overarching framework. In this regard, there are some areas where the dictates of good corporate governance, the protection of shareholder interests and those of the Sanlam brand or corporate identity require full disclosure, motivation and approval by the HR committees, either at Group or business level.

The principle of management discretion with regard to individual employees is central to the remuneration philosophy on the basis that all rewards are based on merit. However, the overarching principles and design of the remuneration structure are consistent, to support a common philosophy and to ensure good corporate governance, with differentiation where appropriate. In other instances, the Sanlam remuneration philosophy implies that the businesses are mandated to apply their own discretion, given the role that their own remuneration/HR committees will play in ensuring good governance. Sanlam has continued to apply a total reward strategy for its employees. This offering comprises remuneration (which includes cash remuneration, short-term incentives (STIs) and long-term incentives (LTIs), benefits (retirement funds, group life, etc.), learning and development, an attractive working environment and a range of lifestyle benefits.

Read more about Sanlam's Employee Value Proposition in Sanlam's Resilience Report, available online.

Ongoing engagement with shareholders

Remuneration Report voting results

At the 2020 annual general meeting (AGM) (relating to the 2019 financial year) our remuneration policy received a positive vote of **94,85%**, while our implementation report received a positive vote of **78,12%**.

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

Shareholder voting results at AGM for the past 4 years

	For	Against
AGM in respect of 2019 remuneration policy	94,85%	5,15%
AGM in respect of 2019 implementation report	78,12%	21,88%
AGM in respect of 2018 remuneration policy	98,35%	1,65%
AGM in respect of 2018 implementation report	93%	7%
AGM in respect of 2017 remuneration policy	94,67%	5,33%
AGM in respect of 2017 implementation report	71,52%	28,48%
AGM in respect of 2016 remuneration report (one vote)	95,91%	4,09%

In 2020 there were changes to our remuneration policy in response to the changes in the environment: performance conditions on deferral of discretionary bonuses into restricted shares were amended, the use of restricted share plan awards (RSPs) was clarified, historic share awards were adapted for 2020 financial conditions, a short term adjustment to LTI performance conditions on share awards was introduced as was a new short term recovery target in order to address the impact of the COVID pandemic. Amendments were informed by a review of market best practice and the need to remain competitive in the market.

In 2020, the Sanlam Board arranged the first virtual annual general meeting (AGM) due to COVID-19 restrictions. The notice of meeting was distributed well in advance, enabling shareholders to attend and vote via a digital platform, while fully complying with the JSE listings requirements. The success of the meeting was evidence of Sanlam's ability to respond effectively to stakeholder requirements in a dynamic environment.

In terms of our approach to ongoing shareholder dialogue, we proactively engaged with a selection of shareholders on the material changes to the design of performance conditions by way of individual conversations during 2020.

We had a number of these consultations after the 2020 AGM and again after the appointment of Paul Hanratty as Group CEO.

Our general approach to shareholder consultation is:

- The GHRRC welcomes engagement with shareholders and encourages shareholders to put their ideas to the GHRRC.
- Once shareholders have had time to study the Remuneration Report we would appreciate feedback, preferably in writing. The GHRRC chair will then respond to queries and input from shareholders in writing and she will be available for a discussion in this regard.
- If shareholders would like to make suggestions or provide input to the GHRRC at other times during the year, it will be appreciated and will be handled in the same manner as set out above.

For the 2021 AGM the remuneration policy and the implementation report of the Remuneration Report will be tabled separately for non-binding advisory votes by shareholders. In the event that either or both the policy or implementation report are voted against by 25% or more of the voting rights exercised, the ongoing engagement process as outlined herein will be followed.

Our approach to this year's reporting is to highlight the changes to the remuneration policy, the rationale therefore and to provide an indication of focus areas for 2021.

Key policy changes

The improvements and changes in 2020 are outlined below. The full details of key policy changes are outlined in our Remuneration Report, available online.

Changes to performance conditions	Rationale
Review of minimum shareholding requirements policy	Increased all levels of minimum shareholding to support investment in Sanlam shares in line with market best practice levels.
Setting performance conditions for the 2020 award relevant to current market conditions	Adjusted RoGEV (40%) and Dividend Growth (30%) remains the same as was set for 2019 awards, but resilience and a rapid recovery with regard to profit and value of new business is incentivised with a newly introduced recovery metric (30%). This will be measured from 2021.
Measuring of unvested performance shares	In order to retain the originally agreed performance measurement period, but to allow for the extra-ordinary effect of the pandemic in respect of the 2020 year, the performance period is extended by 1 year (and 2020 is excluded from measurement as explained in the Remuneration Report online). The rationale is to incentivise recovery and performance into the future, but also to enable a longer retention period for our key employees.
Restricted shares operating as part of the bonus design and refinement of our discretionary bonus policy	Our policy provides that where individuals out-performed the Group CEO can motivate an award of restricted shares as a supplementary bonus. Our policy was reviewed and amended to provide that time and individual performance will apply to vesting of these deferred bonus shares. This amendment is supported by market best practice on bonus deferral and aids the business retention need. Our bonus policy was refined to provide for a discretionary bonus pool, as motivated by the Group CEO. Such bonuses will be awarded to key employees with critical skills who out-performed on individual measures. Bonuses are subject to appropriate retention arrangements or may be deferred in restricted shares (which provide a natural retention mechanism).

Key matters considered

During 2020, the GHRRC considered and where applicable approved the following matters:

- Review and approval of the structure and performance conditions applicable to the five year remuneration arrangement of the CEO
- Review and approval of the ex-CEOs retirement arrangements
- Review of market benchmarking on LTI design and providing flexibility and the parameters to make adjustments for the short term impact of the COVID pandemic on long term performance conditions for unvested and new awards
- Review of the policy on restricted shares and updating the policy to provide for bonus deferral in restricted shares which are subject to time and individual performance conditions for vesting coupled with malus and claw-back conditions.
- Review Restricted Share Plan (RSP) conditions and ensuring that RSPs can be used as a retention mechanism and enables bonus deferral.
- Review and updates to the minimum shareholding requirement policy to ensure it is competitive and supports shareholder interests
- Review the variable remuneration structure of executives in order to simplify the design
- Benchmarking of Sanlam executive directors and members of the Executive committee's remuneration against a suitable market
- Review of Sanlam's remuneration policy and practices in South Africa against prudential standards, King IV™, applicable governance principles and market best practice
- The remuneration design of heads of control functions and persons whose actions may have a material impact on the Group's risk exposure
- The appointment of Group Executive committee members (internal and external appointments) to support our transformation strategy and the ratification of the appointment of certain executive employees
- Short term incentives (STI) and LTI awards to Group Executive committee members
- The detail of the STI measures achieved for the accrual of bonus pool/s and the validation of achievement of performance conditions for the vesting of LTIs
- The succession plan of the Group at senior levels as well as the people transformation approach
- The work and decisions of other Sanlam Group companies' human resources (HR) and remuneration committees and approval of overall mandates on remuneration increases and variable remuneration (short and long term) per the delegation of authority framework

Design principles for our policy

In applying the remuneration philosophy and implementing the total reward strategy, a number of principles are followed:

- **Pay for performance:** Performance is the cornerstone of the remuneration philosophy. On this basis, all remuneration practices are structured in such a way as to provide for clear differentiation between individuals with regard to performance. It is also positioned so that a clear link is maintained between performance hurdles and the Sanlam strategy.
- **Competitiveness:** A key objective of the remuneration philosophy is that remuneration packages should enable the Group and its businesses to attract and retain employees of the highest quality in order to ensure the sustainability of the organisation.
- **Leverage and alignment:** The reward consequences for individual employees are, as far as possible, aligned with, linked to and influenced by:
  - the interests of Sanlam shareholders (and, where applicable, minority shareholders in subsidiaries);
  - the interests of other stakeholders (for example, employment equity, client service, the community);
  - sustainable performance of Sanlam as a whole;
  - the performance of any region, business unit or support function; and
  - the employee's own contribution.
- **Consistency and fairness:** The reward philosophy strives to provide a framework that encourages consistency, but allows for differentiation where it is fair, rational and explainable. Differentiation in terms of market comparison for specific skills groups or roles is necessary and differentiation concerning performance is imperative. Unfair differentiation is unacceptable.
- **Attraction and retention:** Remuneration practices are recognised as a key instrument in attracting and retaining the required talent to meet Sanlam's objectives and ensure its sustainability over the long term.
- **Shared participation in relevant components of remuneration:** Employee identification with the success of Sanlam is important owing to the fact that it is directly linked to both Sanlam's and individual performance. All employees should have the chance to be recognised and rewarded for their contribution and the value they add to Sanlam, and, in particular, for achieving excellent performance and results, in relation to Sanlam's stated strategic objectives. The performance management process contributes significantly towards obtaining this level of participation and towards lending structure to the process.
- **Best practice:** Reward packages and practices reflect local and international best practice, where appropriate and practical.
- **Communication and transparency:** The remuneration philosophy, policy and practices, as well as the processes to determine individual pay levels, are transparent and communicated effectively to all employees. In this process the link between remuneration and Sanlam's strategic objectives is understood by all employees.
- **Market information:** Accurate and up-to-date market information and information on best practice are crucial factors in determining the quantum of the remuneration packages.
- **Malus and clawback:** Where defined trigger events take place provision is made for redress against remuneration through either malus (pre-vesting forfeiture) or clawback (post-vesting forfeiture). Malus and clawback provisions and the application thereof to trigger events are governed by the Sanlam Group Malus and Clawback policy, which is a related policy to this Group remuneration policy and these provisions will be incorporated in relevant remuneration governance documents/rules.

For Sanlam to remain competitive, remuneration policies and practices are evaluated regularly against both local and international remuneration best practice and governance frameworks, most notably King IV™ and the Prudential Standards.

Remuneration overview

Structure

The different components of remuneration applied are summarised in the table below. These are applicable to all South African-based employees and are used as guidance by other international Sanlam businesses. A detailed description of each component is outlined in our Remuneration Report, available online.

Where applicable, the quantum of the different components of the package is determined as follows:

- The guaranteed component is based on market-relatedness in conjunction with the individual's performance, competence and potential.
- The short-term incentive component of remuneration is based on a combination of individual, annual business and in certain instance Group performance.
- The long-term incentive component is based on the individual's performance, potential and strategic contribution to Sanlam and/or the business, and above a certain allocation level the award is also subject to Sanlam and/or the business/cluster's performance for vesting.

Element	Purpose	Performance period and measures	Operation and delivery
Total guaranteed package (TGP)	Core element that reflects market value of role and individual performance	Reviewed annually based on performance against contracted output and market surveys. Benchmarked against comparator group and positioned on average on the 50th percentile of market	Guaranteed package is delivered to the employee as a cash salary and a mix of compulsory and discretionary benefits
STIs	Creates a high-performance culture through a cash bonus in relation to performance against predetermined outputs	Annual, based on 12-month (financial year) performance with the aim to remunerate outstanding performance in excess of market mean	Based on different levels and predetermined performance hurdles for business and individual/strategic targets Cash settlement generally capped at 200% of TGP/or 200% of the on-target earning potential On certain levels and in certain businesses deferral principles apply, specifically to Executive committee members and to the investment and capital businesses
LTIs	Alignment with shareholder interests	Annual awards vesting in tranches in years 3 (40%), 4 (30%) and 5 (30%) One legacy award may vest up to 6 years	Upon satisfaction of financial performance hurdles as well as individual/strategic performance measures

Effects of COVID-19 on remuneration policy in 2020

The COVID-19 landscape and the material impact it had on business performance informed decisions taken on remuneration policy for guaranteed pay, bonuses and LTIs as follows:

- **Guaranteed Pay:** 2021 pay increases were generally frozen for senior and executive employees, with inflationary and performance informed increases for junior employees;
- **Bonuses:** Pay-outs across the Sanlam Group reduced considerably and in certain business areas no bonuses were paid compared to last year. The impact on bonuses were dependent on the business circumstances and the overall performance of the Sanlam Group. Where discretionary bonuses were granted these were based on exceptional individual performance and to aid retention such bonuses. Such awards are subject to retention agreements or are deferred in restricted shares (the case for Exco members).
- **LTIs:** RoGEV related performance conditions for the 2020 award of performance shares will remain at the same level as set in the past, but to provide for the impact of the pandemic a short term reduction to the measures will be applied for the measurement from the 2021 year. This interim reduction will be reviewed by the HRRC as appropriate in respect of subsequent years. Dividend related performance conditions for the 2020 award reference the 2020 dividend and a new target to support short term recovery of profits, sales and VNB has been introduced. Sanlam has absolute financial conditions for LTI as relative measures are not deemed appropriate due to the limited number of direct competitors. Using 2020 data for historic share awards would result in almost all shares failing to vest creating material retention risks. Therefore, the GHRRC resolved to exclude 2020 from the measurement period, but to extend the performance periods of historic unvested LTIs by 1 year to ensure that the originally agreed performance periods stay in-tact and employees are retained for a further year.
- **Review of Executive committee members' pay mix for retention purposes:** In order to aid the business retention requirement unvested Restricted Shares (RSPs), awarded as bonus supplements to Exco members and key employees will only be subject to individual performance and time conditions for future vesting. This approach is preferred above cash retention bonuses or awarding LTIs with very short vesting periods for retention.
- **Shareholder alignment:** We increased our minimum shareholding requirements (MSR) for Exco to support direct alignment with shareholders and investment by our leaders in Sanlam shares.

For more details on the COVID-19 impact and positioning for remuneration please refer to the **chair of the HRRC's report** at the beginning of this Remuneration Report, available online.

Key 2020 remuneration facts

- For the year ended 31 December 2020 allocations in respect of 5 578 576 shares (2019: 4 513 920) were made to 864 participants (2019: 916) under the DSP.
- For the year ended 31 December 2020 allocations in respect of 1 444 269 shares (2019: 1 215 891) were made to 182 participants (2019: 215) under the PDSP.
- For the year ended 31 December 2020 allocations in respect of 3 847 089 shares (2019: 433 037) were made to 14 participants (2019: 20) under the RSP, including the first tranche of the restricted shares of the CEO remuneration arrangement.

Minimum shareholding requirement (MSR)

During 2020 Sanlam's MSR levels were reviewed against market best practice. On all levels the MSR minimums were increased and differentiation was applied to the business roles in the Group. A category of "Other" was added for roles not on the Executive committee where MSR conditions are applicable. There is no cap on the number of Sanlam shares which Executive committee members may hold in terms of the MSR.

MSR is to drive alignment between executive and shareholder interests, Sanlam applies a minimum shareholding policy to all current and future members of the Sanlam Executive committee defined as prescribed officers, including Sanlam executive directors and any roles which fall within the categories below. In terms of these arrangements, the following minimum shareholding levels, expressed as a percentage of annual TGP, must be reached by the later of 31 December 2021 or within six years from the date of appointment of a participating executive:

Role	Minimum level
Group Chief Executive	200%
Group Financial Director	150%
Business executives (Life & Savings and Emerging Markets)	150%
Business executives (Sanlam Corporate, SA Retail Affluent, SA Retail Mass and Investment)	100%
Support executives (Chief Executives of functional portfolios, including Chief Risk Officer)	75%
Other*	50%

* *Where roles, driven by business requirements (which are not on Group Executive Committee) have the same remuneration design or elements as the Group Executive Committee, "Other" will apply.*

Participating executives are required to maintain the target shareholding throughout their tenure with the Group. Unvested shares under any LTI arrangement will not be taken into account when assessing compliance with the MSR policy.

Remuneration details for executive directors and members of the Group Executive committee that are defined as prescribed officers

Executive remuneration summary

Remuneration earned by executive directors and members of the Sanlam Executive committee were as follows:

Remuneration for the year ended 31 December 2020

For the purposes of total remuneration, the vesting value of LTIs is disclosed in the table below as opposed to the fair value of LTIs on award date, which was disclosed in prior years. The disclosure approach was amended in 2019 to align closer with King IV™ recommendations. Separate disclosure is provided in respect of the number and value of LTIs that were awarded and vested in the year (refer to pages 34 to 37 of our Remuneration Report, available online).

2020 R'000	Months in service	Salary	Company contri-butions	Subtotal: Guaran-teed package	Annual cash bonus	Attri-butable value of LTIs vested[1]	Other payments	Total remune-ration
PB Hanratty	6	3 065	–	3 065	–	–	–	3 065
IM Kirk[2]	12	9 758	245	10 003	6 161	6 125	1 803	24 092
AM Mukhuba[3]	3	1 296	83	1 379	1 000	–	5 900	8 279
TI Mvusi[4]	12	4 513	789	5 302	2 250	2 066	1 008	10 626
JM Modise	12	3 920	230	4 150	2 000	1 600	–	7 750
HC Werth	12	6 100	210	6 310	2 750	3 247	–	12 307
Subtotal: executive directors		28 652	1 557	30 209	14 161	13 038	8 711	66 119
T Alsworth-Elvey[5]	8	3 367	142	3 509	–	1 356	4 008	8 873
A Gildenhuys[6]	12	5 332	210	5 542	3 100	4 685	–	13 327
L Lambrechts	12	5 889	210	6 099	–	4 718	–	10 817
B Madikiza[7]	4	1 350	150	1 500	2 050	–	–	3 550
M Mahlangeni[8]	4	1 661	172	1 833	900	–	–	2 733
S Mbhele	12	4 225	213	4 438	1 800	–	–	6 238
K Mkhize[9]	4	1 275	142	1 417	800	–	1 200	3 417
J Ngulube	12	3 975	254	4 229	1 250	3 042	–	8 521
W Olivier[10]	12	4 235	210	4 445	2 400	2 678	–	9 523
R Roux	12	5 313	210	5 523	4 000	3 017	–	12 540
K Socikwa[11]	4	1 463	70	1 533	2 100	1 988	–	5 621
J Strydom[12]	12	5 853	210	6 063	3 000	3 243	–	12 306
Executive committee		72 590	3 750	76 340	35 561	37 765	13 919	163 585

[1] *Fair value of LTI's (excluding equity-settled OPPs) vested during the year – refer to page 37.*
[2] *Other payments of R1,8 million in lieu of accrued leave. Prescribed officer until 30 June 2020.*
[3] *Appointed as Financial Director on 1 October 2020. A retention cash bonus of R5,9 million was granted on appointment.*
[4] *Includes an amount of R369 250 paid by Santam. Other payments in lieu of accrued leave.*
[5] *Chief Executive of Sanlam Corporate until 31 August 2020. The lump sum (other) is in lieu of notice period, handover obligations and accrued leave.*
[6] *Appointed as Chief Executive: SA Retail Affluent effective on 14 September 2020.*
[7] *Appointed as Chief Executive: SA Retail Mass on 1 September 2020.*
[8] *Appointed as Chief Risk Officer and Chief Actuary with effect on 14 September 2020.*
[9] *Appointed Chief Executive of Sanlam Corporate on 1 September 2020. A retention cash bonus of R1,2 million was granted on appointment.*
[10] *Appointed as Group Executive: Strategy on 1 October 2020.*
[11] *Appointed as Group Executive: Market development on 1 September 2020.*
[12] *Appointed as Chief Executive: Sanlam Life and Savings on 1 September 2020.*

Group CEO remuneration arrangement

Upon appointment as Group CEO a 5 year remuneration arrangement was agreed with Paul Hanratty as part of his employment agreement.

This arrangement is designed to provide the Group CEO with a high level of exposure to Sanlam shares and to provide close alignment between his remuneration structure and shareholders' interest.

The arrangement provides that Paul's remuneration arrangement is almost entirely in Sanlam shares and therefore directly linked to the performance of Sanlam.

The total Rand value potential over 5 years is approximately R332m* and the components are as follows:

- Only 10% is cash salary (guaranteed pay).
- The remaining 90% value is made up of Sanlam shares linked to conditions for vesting:
  - **5%** – vests based on time served and acceptable individual performance;
  - **40%** – could vest based on short term performance of which more than 80% is measured annually with the remainder measured over a rolling 5 year period;
  - **20%** – could vest based on long term achievement of financial targets which are the same as for participants of the performance share plan (PDSP); and
  - **35%** – could vest based on strategic delivery on top of a required base of financial hurdles

The 5 year arrangement is more long term focused than short term and any share vesting is heavily weighted towards financial achievement. Taking into account the time of joining Sanlam (amidst the COVID-19 pandemic) and that the next 5 years will be challenging financially, the targets are stretching.

The potential was benchmarked to comparable CEO's total pay at stretch and is at market benchmarks and is therefore competitive. The remuneration arrangement was implemented within the rules of the LTI plans.

The arrangement places the CEO fully on risk and short term, long term and strategic measures are all balanced in the design.

Read more about the Group CEO remuneration arrangement in the Remuneration Report, available online.

* *At a R60,41 share price when design was approved.*

Future areas of focus

In 2020 the Committee did an initial review of the current variable pay structure of Exco members to simplify this structure, aligned with market best practice. This is to ensure competitiveness and appropriate performance metrics which support the business strategy and execution.

The proposed design entails a combined incentive potential (earned based on a weighted set of performance metrics which supports the Sanlam business strategy). The format of delivery to include a limited cash component, deferral in Sanlam shares and for some roles a share incentive component which has out-performance conditions. The proposed design will be refined during 2021 and engagements with stakeholders will take place.

We present our remuneration policy and implementation report as set out in our Remuneration Report, available online, and trust it will be met with your voting support at the upcoming AGM to be held on 7 June 2021.

Our commitment to ongoing consultation on an individual shareholder level is confirmed and the GHRRC welcomes any feedback or input from shareholders and other stakeholders throughout the year.

Shareholders' information

Independent auditor's report on the Sanlam Limited Shareholders' Information

To the directors of Sanlam Limited

Opinion

We have audited the Sanlam Limited Shareholders' Information ("Shareholders' Information") of Sanlam Limited set out on pages 108 to 174 for the year ended 31 December 2020, comprising Group Equity Value, Change in Group Equity Value, Return on Group Equity Value, Analysis of GEV earnings, Analysis of Shareholders' Fund at net asset value, Shareholders' fund income statement, Net operating profit, Notes to the Shareholders' fund information and a summary of significant accounting policies and other explanatory information. In our opinion, the accompanying Shareholders' Information of Sanlam Limited for the year ended 31 December 2020 is prepared, in all material respects, in accordance with the basis of accounting described on pages 108 to 115 of the Shareholders' Information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Shareholders' Information section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the group and company and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the group and company and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to pages 108 to 115 of the Shareholders' Information which describes the basis of accounting. The Shareholders' Information is prepared to provide additional information in respect of the Group Shareholders' Fund in a format that corresponds with that used by management in evaluating the performance of the Group and allocation of resources. As a result, the Shareholders' Information may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of the Shareholders' Information in accordance with the basis of accounting described on pages 108 to 115, for determining that the basis of accounting is acceptable in the circumstances and for such internal control as the directors determine is necessary to enable the preparation of the Shareholders' Information that is free from material misstatement, whether due to fraud or error.

In preparing the Shareholders' Information, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Shareholders' Information

Our objectives are to obtain reasonable assurance about whether the Shareholders' Information as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Shareholders' Information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Shareholders' Information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Shareholders' Information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the Shareholders' Information. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Other matter

Sanlam Limited has prepared a separate set of consolidated and separate annual financial statements for the year ended 31 December 2020, in accordance with International Financial Reporting Standards, on which we issued a separate auditor's report to the shareholders of Sanlam Limited, dated 10 March 2021.

Ernst & Young Inc.

Director: Christo du Toit
Registered Auditor
Chartered Accountant (SA)

3 Dock Road
V&A Waterfront
Cape Town

10 March 2021

Basis of accounting – Shareholders' information

The purpose of this section is to provide additional information to users in respect of the Group shareholders' fund in a format that corresponds to that used by management in evaluating the performance of the Group and is additional information to the financial statements prepared in terms of IFRS.

It includes analysis of the Group shareholders' fund's consolidated financial position and results in a similar format to that used by the Group for internal management purposes. The Group financial statements are prepared in accordance with IFRS and include the consolidated results and financial position of both the shareholder and policyholder activities. The IFRS financial statements also do not distinguish between the shareholders' operational and investment activities, which are separate areas of management focus and an important distinction in evaluating the Sanlam Group's financial performance. Information is presented in this section to provide this additional shareholders' fund information to users of Sanlam's financial information.

The Group also discloses Group Equity Value (GEV) information. The Group's key strategic objective is to maximise returns to shareholders. GEV has been identified by management as the primary measure of value, and return on GEV (RoGEV) is used by the Group as the main performance measure to evaluate the success of its strategies towards sustainable value creation in excess of its cost of capital. For the purpose of internal monitoring, the directors make use of GEV to reflect the performance of the Group. This is considered to provide a meaningful basis of reporting the underlying value of the Group's operations and the related performance drivers. This basis allows explicitly for the impact of uncertainty in future investment returns and is consistent with the Group's operational management structure.

The shareholders' information also includes the embedded value of covered business (EV), change in EV and value of new business.

A glossary containing explanations of technical terms used in these financial statements is presented on page 180.

Basis of Accounting – shareholders' information

The basis of accounting and accounting policies in respect of the financial information of the shareholders' fund are the same as those set out in the online IFRS Annual Financial Statements, apart from the specific items described under separate headings in this section. Management considers this basis of accounting applied for the shareholders' information to be suitable for the intended users of this financial information.

The application of the basis of accounting of the shareholders' information is also consistent with that applied in the 2019 annual report apart from the following:

- In support of Sanlam's updated strategy, the former Sanlam Personal Finance (SPF) cluster was split into two clusters with effect from 1 September 2020 being SA Retail Mass and SA Retail Affluent. These two clusters, together with Sanlam Corporate, will form part of a new Sanlam Life and Savings cluster. This reflects the way that management information is reported internally. All comparative information that has been affected by this reorganisation has been adjusted to reflect the new structure in the shareholder information.
- IAS 29 – Financial Reporting in Hyperinflationary Economies has been applied to Lebanon from 1 January 2020. The 2020 monetary and non-monetary items on the balance sheet are reindexed at the end of the period to recognise the impact of the hyperinflation. This would have resulted in various line items on the income statement being artificially inflated but has been aggregated in fund transfers. For the second six months management has included all items of income and expense for LIA Insurance in the impairments line as it has been decided to write down the NAV to zero.
- The Conceptual Framework for Financial Reporting
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest rate benchmark reform – Phase 1 (Amendments to IFRS 7, IFRS 9 and IAS 39)
- COVID-19-Related Rent Concessions (Amendment to IFRS 16)

With the exception of IAS 29, these amendments did not have a significant impact on these Annual Financial Statements and no further disclosures have therefore been made.

The shareholders' fund information includes the following:

- Group Equity Value (refer page 116)
- Change in Group Equity Value (refer page 120)
- RoGEV (refer page 122)
- Analysis of Group Equity Value earnings (refer page 124)
- Shareholders' fund financial statements consisting of the Shareholders fund at net asset value (refer page 128), Shareholders' fund income statement (refer page 130) and related notes, including embedded value of covered business related disclosures.

Group Equity Value

GEV is the aggregate of the following components:

- The embedded value of covered business, which comprises the required capital supporting these operations (also referred to as adjusted net worth) and their net value of in-force business;
- The fair value of other Group operations based on longer-term assumptions, which includes the investment management, capital markets, general insurance and the non-covered wealth management operations of the Group; and
- The fair value of discretionary and other capital. Discretionary capital represents management's assessment of capital in excess of that required for current operations of the Group. Such capital may be used to fund future operations and acquisitions or be returned to shareholders.

GEV is calculated by adjusting the shareholders' fund at fair value with the following:

- Adjustments to net worth; and
- Goodwill and the value of business acquired intangible assets relating to covered business are replaced by the value of the in-force book of covered business.

Although being a measure of value, GEV is not equivalent to the economic value of the Group as the embedded value of covered business does not allow for the value of future new business. An economic value may be derived by adding to the GEV an estimate of the value of the future sales of new covered business, often calculated as a multiple of the value of new covered business written during the past year.

The GEV is inherently based on estimates and assumptions, as set out in this basis of preparation and as also disclosed under critical accounting estimates and judgements in the annual financial statements. It is reasonably possible that outcomes in future financial years will be different to the current assumptions and estimates, possibly significantly, impacting on the reported GEV. Accordingly, sensitivity analyses are provided for changes from the base estimates and assumptions within the Shareholders' information.

Fair value of businesses included in GEV

Fair values for listed businesses are determined by using stock exchange prices or directors' valuations and for unlisted businesses by using directors' valuations. Where directors' valuations are used for listed businesses, the listed values of these businesses are disclosed for information purposes.

The valuation of businesses is based on generally accepted and applied investment valuation techniques, but is subject to judgement to allow for perceived risks. Estimates and assumptions are an integral part of business valuations and as such have an impact on the amounts reported. Management applies judgement in determining the appropriate valuation technique to be used. In addition, in applying the valuation techniques judgement is utilised in setting assumptions of future events and experience, and where applicable, risk adjusted discount rates.

Estimates and judgements are regularly updated to reflect latest experience. Actual outcomes in future financial years may differ from current estimates and assumptions, possibly significantly, which could require a material adjustment to the business valuations.

The appropriateness of the valuations is regularly tested through the Group's approval framework, in terms of which the valuations of investments is reviewed and recommended for approval by the Audit, Actuarial and Finance Committee and Board by the Sanlam Non-Listed Asset Controlling Body.

Businesses may comprise legal entities or components of legal entities as determined by the directors.

Adjustments to net worth

Present value of corporate expenses

GEV is determined by deducting the present value of corporate expenses, by applying a multiple to the after-tax corporate expenses. This adjustment is made as the embedded value of covered business and the fair value of other Group operations do not allow for an allocation of corporate expenses.

Share incentive schemes granted on subsidiaries' own shares

Where Group subsidiaries grant share incentives to staff on the entities' own shares, the fair value of the outstanding incentives at year-end is deducted in determining GEV. The expected cost of future grants in respect of these incentive schemes is allowed for in the calculation of the value of in-force covered business and the fair value of other Group operations as appropriate.

Basis of accounting – Shareholders' information continued

Share incentive schemes granted on Sanlam shares

Long-term incentives granted by the Group on Sanlam shares are accounted for as dilutive instruments. The GEV is accordingly not adjusted for the fair value of these outstanding shares, but the number of issued shares used to calculate GEV per share is adjusted for the dilutionary effect of the outstanding instruments at year-end. The expected cost of future grants in respect of these incentive schemes is allowed for in the calculation of the value of in-force covered business and the fair value of other Group operations.

Change in Group Equity Value

The Change in Group Equity Value consists of the embedded value earnings from covered business, earnings from other Group operations on a fair value basis, earnings on discretionary and other capital and capital transactions with shareholders.

Return on Group Equity Value

The RoGEV is equal to the change in GEV during the reporting period, after adjustment for dividends paid and changes in issued share capital, as a percentage of GEV at the beginning of the period, weighted for changes in issued share capital during the year.

Shareholders' fund at net asset value, income statement and related information

The analysis of the shareholders' fund at net asset value and the related shareholders' fund income statement reflects the consolidated financial position and earnings of the shareholders' fund, based on accounting policies consistent with those contained in IFRS Financial Statements online, apart from the following:

Basis of consolidation

The shareholders' funds of Group companies are consolidated in the analysis of the Sanlam Group shareholders' fund at net asset value. The policyholders' and outside shareholders' interests in these companies are treated as non-controlling shareholders' interest on consolidation.

The segmental analysis of the shareholders' fund at net asset value is consistent with the Group's operational management structure.

Consolidation reserve

In terms of IFRS, the policyholders' fund's investments in Sanlam shares and Group subsidiaries are not reflected as equity investments in the Sanlam Group IFRS statement of financial position, but deducted in full from equity on consolidation (in respect of Sanlam shares) or reflected at net asset value (in respect of subsidiaries). The valuation of the related policy liabilities however includes the fair value of these investments, creating an artificial mismatch between policy liabilities and policyholder investments, with a consequential impact on the Group's shareholders' fund and earnings. The consolidation reserve created in the Group financial statements for these mismatches is not recognised in the shareholders' fund at net asset value. The fund transfers between the shareholders' and policyholders' fund relating to movements in the consolidation reserve are commensurately also not recognised in the shareholders' fund's normalised earnings. Similar mismatches are created by the recognition of deferred tax assets in respect of assessed losses in policyholder funds. These deferred tax assets, and movements therein, are also recognised in the consolidation reserve and fund transfers, respectively.

In addition, the consolidation of the broad-based black economic empowerment (B-BBEE) Special Purpose Vehicle (SPV) to which 111 349 999 shares were issued in 2019, is treated similarly and is also recognised in the consolidation reserve and fund transfers, respectively. The SPV was funded 50% by a loan issued by Sanlam to the SPV, and 50% by external debt. For IFRS purposes:

- the SPV is consolidated
- the shares held within the SPV are treated as treasury shares
- the loan to the SPV is eliminated, and
- the external debt is reflected on the balance sheet.

Given that the shares will be sold in the market should the SPV not be able to repay the loan, management has, for Shareholders Information purposes, recognised the full share issue in the Shareholders' Fund and not consolidated the SPV. Given the close relationship between the valuation of the loan and the Sanlam share price, this balance is classified as equities in the Shareholders' Fund at NAV. Management tests the recoverability of the Sanlam loan semi-annually and has, as a result of this recoverability assessment, decided to impair the asset by R1,7 billion at 31 December 2020. As this is not necessarily reflective of the longer-term value of the SPV, this impairment can decrease or increase in future periods based on the movement in the Sanlam share price.

This policy is applied, as these accounting mismatches do not represent economic profits and losses for the shareholders' fund.

Target shares

Strategic diversification activities between Sanlam Emerging Markets (SEM) and Santam consist of the investment in target shares issued by SEM to Santam and vice versa. These shares give the holder the right to participate in the growth of the underlying short-term insurance investments. For purposes of the Group's shareholder fund income statement, the total return on these short-term insurance investments are therefore split between SEM and Santam, after consideration of the respective non-controlling interests.

Segregated funds

Sanlam also manages and administers assets in terms of third-party mandates, which are for the account of and at the risk of the clients. As these are not the assets of the Sanlam Group, they are not recognised in the Sanlam Group statement of financial position in terms of

IFRS and are also excluded from the shareholders' fund at net asset value and fair value. Fund flows relating to segregated funds are however included in the notes to the shareholders' fund information to reflect all fund flows relating to the Group's assets under management.

Equity-accounted earnings

Equity-accounted earnings are presented in the shareholders' fund income statement based on the allocation of the Group's investments in associates and joint ventures between operating and non-operating entities:

- Operating associates and joint ventures include investments in strategic operational businesses, namely Sanlam Personal Loans, Shriram Capital (including the Group's direct interest in Shriram Transport Finance Company), Shriram General Insurance and Shriram Life Insurance direct investments, Pacific & Orient, Capricorn Investment Holdings, Letshego, Nico Holdings and the Group's life insurance associates in Africa. The equity-accounted operating earnings and investment return on capital from operating associates and joint ventures are included in the net result from financial services and net investment return respectively.
- Non-operating associates and joint ventures include investments held as part of the Group's balanced investment portfolio. The Santam Group's equity-accounted investments are the main non-operating associates and joint ventures. The Group's shares of earnings from these entities are reflected as equity-accounted earnings.

Normalised earnings per share

As discussed under the policy note for 'Consolidation reserve' above, the IFRS prescribed accounting treatment of the B-BBEE SPV, policyholders' fund's investments in Sanlam shares and Group subsidiaries creates artificial accounting mismatches with a consequential impact on the Group's IFRS earnings. In addition, the number of shares in issue used for the calculation of IFRS basic and diluted earnings per share must also be reduced with the treasury shares held by the policyholders' fund and B-BBEE SPV. This is in the Group's opinion not a true representation of the earnings attributable to the Group's shareholders, specifically in instances where the share prices and/or the number of shares held by the policyholders' fund change significantly during the reporting period. The Group therefore calculates normalised diluted earnings per share to eliminate fund transfers relating to the investments in Sanlam shares, consolidated vehicles (B-BBEE SPV) and Group subsidiaries held by the policyholders' fund.

Fund flows

The notes to the shareholders' fund information also provide information in respect of fund flows relating to the Group's assets under management. These fund flows have been prepared in terms of the following bases:

Funds received from clients

Funds received from clients include single and recurring life and general insurance premium income from insurance and investment policy contracts, which are recognised in the financial statements. It also includes contributions to collective investment schemes and non-life insurance linked-products as well as inflows of segregated funds, which are not otherwise recognised in the financial statements as they are funds held on behalf of and at the risk of clients. Funds received in respect of non-annuity assets under administration are excluded from funds received from clients. Transfers between the various types of business, other than those resulting from a specific client instruction, are eliminated. Funds received from clients include the Group's effective share of funds received from clients by strategic operational associates and joint ventures.

New business

In the case of long-term insurance business the annualised value of all new policies (insurance and investment contracts) that have been issued during the financial year and have not subsequently been refunded, is regarded as new business.

All segregated fund inflows (excluding those related to assets under administration), inflows to collective investment schemes and short-term insurance premiums are regarded as new business.

New business includes the Group's share of new business written by strategic operational associates and joint ventures.

Payments to clients

Payments to clients include policy benefits paid in respect of life and general insurance and investment policy contracts, which are recognised in the financial statements. It also includes withdrawals from collective investment schemes and non-life insurance linked-products as well as outflows of segregated funds, which are not otherwise recognised in the financial statements as they relate to funds held on behalf of and at the risk of clients withdrawals of non-annuity funds under administration are excluded. Transfers between the various types of business, other than those resulting from a specific client instruction, are eliminated.

Payments to clients include the Group's effective share of payments to clients by strategic operational associates and joint ventures.

Basis of Accounting and presentation – embedded value of covered business

The Group's embedded value of covered business information is prepared in accordance with APN107 (version 8), the guidance note on embedded value financial disclosures of South African long-term insurers issued by the Actuarial Society of South Africa (Actuarial Society). Covered business represents the Group's long-term insurance business for which the value of new and in-force contracts is attributable to shareholders.

Basis of accounting – Shareholders' information continued

The embedded value results of the Group's covered business are included in the shareholders' information as it forms an integral part of GEV and the information used by management in evaluating the performance of the Group. The embedded value of covered business does not include the contribution to GEV relating to other Group operations or discretionary and other capital, which are included separately in the analysis of GEV.

The basis of presentation for the embedded value of covered business is consistent with that applied in the 2019 financial statements.

Covered business

Covered business includes all material long-term insurance business that is recognised in the Sanlam Group financial statements. This business includes individual stable bonus, linked and market-related business, group stable bonus business, annuity business and other non-participating business written by SA Retail Affluent, SA Retail Mass, Sanlam Corporate, Sanlam Emerging Markets and Sanlam UK.

Acquisitions, disposals and other movements

The embedded value of covered business results are prepared taking cognisance of changes in the Group's effective shareholding in covered business operations.

Methodology

Embedded value of covered business

The embedded value of covered business is the present value of earnings from covered business attributable to shareholders, excluding any value that may be attributed to future new business. It is calculated on an after-tax basis taking into account current legislation and known future changes.

The embedded value of covered business comprises the following components:

- Adjusted net worth (ANW); and
- The net value of in-force business.

Adjusted net worth

ANW comprises the required capital supporting the covered business and is equal to the net value of assets allocated to covered business that does not back policy liabilities.

The required capital allocated to covered business reflects the level of capital considered sufficient to support the covered business, allowing for an assessment of the market, credit, insurance and operational risks inherent in the underlying products, subject to a minimum level of the local statutory solvency requirement for each business.

For South African insurance businesses (and businesses with similar regulatory regimes) the level of required capital for covered business is set to ensure that Own Funds attributable to in-force covered business maintains a solvency cover ratio within a specific range, e.g. between 170% and 210% for Sanlam Life, over the next 10 years. In addition, these businesses may also need to maintain statutory cover ratios above a lower minimum level, e.g. 135% for Sanlam Life covered business, 115% for Santam Limited, even after severe but plausible stress scenarios.

The capital allocated to covered business is funded from a balanced investment portfolio, comprising investments in equities, hedged equities, fixed interest securities, cash and subordinated debt funding. The subordinated debt funding liability is matched by ring-fenced bonds and other liquid assets held as part of the balanced investment portfolio.

Transfers are made to or from adjusted net worth on an annual basis for the following:

- Transfers of net operating profit. These transfers relate to dividends paid from covered business in terms of the Group's internal dividend policy to fund the dividend payable to Sanlam Limited shareholders; and
- Transfers to or from the balanced investment portfolio. Any capital in the portfolio that is in excess of the requirements of the covered business is transferred to discretionary capital in terms of the Group's capital management framework.

Net value of in-force business

The net value of in-force business consists of the present value of future shareholder profits from in-force covered business (PVIF), after allowance for the cost of required capital supporting the covered business.

Present value of future shareholder profits from in-force covered business

The long-term policy liabilities in respect of covered business in the financial statements are valued based on the applicable statutory valuation method for insurance contracts and fair value for investment contracts. These liabilities include profit margins, which can be expected to emerge as profits in the future. The discounted value, using a risk-adjusted discount rate, placed on these expected future profits, after taxation, is the PVIF.

The PVIF excludes the cost of required capital, which is separately disclosed.

Cost of required capital

A charge is deducted from the embedded value of covered business for the cost of required capital supporting the Group's existing covered business. The cost is the difference between the carrying value of the required capital at the valuation date and the discounted value, using a risk-adjusted discount rate, of the projected releases of the capital allowing for the assumed after-tax investment return on the assets deemed to back the required capital over the life of the in-force business.

Value of new business

The value of new business is calculated as the discounted value, at point of sale, using a risk-adjusted discount rate, of the projected stream of after-tax profits for new covered business issued during the financial year under review. The value of new business is also reduced by the cost of required capital for new covered business.

In determining the value of new business:

- A policy is only taken into account if at least one premium, that is not subsequently refunded, is recognised in the financial statements;
- Premium increases that have been allowed for in the value of in-force covered business are not counted again as new business at inception;
- Increases in recurring premiums associated with indexation arrangements are not included, but instead allowed for in the value of in-force covered business;
- The expected value of future premium increases resulting from premium indexation on the new recurring premium business written during the financial year under review is included in the value of new business;
- Continuations of individual policies and deferrals of retirement annuity policies after the maturity dates in the contract are treated as new business if they have been included in policy benefit payments at their respective maturity dates;
- For employee benefits, increases in business from new schemes or new benefits on existing schemes are included and new members or salary-related increases under existing schemes are excluded and form part of the in-force value;
- Annuities purchased by retirement fund members using in-fund options are treated as new business; Renewable recurring premiums under Group insurance contracts are treated as in-force business; and
- Assumptions are consistent with those used for the calculation of the value of in-force covered business at the end of the reporting period.

Profitability of new covered business is measured by the ratio of the net value of new business to the present value of new business premiums (PVNBP). The PVNBP is defined as new single premiums plus the discounted value, using a risk-adjusted discount rate, of expected future premiums on new recurring premium business. The premiums used for the calculation of PVNBP are based on the life insurance new business premiums disclosed in note 6 on page 144, excluding white label new business.

Risk discount rates and allowance for risk

In accordance with the actuarial guidance, the underlying risks within the covered business are allowed for within the embedded value calculations through a combination of the following:

- Explicit allowances within the projected shareholder cash flows;
- The level of required capital and the impact on cost of required capital; and
- The risk discount rates, intended to cover all residual risks not allowed for elsewhere in the valuation.

The risk margins are set using a top-down approach based on Sanlam Limited's weighted average cost of capital (WACC), which is calculated based on a gross risk-free interest rate, an assumed equity risk premium, a market assessed risk factor (beta), and an allowance for subordinated debt on a market value basis. The beta provides an assessment of the market's view of the effect of all types of risk on the Group's operations, including operational and other non-economic risk.

To derive the risk discount rate assumptions for covered business, an adjusted WACC is calculated to exclude the non-covered Group operations included in Sanlam Limited's WACC and to allow for future new covered business. The covered business operations of the Group use risk margins of between 2,5% and 7,0% and the local gross risk-free rate at the valuation date.

Minimum investment guarantees to policyholders

An investment guarantee reserve is included in the reserving basis for policy liabilities, which makes explicit allowance for the best estimate cost of all material investment guarantees. This reserve is determined on a market consistent basis in accordance with actuarial guidance from the Actuarial Society (APN110). No further deduction from the embedded value of covered business is therefore required.

Basis of accounting – Shareholders' information continued

Share incentive schemes

The embedded value of covered business assumes the payment of long-term incentives in the future and allows for the expected cost of future grants within the value of in-force covered business and value of new business.

Sensitivity analysis

Sensitivities are determined at the risk discount rates used to determine the base values, unless stated otherwise. For each of the sensitivities, all other assumptions are left unchanged. The different sensitivities do not imply that they have a similar chance of occurring.

The risk discount rate appropriate to an investor will depend on the investor's own requirements, tax position and perception of the risk associated with the realisation of the future profits from the covered business. The disclosed sensitivities to changes in the risk discount rate provide an indication of the impact of changes in the applied risk discount rate.

Risk premiums relating to mortality and morbidity are assumed to be increased consistent with mortality and morbidity experience respectively, where appropriate.

Foreign currencies

Changes in the embedded value of covered business, as well as the present value of new business premiums, of foreign operations are converted to South African rand at the weighted average exchange rates for the financial year, except where the average exchange rate is not representative of the timing of specific changes in the embedded value of covered business, in which instances the exchange rate on transaction date is used. The closing rate is used for the conversion of the embedded value of covered business at the end of the financial year.

Assumptions

Best estimate assumptions

The embedded value calculation is based on best estimate assumptions. The assumptions are reviewed actively and changed when evidence exists that material changes in the expected future experience are reasonably certain. The best estimate assumptions are also used as basis for the statutory valuation method, to which compulsory and discretionary margins are added for the determination of policy liabilities in the financial statements.

It is reasonably possible that outcomes in future financial years will be different to these current best estimate assumptions, possibly significantly, impacting on the reported embedded value of covered business. Accordingly, sensitivity analyses are provided for the value of in-force and value of new business.

Economic assumptions

The assumed investment return on assets supporting the policy liabilities and required capital is based on the assumed long-term asset mix for these funds.

Inflation assumptions for unit cost, policy premium indexation and employee benefits salary inflation are based on an assumed long term gap relative to fixed-interest securities.

Future rates of bonuses for stable bonus business and participating annuities are set at levels that are supportable by the assets backing the respective product asset funds at each valuation date.

Assets backing required capital

The assumed composition of the assets backing the required capital is consistent with Sanlam's practice and with the assumed long-term asset distribution used to calculate the statutory capital requirements and internal required capital assessments of the Group's covered business.

Demographic assumptions

Future mortality, morbidity and discontinuance rates are based on recent experience, adjusted for expected future trends where appropriate.

HIV/Aids

Allowance is made, where appropriate, for the impact of expected HIV/Aids-related claims, using models developed by the Actuarial Society, adjusted for Sanlam's practice and product design.

Expense assumptions

Future expense assumptions reflect the expected level of expenses required to manage the in-force covered business, including investment in systems required to support that business, and allow for future inflation. The rate of inflation is higher for business written on legacy systems. The allocation between acquisition and maintenance expenses is based on functional cost analyses and reflects actual expenses incurred in 2020.

Project expenses

A best estimate of future project expenses is allowed for in the embedded value of covered business, in addition to the expense assumptions outlined above, in both the value of policy liabilities and the PVIF as applicable. These projects relate to regulatory compliance, digital transformation, administration and existing distribution platforms of the life insurance business and are deemed to be business imperatives by management. No allowance is made for the expected positive impact these projects may have on the future operating experience of the Group.

Investment management fees

Future investment expenses are based on the current scale of fees payable by the Group's life insurance businesses to the relevant asset managers. To the extent that this scale of fees includes profit margins for Sanlam Investment Group, these margins are not included in the value of in-force covered business and value of new business, as they are incorporated in the valuation of the Sanlam Investment Group businesses at fair value.

Taxation

Projected taxation is based on the current tax basis that applies in each country.

Allowance has been made for the impact of capital gains tax on investments in South Africa, assuming a five-year roll-over period.

Earnings from covered business

The embedded value earnings from covered business for the period are equal to the change in embedded value, after adjustment for any transfers to or from discretionary capital, and are analysed into the following main components:

- Value of new business

  The value of new business is calculated at point of sale using assumptions applicable at the end of the reporting period.

- Net earnings from existing covered business

  Expected return on value of covered business

  The expected return on value of covered business comprises the expected return on the starting value of in-force covered business and the accumulation of value of new business from point of sale to the valuation date.

  Operating experience variances

  The calculation of embedded values is based on assumptions regarding future experiences including discontinuance rates (how long policies will stay in force), risk (mortality and morbidity) and future expenses. Actual experience may differ from these assumptions. The impact of the difference between actual and assumed experience for the period is reported as operating experience variances.

  Operating assumption changes

  Operating assumption changes consist of the impact of changes in assumptions at the end of the reporting period (compared to those used at the end of the previous reporting period) for operating experience, excluding economic or taxation assumptions. It also includes certain model refinements.

- Expected investment return on adjusted net worth

  The expected investment return on adjusted net worth attributable to shareholders is calculated using the future investment return assumed at the start of the reporting period.

  The total embedded value earnings from covered business include two further main items:

  - *Economic assumption changes*

    The impact of changes in external economic conditions, including the effect that changes in interest rates have on risk discount rates and future investment return assumptions, on the embedded value of covered business.

  - *Investment variances*

    Investment variances – value of in-force

    The impact on the value of in-force business caused by differences between the actual investment return earned on policyholder fund assets during the reporting period and the expected return based on the economic assumptions used at the start of the reporting period.

    Investment variances – investment return on adjusted net worth

    Investment return variances caused by differences between the actual investment return earned on shareholders' fund assets during the reporting period and the expected return based on economic assumptions used at the start of the reporting period.

Group Equity Value

at 31 December

R million	Note	Group Equity Value 2020	Group Equity Value 2019	Value of in-force/ Fair value adjustment 2020	Value of in-force/ Fair value adjustment 2019
Sanlam Life and Savings		**52 278**	53 061	**43 137**	43 732
Covered business[1]	7.1	**47 597**	48 306	**40 619**	41 078
SA Retail Affluent		**32 043**	32 894	**28 024**	28 569
SA Retail Mass		**10 596**	10 076	**9 696**	9 232
Sanlam Corporate		**4 958**	5 336	**2 899**	3 277
Other operations		**4 681**	4 755	**2 518**	2 654
SA Retail Affluent		**4 035**	4 171	**2 847**	2 956
Glacier		***2 553***	*2 501*	***2 139***	*1 984*
Sanlam Personal Loans		***1 119***	*1 320*	***414***	*692*
Other operations		***363***	*350*	***294***	*280*
Sanlam Corporate: Health Operations		**646**	584	**(329)**	(302)
Sanlam Emerging Markets		**35 323**	40 731	**5 381**	7 395
Covered business	7.2	**8 638**	8 794	**3 775**	4 254
Saham		**1 548**	2 306	**92**	539
Namibia		**2 063**	1 997	**1 546**	1 487
Botswana		**1 588**	1 575	**1 216**	1 263
Other African operations		**1 594**	1 293	**175**	302
India		**1 002**	935	**393**	363
Malaysia		**843**	688	**353**	300
Other operations		**26 685**	31 937	**1 606**	3 141
Saham		**15 827**	19 400	**2 241**	1 918
Shriram Capital		**8 954**	9 282	**191**	1 222
Other operations		**1 904**	3 255	**(826)**	1
Sanlam Investment Group		**19 003**	20 050	**9 337**	10 579
Covered business	7.3	**3 091**	3 056	**(182)**	(153)
Sanlam UK		**1 425**	1 374	**656**	669
Central Credit Manager[1]		**1 666**	1 682	**(838)**	(822)
Other operations		**15 912**	16 994	**9 519**	10 732
Sanlam Investments[2]		**2 949**[3]	5 058[3]	**1 639**	3 623
Wealth Management		**2 588**	2 275	**2 331**	2 024
International[2]		**8 928**	7 997	**4 190**	3 613
Sanlam Specialised Finance		**1 447**	1 664	**1 359**	1 472
Santam		**17 277**	19 675	**10 923**	13 196
Dividend pool		**6 185**	6 911	**–**	–
Discretionary capital		**636**	220	**–**	–
Other capital		**3 597**	4 593	**–**	–
Present value of holding company expenses	15	**(2 487)**	(1 970)	**(2 487)**	(1 970)
Group Equity Value		**131 812**	143 271	**66 291**	72 932
Covered business	2	**59 326**	60 156	**44 212**	45 179
Other operations	5	**64 555**	73 361	**24 566**	29 723
Group operations		**123 881**	133 517	**68 778**	74 902
Discretionary and other capital		**7 931**	9 754	**(2 487)**	(1 970)
Group Equity Value		**131 812**	143 271	**66 291**	72 932
Value per share (Rand)	14	**59,20**	64,36		

[1] *Excludes subordinated debt funding of Sanlam Life.*

[2] *Adjusted for reallocation of consolidation journals.*

[3] *Include Sanlam share (75%) of the third party asset management business of R3 379 million (31 December 2019: R5 395 million – 100% share).*

Adjusted net asset value		Elimination of goodwill and VOBA		Shareholders' fund at net asset value	
2020	2019	**2020**	2019	**2020**	2019
9 141	*9 329*	**(1 240)**	(1 304)	**10 381**	10 633
6 978	*7 228*	**(1 240)**	(1 304)	**8 218**	8 532
4 019	*4 325*	**(681)**	(694)	**4 700**	5 019
900	*844*	**(371)**	(403)	**1 271**	1 247
2 059	*2 059*	**(188)**	(207)	**2 247**	2 266
2 163	*2 101*	**–**	–	**2 163**	2 101
1 188	*1 215*	**–**	–	**1 188**	1 215
414	*517*	**–**	–	***414***	*517*
705	*628*	**–**	–	***705***	*628*
69	*70*	**–**	–	***69***	*70*
975	*886*	**–**	–	**975**	886
29 942	*33 336*	**(3 154)**	(3 316)	**33 096**	36 652
4 863	*4 540*	**(3 154)**	(3 316)	**8 017**	7 856
1 456	*1 767*	**(1 774)**	(2 677)	**3 230**	4 444
517	*510*	**–**	–	**517**	510
372	*312*	**(2)**	(3)	**374**	315
1 419	*991*	**(744)**	(11)	**2 163**	1 002
609	*572*	**(302)**	(297)	**911**	869
490	*388*	**(332)**	(328)	**822**	716
25 079	*28 796*	**–**	–	**25 079**	28 796
13 586	*17 482*	**–**	–	**13 586**	17 482
8 763	*8 060*	**–**	–	**8 763**	8 060
2 730	*3 254*	**–**	–	**2 730**	3 254
9 666	*9 471*	**(356)**	(356)	**10 022**	9 827
3 273	*3 209*	**(356)**	(356)	**3 629**	3 565
769	*705*	**(356)**	(356)	**1 125**	1 061
2 504	*2 504*	**–**	–	**2 504**	2 504
6 393	*6 262*	**–**	–	**6 393**	6 262
1 310	*1 435*	**–**	–	**1 310**	1 435
257	*251*	**–**	–	**257**	251
4 738	*4 384*	**–**	–	**4 738**	4 384
88	*192*	**–**	–	**88**	192
6 354	*6 479*	**–**	–	**6 354**	6 479
6 185	*6 911*		–	**6 185**	6 911
636	*220*	**–**	–	**636**	220
3 597	*4 593*	**(1 197)**	(1 197)	**4 794**	5 790
–	*–*	**–**	–	**–**	–
65 521	*70 339*	**(5 947)**	(6 173)	**71 468**	76 512
15 114	*14 977*	**(4 750)**	(4 976)	**19 864**	19 953
39 989	*43 638*	**–**	–	**39 989**	43 638
55 103	*58 615*	**(4 750)**	(4 976)	**59 853**	63 591
10 418	*11 724*	**(1 197)**	(1 197)	**11 615**	12 921
65 521	*70 339*	**(5 947)**	(6 173)	**71 468**	76 512
				32,10	34,37

Analysis of Group Equity Value per line of business

at 31 December

R million	Total 2020	Total 2019	Life Business 2020	Life Business 2019
Southern Africa	**92 374**	99 655	**53 387**	54 028
South Africa	**84 590**	91 654	**49 263**	49 988
Other[1]	**7 784**	8 001	**4 124**	4 040
North and West Africa	**16 639**	20 579	**2 068**	2 017
East Africa	**1 170**	1 138	**607**	583
Other International[1]	**21 629**	21 899	**3 264**	3 528
Total	**131 812**	143 271	**59 326**	60 156

[1] *Comparative information has been adjusted to reflect Saham in the underlying regions.*

	General Insurance		Investment Management		Credit & Structuring		Administration, Health and Other	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	17 934	20 508	**6 576**	8 544	**3 926**	4 302	**10 551**	12 273
	17 277	19 675	**5 881**	7 874	**2 090**	2 354	**10 079**	11 763
	657	833	**695**	670	**1 836**	1 948	**472**	510
	15 871	18 562	**–**	–	**–**	–	**(1 300)**	–
	654	511	**161**	207	**–**	–	**(252)**	(163)
	2 434	2 798	**9 060**	8 086	**6 794**	7 382	**77**	105
	36 893	42 379	**15 797**	16 837	**10 720**	11 684	**9 076**	12 215

Change in Group Equity Value

at 31 December 2020

R million	GEV at the beginning of the period	Earnings	Net capital investment	Dividend paid	GEV at the end of the period
Sanlam Life and Savings	53 061	4 045	(397)	(4 431)	52 278
Covered business	48 306	4 032	(454)	(4 287)	47 597
SA Retail Affluent[1]	32 894	2 679	(434)	(3 096)	32 043
SA Retail Mass	10 076	1 170	53	(703)	10 596
Sanlam Corporate	5 336	183	(73)	(488)	4 958
Other operations	4 755	13	57	(144)	4 681
SA Retail Affluent	4 171	(93)	55	(98)	4 035
Glacier	*2 501*	*208*	*–*	*(156)*	*2 553*
Sanlam Personal Loans	*1 320*	*(332)*	*55*	*76*	*1 119*
Other operations	*350*	*31*	*–*	*(18)*	*363*
Sanlam Corporate: Health Operations	584	106	2	(46)	646
Sanlam Emerging Markets	40 731	(4 106)	701	(2 003)	35 323
Covered business	8 794	(446)	979	(689)	8 638
Saham	2 306	(677)	(139)	58	1 548
Namibia	1 997	261	(21)	(174)	2 063
Botswana	1 575	213	36	(236)	1 588
Other African operations	1 293	(463)	1 030	(266)	1 594
India	935	89	9	(31)	1 002
Malaysia	688	131	64	(40)	843
Other operations	31 937	(3 660)	(278)	(1 314)	26 685
Saham	19 400	(3 177)	146	(542)	15 827
Shriram Capital	9 282	(315)	105	(118)	8 954
Other operations	3 255	(168)	(529)	(654)	1 904
Sanlam Investment Group	20 050	8	(510)	(545)	19 003
Covered business	3 056	138	(65)	(38)	3 091
Sanlam UK	1 374	51	22	(22)	1 425
Central Credit Manager	1 682	87	(87)	(16)	1 666
Other operations	16 994	(130)	(445)	(507)	15 912
Sanlam Investments	5 058	(1 174)	(790)	(145)	2 949
Wealth Management	2 275	450	–	(137)	2 588
International	7 997	820	345	(234)	8 928
Sanlam Specialised Finance	1 664	(226)	–	9	1 447
Santam	19 675	(1 911)	–	(487)	17 277
Discretionary capital	220	98	318	–	636
Other capital	11 504	(1 491)	7 134	(7 365)	9 782
Present value of holding company expenses	(1 970)	(517)	–	–	(2 487)
Elimination of intergroup dividends	–	–	(7 466)	7 466	–
Group Equity Value	**143 271**	**(3 874)**	**(220)**	**(7 365)**	**131 812**
Covered business	60 156	3 724	460	(5 014)	59 326
Other operations	73 361	(5 688)	(666)	(2 452)	64 555
Group operations	133 517	(1 964)	(206)	(7 466)	123 881
Discretionary and other capital	9 754	(1 910)	7 452	(7 365)	7 931
Elimination of intergroup dividends	–	–	(7 466)	7 466	–
Group Equity Value	**143 271**	**(3 874)**	**(220)**	**(7 365)**	**131 812**

[1] *The Pandemic reserve release is reported under SA Retail Affluent in Change in Group Equity value, but shown separately in the detailed information as reported in Note 7.1 on page 147.*

Change in Group **Equity Value**

at 31 December 2019

R million	GEV at the beginning of the period	Earnings	Net capital investment	Dividend paid	GEV at the end of the period
Sanlam Life and Savings	49 194	9 414	(711)	(4 836)	53 061
Covered business	44 286	9 075	(711)	(4 344)	48 306
SA Retail Affluent	30 454	5 755	(532)	(2 783)	32 894
SA Retail Mass	8 755	2 258	107	(1 044)	10 076
Sanlam Corporate	5 077	1 062	(286)	(517)	5 336
Other operations	4 908	339	–	(492)	4 755
SA Retail Affluent	3 976	627	–	(432)	4 171
Glacier	*2 359*	*339*	–	*(197)*	*2 501*
Sanlam Personal Loans	*1 224*	*291*	–	*(195)*	*1 320*
Other operations	*393*	*(3)*	–	*(40)*	*350*
Sanlam Corporate: Health Operations	932	(288)	–	(60)	584
Sanlam Emerging Markets	44 659	(3 186)	1 497	(2 239)	40 731
Covered business	9 151	(83)	435	(709)	8 794
Saham	2 968	(1 192)	603	(73)	2 306
Namibia	1 867	371	(67)	(174)	1 997
Botswana	1 587	372	(143)	(241)	1 575
Other African operations	1 274	147	39	(167)	1 293
India	854	98	14	(31)	935
Malaysia	601	121	(11)	(23)	688
Other operations	35 508	(3 103)	1 062	(1 530)	31 937
Saham	20 309	(1 571)	662	–	19 400
Shriram Capital	10 632	(841)	9	(518)	9 282
Other operations	4 567	(691)	391	(1 012)	3 255
Sanlam Investment Group	18 703	1 452	906	(1 011)	20 050
Covered business	2 797	359	148	(248)	3 056
Sanlam UK	1 268	139	42	(75)	1 374
Central Credit Manager	1 529	220	106	(173)	1 682
Other operations	15 906	1 093	758	(763)	16 994
Sanlam Investments	4 821	666	(51)	(378)	5 058
Wealth Management	2 647	(283)	44	(133)	2 275
International	6 938	535	655	(131)	7 997
Sanlam Specialised Finance	1 500	175	110	(121)	1 664
Santam	20 102	290	–	(717)	19 675
Discretionary capital	(3 678)	242	3 656	–	220
Other capital	7 155	166	11 067	(6 884)	11 504
Present value of holding company expenses	(2 083)	113	–	–	(1 970)
Elimination of intergroup dividends	–	–	(8 803)	8 803	–
Group Equity Value	134 052	8 491	7 612	(6 884)	143 271
Covered business	56 234	9 351	(128)	(5 301)	60 156
Other operations	76 424	(1 381)	1 820	(3 502)	73 361
Group operations	132 658	7 970	1 692	(8 803)	133 517
Discretionary and other capital	1 394	521	14 723	(6 884)	9 754
Elimination of intergroup dividends	–	–	(8 803)	8 803	–
Group Equity Value	134 052	8 491	7 612	(6 884)	143 271

Return on Group Equity Value

at 31 December

%	2020	2019
Sanlam Life and Savings	**7,6**	19,2
Covered business	**8,3**	20,6
SA Retail Affluent	**8,1**	18,9
SA Retail Mass	**11,6**	25,8
Sanlam Corporate	**3,4**	21,9
Other operations	**0,3**	6,9
SA Retail Affluent	**(2,2)**	15,8
Glacier	***8,3***	*14,4*
Sanlam Personal Loans	***(24,7)***	*23,8*
Other operations	***8,9***	*(0,8)*
Sanlam Corporate: Health Operations	**18,1**	(30,9)
Sanlam Emerging Markets	**(10,2)**	(7,1)
Covered business	**(5,2)**	(0,9)
Saham	**(31,3)**	(40,2)
Namibia	**13,1**	19,9
Botswana	**13,5**	23,4
Other African operations	**(27,6)**	11,5
India	**9,5**	11,5
Malaysia	**19,0**	20,1
Other operations	**(11,6)**	(8,7)
Saham	**(16,3)**	(7,7)
Shriram Capital	**(3,3)**	(7,9)
Other operations	**(6,3)**	(14,6)
Sanlam Investment Group	**–**	7,6
Covered business	**4,5**	11,8
Sanlam UK	**3,7**	10,9
Central Credit Manager	**5,2**	12,5
Other operations	**(0,8)**	6,8
Sanlam Investments	**(23,3)**	13,7
Wealth Management	**19,8**	(10,6)
International	**10,2**	7,5
Sanlam Specialised Finance	**(13,6)**	11,7
Santam	**(9,7)**	1,4
Discretionary capital and other	**(18,8)**	65,4
Group Equity Value	**(2,7)**	6,3
Covered business	**6,2**	16,6
Other operations	**(7,8)**	(1,8)
Group operations	**(1,5)**	6,0
Discretionary and other capital	**(18,8)**	65,4
Group Equity Value	**(2,7)**	6,3
RoGEV per share	**(2,8)**	6,4
Sanlam Group hurdle rate	***13,3***	*13,5*

Cumulative RoGEV average growth rate

up to 31 December 2020

%	3 years	4 years	5 years
Sanlam Life and Savings	12,7	14,0	15,3
Sanlam Emerging Markets	(1,4)	1,7	0,9
Sanlam Investment Group	3,7	6,2	4,5
Santam	1,7	5,5	10,4
Sanlam Group RoGEV	**4,5**	**7,0**	**8,0**

Analysis of GEV Earnings

for the year ended 31 December

Covered business[1]

R million	Total 2020	Total 2019	Value of in-force 2020	Value of in-force 2019
Operational earnings	**5 428**	8 691	**119**	3 573
Value of new life insurance business[2]	**1 921**	2 280	**4 835**	5 302
Unwinding of discount rate	**5 576**	5 285	**5 360**	5 080
Expected profit	**–**	–	**(7 831)**	(7 099)
Operating experience variances	**367**	1 361	**347**	506
Risk experience	**(125)**	454	**(47)**	131
Persistency	**157**	(22)	**358**	328
Maintenance expenses	**67**	83	**15**	(6)
Working capital management	**457**	527	**–**	–
Credit spread	**129**	294	**–**	(1)
Other	**(318)**	25	**21**	54
Operating assumption changes	**(2 436)**	(235)	**(2 592)**	(216)
Risk experience	**438**	208	**(218)**	27
Persistency	**(1 856)**	(98)	**(1 514)**	260
Maintenance expenses	**(353)**	255	**(267)**	210
Modelling changes and other	**(665)**	(600)	**(593)**	(713)
Net investment return	**184**	330	**–**	–
Expected return on adjusted net asset value	**1 006**	1 025	**–**	–
Investment variances on adjusted net asset value	**(822)**	(695)	**–**	–
Valuation and economic basis	**(1 279)**	347	**(850)**	325
Investment variances on in-force business	**(1 599)**	337	**(1 202)**	282
Economic assumption changes	**125**	318	**148**	380
Investment yields	**104**	164	**141**	152
Long-term asset mix assumptions and other	**21**	154	**7**	228
Foreign currency translation differences	**195**	(308)	**204**	(337)
Change in tax basis	**19**	–	**20**	–
Net project expenses	**(18)**	–	**–**	–
Goodwill and VOBA from business combinations	**(610)**	(17)	**(610)**	(17)
GEV earnings: covered business	**3 724**	9 351	**(1 321)**	3 881
Acquired value of in-force	**907**	128	**724**	5
Transfers from/(to) other Group operations	**(146)**	–	**(146)**	–
Transfers from covered business	**(5 315)**	(5 557)	**–**	–
Embedded value of covered business at the beginning of the period	**60 156**	56 234	**48 630**	44 744
Embedded value of covered business at the end of the period	**59 326**	60 156	**47 887**	48 630

(1) *Refer to note 7.1 for an analysis per cluster.*
(2) *Refer to note 1 for further information.*

Covered business per cluster

R million	Total 2020	Total 2019	Value of in-force 2020	Value of in-force 2019
Sanlam Life and Savings	**47 597**	48 306	**42 476**	42 943
Sanlam Emerging Markets	**8 638**	8 794	**4 613**	4 871
Sanlam Investment Group	**3 091**	3 056	**798**	816
Sanlam Group	**59 326**	60 156	**47 887**	48 630

Cost of capital		Adjusted net asset value	
2020	2019	**2020**	2019
(161)	(138)	**5 470**	5 256
(247)	(220)	**(2 667)**	(2 802)
216	205	**–**	–
–	–	**7 831**	7 099
(59)	(94)	**79**	949
9	(1)	**(87)**	324
(28)	(70)	**(173)**	(280)
–	(4)	**52**	93
–	–	**457**	527
–	–	**129**	295
(40)	(19)	**(299)**	(10)
(71)	(29)	**227**	10
1	7	**655**	174
(12)	(30)	**(330)**	(328)
(3)	–	**(83)**	45
(57)	(6)	**(15)**	119
–	–	**184**	330
–	–	**1 006**	1 025
–	–	**(822)**	(695)
27	(23)	**(456)**	45
23	1	**(420)**	54
13	(53)	**(36)**	(9)
(2)	49	**(35)**	(37)
15	(102)	**(1)**	28
(9)	29	**–**	–
(1)	–	**–**	
–	–	**(18)**	–
–	–	**–**	–
(135)	(161)	**5 180**	5 631
(89)	(2)	**272**	125
–	–	**–**	–
–	–	**(5 315)**	(5 557)
(3 451)	(3 288)	**14 977**	14 778
(3 675)	(3 451)	**15 114**	14 977

Cost of capital		Adjusted net asset value	
2020	2019	**2020**	2019
(1 857)	(1 865)	**6 978**	7 228
(838)	(617)	**4 863**	4 540
(980)	(969)	**3 273**	3 209
(3 675)	(3 451)	**15 114**	14 977

Analysis of GEV Earnings continued

Other operations

R million	Total 2020	Total 2019	Sanlam Life and Savings 2020	Sanlam Life and Savings 2019
Earnings from operations valued at listed share prices	**(1 798)**	608	**–**	–
Earnings from operations valued at net asset value	**(5)**	(156)	**–**	–
Earnings from operations valued based on discounted cash flows	**(3 885)**	(1 833)	**13**	339
Unwinding of discount rate	**6 231**	7 852	**977**	884
Operating experience variances	**(5 168)**	(596)	**(963)**	82
General insurance	**(1 429)**	(583)	**–**	–
Investment management	**(2 725)**	(87)	**–**	–
Credit and banking	**(393)**	97	**(331)**	116
Administration, health and other	**(621)**	(23)	**(632)**	(34)
Operating assumption changes	**(8 604)**	(7 660)	**(81)**	(719)
General insurance	**(5 029)**	(459)	**–**	–
Investment management	**(825)**	(2 755)	**–**	–
Credit and banking	**(2 861)**	(3 217)	**(197)**	(83)
Administration, health and other	**111**	(1 229)	**116**	(636)
Economic assumption changes	**2 215**	2 612	**80**	92
Foreign currency translation differences	**1 441**	(4 041)	**–**	–
GEV earnings: other operations	**(5 688)**	(1 381)	**13**	339

Discretionary and other capital

R million	Total 2020	Total 2019
Investment return[1]	**(1 561)**	456
Corporate expenses	**(603)**	13
Net corporate expenses	**(86)**	(100)
Change in present value of holding company expenses	**(517)**	113
Share-based payment transactions	**254**	52
GEV earnings: discretionary and other capital	**(1 910)**	521

[1] *Includes an impairment of R1,7 billion as described on page 81.*

	Sanlam Emerging Markets		Sanlam Investment Group		Santam	
	2020	2019	**2020**	2019	**2020**	2019
	–	–	**113**	318	**(1 911)**	290
	(80)	(122)	**75**	(34)	**–**	–
	(3 580)	(2 981)	**(318)**	809	**–**	–
	3 051	4 739	**2 203**	2 229	**–**	–
	(1 395)	(545)	**(2 810)**	(133)	**–**	–
	(1 429)	(583)	**–**	–	**–**	–
	85	46	**(2 810)**	(133)	**–**	–
	(62)	(19)	**–**	–	**–**	–
	11	11	**–**	–	**–**	–
	(7 751)	(4 395)	**(772)**	(2 546)	**–**	–
	(5 029)	(459)	**–**	–	**–**	–
	(53)	(209)	**(772)**	(2 546)	**–**	–
	(2 664)	(3 134)	**–**	–	**–**	–
	(5)	(593)	**–**	–	**–**	–
	1 444	1 158	**691**	1 362	**–**	–
	1 071	(3 938)	**370**	(103)	**–**	–
	(3 660)	(3 103)	**(130)**	1 093	**(1 911)**	290

Reconciliation of Group Equity Value earnings

R million	2020	2019
IFRS earnings (excluding fund transfers)	**2 572**	5 448
Normalised attributable earnings	**(694)**	9 110
Earnings recognised directly in equity		
Foreign currency translation differences	**2 813**	(3 890)
Net cost of treasury shares delivered	**(578)**	(338)
Share-based payments	**474**	391
Change in ownership of subsidiaries	**595**	(112)
Other comprehensive income	**(38)**	287
Fair value adjustments	**(6 613)**	2 605
Change in fair value adjustments: non-life	**(5 157)**	(1 115)
Earnings from covered business: VIF	**(1 456)**	3 720
Adjustments to net worth	**167**	438
Present value of holding company expenses	**(517)**	113
Movement in book value of treasury shares: non-life subsidiaries	**(30)**	(11)
Change in goodwill/VOBA less VIF acquired	**714**	336
Group Equity Value earnings	**(3 874)**	8 491

Analysis of Shareholders' Fund
Net Asset Value

at 31 December

R million	Sanlam Life[1] 2020	Sanlam Life[1] 2019	Sanlam Emerging Markets[2] 2020	Sanlam Emerging Markets[2] 2019	Sanlam Investment Group 2020	Sanlam Investment Group 2019
Assets						
Equipment	**445**	432	**610**	707	**90**	103
Rights-of-use assets	**420**	433	**205**	212	**311**	346
Owner-occupied properties	**477**	477	**1 999**	1 061	**123**	120
Goodwill	**725**	769	**11 875**	13 598	**1 960**	2 466
Value of business acquired	**766**	858	**4 526**	5 947	**837**	1 963
Other intangible assets	**23**	27	**548**	637	**159**	188
Deferred acquisition costs	**2 436**	2 572	**331**	269	**18**	24
Investments	**14 645**	13 912	**40 534**	39 432	**5 021**	5 007
Properties	**–**	–	**5 869**	6 815	**–**	–
Associated companies	**1 086**	1 011	**15 527**	15 380	**335**	280
Joint ventures	**796**	874	**–**	–	**42**	89
Equities and similar securities	**493**	462	**6 588**	7 199	**263**	348
Interest-bearing investments	**4 992**	2 766	**5 115**	3 477	**366**	596
Structured transactions	**160**	177	**111**	14	**–**	137
Investment funds	**6 453**	7 676	**6 131**	4 996	**3 481**	3 170
Cash, deposits and similar securities	**665**	946	**1 193**	1 551	**534**	387
Deferred tax	**529**	192	**1 204**	735	**207**	212
Assets of disposal groups classified as held for sale	**–**	–	**9**	127	**2 187**	–
General insurance technical assets	**–**	–	**4 089**	2 641	**–**	–
Working capital assets	**7 765**	8 456	**19 085**	17 347	**16 109**	14 923
Trade and other receivables	**1 266**	534	**12 161**	11 106	**12 155**	11 504
Taxation	**24**	6	**849**	842	**23**	3
Cash, deposits and similar securities	**6 475**	7 916	**6 075**	5 399	**3 931**	3 416
Total assets	**28 231**	28 128	**85 015**	82 713	**27 022**	25 352
Equity and liabilities						
Shareholders' fund	**19 473**	13 167	**34 345**	38 473	**10 934**	10 952
Non-controlling interest	**101**	150	**11 222**	11 538	**1 137**	650
Total equity	**19 574**	13 317	**45 567**	50 011	**12 071**	11 602
Term finance	**1 004**	1 013	**1 973**	545	**607**	882
Lease liabilities	**472**	478	**221**	223	**347**	370
Structured transactions liabilities	**183**	58	**–**	–	**57**	–
Cell owners' interest	**–**	–	**–**	–	**–**	–
Deferred tax	**732**	826	**3 218**	3 499	**107**	262
Liabilities of disposal groups classified as held for sale	**–**	–	**–**	–	**454**	–
General insurance technical provisions	**–**	–	**20 443**	17 696	**–**	–
Working capital liabilities	**6 266**	12 436	**13 593**	10 739	**13 379**	12 236
Trade and other payables	**6 218**	12 298	**12 614**	9 720	**12 729**	11 692
Provisions	**48**	52	**170**	152	**77**	90
Taxation	**–**	86	**809**	867	**573**	454
Total equity and liabilities	**28 231**	28 128	**85 015**	82 713	**27 022**	25 352
Analysis of shareholders' fund						
Covered business	**8 218**	8 532	**8 017**	7 856	**3 629**	3 565
Other operations	**2 163**	2 101	**25 079**	28 796	**6 393**	6 262
Discretionary and other capital	**9 092**	2 534	**1 249**	1 821	**912**	1 125
Shareholders' fund at net asset value	**19 473**	13 167	**34 345**	38 473	**10 934**	10 952
Consolidation reserve	**817**	641	**62**	62	**–**	–
Shareholders' fund per Group statement of financial position on page 68	**20 290**	13 808	**34 407**	38 535	**10 934**	10 952

[1] *Includes the operations of SA Retail Affluent, SA Retail Mass and Sanlam Corporate (Sanlam Health and Sanlam Employee Benefits) as well as discretionary capital held by Sanlam Life.*

[2] *Includes discretionary capital held by Sanlam Emerging Markets.*

[3] *Group Office and other includes the assets of Genbel Securities and Sanlam Limited Corporate on a consolidated basis.*

[4] *Elimination of intercompany balances, other investments and term finance between companies within the Group.*

Santam		Group office[3]		Consolidation entries[4]		Shareholders' fund at net asset value	
2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
342	291	**–**	–	**–**	–	**1 487**	1 533
624	861	**–**	–	**–**	–	**1 560**	1 852
25	25	**–**	–	**–**	–	**2 624**	1 683
946	944	**–**	–	**1 197**	1 197	**16 703**	18 974
–	–	**–**	–	**–**	–	**6 129**	8 768
58	74	**–**	–	**–**	–	**788**	926
–	–	**–**	–	**–**	–	**2 785**	2 865
26 677	24 145	**7 267**	5 707	**(5 719)**	(4 517)	**88 425**	83 686
–	–	**–**	–	**–**	–	**5 869**	6 815
4 086	4 508	**–**	–	**(4 079)**	(4 489)	**16 955**	16 690
35	49	**–**	–	**–**	–	**873**	1 012
2 314	2 089	**–**	367	**3 161**	4 310	**12 819**	14 775
15 196	11 919	**7 267**	5 340	**(4 922)**	(4 458)	**28 014**	19 640
264	400	**–**	–	**–**	–	**535**	728
4 433	4 480	**–**	–	**121**	120	**20 619**	20 442
349	700	**–**	–	**–**	–	**2 741**	3 584
102	107	**–**	–	**(23)**	(15)	**2 019**	1 231
–	–	**–**	–	**–**	–	**2 196**	127
9 758	7 525	**–**	–	**–**	–	**13 847**	10 166
16 445	14 654	**3 579**	3 897	**(1 773)**	(1 251)	**61 210**	58 026
7 015	6 632	**3 509**	3 643	**(2 153)**	(1 386)	**33 953**	32 033
15	16	**1**	–	**–**	–	**912**	867
9 415	8 006	**69**	254	**380**	135	**26 345**	25 126
54 977	48 626	**10 846**	9 604	**(6 318)**	(4 586)	**199 773**	189 837
6 354	6 479	**5 451**	4 260	**(5 089)**	3 181	**71 468**	76 512
4 547	4 405	**–**	–	**(4 507)**	(4 716)	**12 500**	12 027
10 901	10 884	**5 451**	4 260	**(9 596)**	(1 535)	**83 968**	88 539
3 089	2 080	**3 470**	2 954	**–**	–	**10 143**	7 474
782	978	**–**	–	**–**	–	**1 822**	2 049
80	–	**–**	–	**–**	–	**320**	58
4 226	3 935	**–**	–	**–**	–	**4 226**	3 935
82	39	**–**	–	**–**	–	**4 139**	4 626
–	–	**–**	–	**–**	–	**454**	–
29 309	23 636	**–**	–	**–**	–	**49 752**	41 332
6 508	7 074	**1 925**	2 390	**3 278**	(3 051)	**44 949**	41 824
6 164	6 585	**1 915**	2 378	**3 224**	(3 074)	**42 864**	39 599
153	174	**10**	10	**18**	18	**476**	496
191	315	**–**	2	**36**	5	**1 609**	1 729
54 977	48 626	**10 846**	9 604	**(6 318)**	(4 586)	**199 773**	189 837
–	–	**–**	–	**–**	–	**19 864**	19 953
6 354	6 479	**–**	–	**–**	–	**39 989**	43 638
–	–	**5 451**	4 260	**(5 089)**	3 181	**11 615**	12 921
6 354	6 479	**5 451**	4 260	**(5 089)**	3 181	**71 468**	76 512
–	–	**–**	–	**(7 635)**	(9 898)	**(6 756)**	(9 195)
6 354	6 479	**5 451**	4 260	**(12 724)**	(6 717)	**64 712**	67 317

Shareholders' Fund Income Statement

for the year ended 31 December

	Sanlam Life and Savings					
	SA Retail Affluent[1]		SA Retail Mass		Sanlam Corporate	
R million	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Financial services income	**14 166**	13 195	**8 799**	7 873	**6 230**	5 989
Sales remuneration	**(2 144)**	(2 016)	**(1 605)**	(1 721)	**(80)**	(70)
Income after sales remuneration	**12 022**	11 179	**7 194**	6 152	**6 150**	5 919
Underwriting policy benefits	**(2 814)**	(2 258)	**(4 476)**	(3 183)	**(3 707)**	(3 511)
Administration costs	**(4 657)**	(4 466)	**(1 668)**	(1 621)	**(1 607)**	(1 582)
Result from financial services before tax	**4 551**	4 455	**1 050**	1 348	**836**	826
Tax on result from financial services	**(1 266)**	(1 174)	**(392)**	(396)	**(224)**	(236)
Result from financial services after tax	**3 285**	3 281	**658**	952	**612**	590
Non-controlling interest	**–**	1	**45**	31	**–**	–
Net result from financial services	**3 285**	3 282	**703**	983	**612**	590
Net investment income	**201**	191	**65**	65	**75**	55
Investment income	**240**	236	**76**	74	**80**	60
Tax on investment income	**(37)**	(40)	**(11)**	(9)	**(5)**	(5)
Non-controlling interest	**(2)**	(5)	**–**	–	**–**	–
Net investment surpluses	**(30)**	69	**(12)**	33	**(1)**	49
Investment surpluses	**(45)**	86	**(7)**	31	**(5)**	62
Tax on investment surpluses	**13**	(17)	**(5)**	2	**4**	(13)
Non-controlling interest	**2**	–	**–**	–	**–**	–
Project expenses	**(21)**	–	**(1)**	(2)	**(10)**	–
Net operational earnings	**3 435**	3 542	**755**	1 079	**676**	694
Net amortisation of value of business acquired and other intangibles	**(51)**	(53)	**(8)**	(5)	**(5)**	(20)
Equity participation costs[1]		–				–
Net non-operational equity-accounted earnings	**–**	–	**–**	–	**(21)**	(9)
Non-operational equity-accounted earnings	**–**	–	**–**	–	**(21)**	(9)
Tax on non-operational equity-accounted headline earnings	**–**	–	**–**	–	**–**	–
Non-controlling interest	**–**	–	**–**	–	**–**	–
Net profit on disposal of subsidiaries and associated companies	**–**	–	**–**	–	**–**	(3)
Profit on disposal of subsidiaries and associated companies	**–**	–	**–**	–	**–**	(3)
Non-controlling interest	**–**	–	**–**	–	**–**	–
Impairments	**–**	(4)	**(3)**	–	**(44)**	–
Normalised attributable earnings	**3 384**	3 485	**744**	1 074	**606**	662
Fund transfers[2]	**1**	–	**176**	(370)	**–**	–
Attributable earnings per Group statement of comprehensive income	**3 385**	3 485	**920**	704	**606**	662
Net profit on disposal of subsidiaries and associated companies	**–**	–	**–**	–	**–**	3
Expected credit losses included in impairment	**–**	–	**–**	–	**–**	–
Impairments	**–**	4	**3**	–	**44**	–
Net equity-accounted non-headline earnings	**–**	–	**–**	–	**4**	(14)
Headline earnings	**3 385**	3 489	**923**	704	**654**	651
Diluted earnings per share						
Weighted average number of shares for operational earnings per share (million)						
Net result from financial services (cents)	**147,5**	148,6	**31,6**	44,5	**27,5**	26,7

(1) *The Pandemic reserve release is reported under SA Retail Affluent in the income statement but shown separately in the detailed information as reported in Note 7.1 on page 147.*

(2) *The B-BBEE transaction in 2019 gave rise to a non-recurring share-based payment charge of R1 686 million. The above market-related discount of R594 million was recognised as equity participation cost in Shareholders' fund income statement, with the remainder recognised in fund transfers.*

(3) *Impairment in respect of B-BBEE SPV funding reversed in fund transfers*

	Sanlam Emerging Markets		Sanlam Investment Group		Santam		Group office and other[2]		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	25 335	25 367	**7 133**	6 800	**25 673**	25 396	**(175)**	(370)	**87 161**	84 250
	(3 650)	(3 345)	**(751)**	(547)	**(3 035)**	(2 882)	**–**	–	**(11 265)**	(10 581)
	21 685	22 022	**6 382**	6 253	**22 638**	22 514	**(175)**	(370)	**75 896**	73 669
	(10 098)	(10 043)	**–**	–	**(16 770)**	(15 080)	**–**	–	**(37 865)**	(34 075)
	(6 918)	(6 431)	**(5 133)**	(4 694)	**(4 154)**	(4 382)	**(327)**	(302)	**(24 464)**	(23 478)
	4 669	5 548	**1 249**	1 559	**1 714**	3 052	**(502)**	(672)	**13 567**	16 116
	(1 254)	(1 789)	**(378)**	(392)	**(456)**	(898)	**137**	214	**(3 833)**	(4 671)
	3 415	3 759	**871**	1 167	**1 258**	2 154	**(365)**	(458)	**9 734**	11 445
	(1 038)	(1 127)	**(66)**	(97)	**(572)**	(937)	**279**	358	**(1 352)**	(1 771)
	2 377	2 632	**805**	1 070	**686**	1 217	**(86)**	(100)	**8 382**	9 674
	244	299	**99**	82	**211**	120	**186**	232	**1 081**	1 044
	473	568	**120**	89	**455**	263	**97**	106	**1 541**	1 396
	(152)	(174)	**(21)**	(9)	**(109)**	(64)	**39**	87	**(296)**	(214)
	(77)	(95)	**–**	2	**(135)**	(79)	**50**	39	**(164)**	(138)
	(674)	(136)	**(6)**	53	**(118)**	152	**31**	(10)	**(810)**	210
	(720)	48	**7**	81	**(246)**	379	**22**	(75)	**(994)**	612
	11	(152)	**(11)**	(28)	**48**	(125)	**4**	37	**64**	(296)
	35	(32)	**(2)**	–	**80**	(102)	**5**	28	**120**	(106)
	(178)	(89)	**(41)**	(39)	**(40)**	–	**(13)**	–	**(304)**	(130)
	1 769	2 706	**857**	1 166	**739**	1 489	**118**	122	**8 349**	10 798
	(353)	(437)	**(254)**	(211)	**(28)**	(40)	**–**	–	**(699)**	(766)
		–		–	**(1)**	(2)	**–**	(594)	**(1)**	(596)
	1	(1)	**–**	–	**30**	29	**–**	–	**10**	19
	3	2	**–**	–	**49**	48	**–**	–	**31**	41
	(1)	(2)	**–**	–	**–**	–	**–**	–	**(1)**	(2)
	(1)	(1)	**–**	–	**(19)**	(19)	**–**	–	**(20)**	(20)
	285	(4)	**–**	1	**–**	–	**–**	–	**285**	(6)
	288	(7)	**–**	1	**–**	–	**–**	–	**288**	(9)
	(3)	3	**–**	–	**–**	–	**–**	–	**(3)**	3
	(6 370)	(314)	**(100)**	(5)	**(448)**	(16)	**(1 673)[3]**	–	**(8 638)**	(339)
	(4 668)	1 950	**503**	951	**292**	1 460	**(1 555)**	(472)	**(694)**	9 110
	1 136	(27)	**(23)**	–	**81**	–	**2 186**	(1 563)	**3 557**	(1 960)
	(3 532)	1 923	**480**	951	**373**	1 460	**631**	(2 035)	**2 863**	7 150
	(285)	4	**–**	(1)	**–**	–	**–**	–	**(285)**	6
	(279)	–	**–**	–	**(19)**	–	**–**	–	**(298)**	–
	6 370	314	**100**	5	**448**	16	**–**	–	**6 965**	339
	–	–	**–**	–	**–**	–	**–**	–	**4**	(14)
	2 274	2 241	**580**	955	**802**	1 476	**631**	(2 035)	**9 249**	7 481
									2 226,7	2 208,5
	106,7	119,2	**36,2**	48,4	**30,8**	55,1	**(3,9)**	(4,4)	**376,4**	438,0

Net Operating Profit

for the year ended 31 December

Analysis per line of business

R million	Life Business 2020	Life Business 2019	General Insurance 2020	General Insurance 2019
Southern Africa	**4 733**	4 981	**804**	1 162
South Africa	**4 303**	4 517	**519**	998
Other	**430**	464	**285**	164
North and West Africa	**130**	112	**610**	586
East Africa	**37**	59	**9**	18
Other International	**114**	149	**497**	585
Emerging Markets	**92**	74	**497**	585
Developed Markets	**22**	75	**–**	–
Total	**5 014**	5 301	**1 920**	2 351

[1] *Comparatives have been adjusted for the reallocation of lines of business.*

Investment Management[1]		Credit & Structuring[1]		Administration, Health Management & Other[1]		Total	
2020	2019	2020	2019	2020	2019	2020	2019
535	498	305	681	(98)	35	6 279	7 357
495	463	118	439	228	177	5 663	6 594
40	35	187	242	(326)	(142)	616	763
–	–	(21)	(26)	(128)	(107)	591	565
14	4	–	–	(17)	22	43	103
152	153	642	753	64	9	1 469	1 649
(1)	(1)	642	753	64	9	1 294	1 420
153	154	–	–	–	–	175	229
701	655	926	1 408	(179)	(41)	8 382	9 674

Notes to the Shareholders' Fund Information

for the year ended 31 December

1. Value of new covered business

R million	Note	Total 2020	2019
Value of new covered business (at point of sale)			
Gross value of new covered business		**2 507**	2 807
Cost of capital		**(305)**	(262)
Value of new covered business		**2 202**	2 545
Value of new business attributable to Shareholders' fund	3	**1 921**	2 280
Non-controlling interest		**281**	265
Value of new covered business		**2 202**	2 545
Analysis of new business profitability			
Before non-controlling interest			
Present value of new business premiums		**80 239**	81 540
New business margin		**2,74%**	3,12%
After non-controlling interest:			
Present value of new business premiums		**74 591**	76 446
New business margin		**2,58%**	2,98%
Capitalisation factor – recurring premiums		**3,8**	4,1

	Sanlam Life and Savings									
	SA Retail Affluent		SA Retail Mass		Sanlam Corporate		Sanlam Emerging Markets		Sanlam Investment Group	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	1 165	1 129	**524**	770	**138**	231	**672**	670	**8**	7
	(83)	(79)	**(7)**	(10)	**(44)**	(57)	**(163)**	(109)	**(8)**	(7)
	1 082	1 050	**517**	760	**94**	174	**509**	561	**–**	–
	1 032	1 005	**512**	758	**94**	174	**283**	343	**–**	–
	50	45	**5**	2	**–**	–	**226**	218	**–**	–
	1 082	1 050	**517**	760	**94**	174	**509**	561	**–**	–
	44 044	41 290	**7 844**	8 854	**9 047**	13 525	**15 836**	14 461	**3 468**	3 410
	2,46%	2,54%	**6,59%**	8,58%	**1,04%**	1,29%	**3,21%**	3,88%	**–**	–
	43 112	40 417	**7 788**	8 852	**9 047**	13 525	**11 176**	10 242	**3 468**	3 410
	2,39%	2,49%	**6,57%**	8,56%	**1,04%**	1,29%	**2,53%**	3,35%	**–**	–
	6,0	5,8	**3,2**	3,1	**6,1**	5,5	**2,8**	3,0	**4,3**	4,2

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

1. Value of new covered business (continued)

Geographical analysis

R million	Value of new covered business 2020	Value of new covered business 2019	Present value of new business premiums 2020	Present value of new business premiums 2019	New business margin 2020	New business margin 2019
Before non-controlling interest						
Southern Africa	**2 073**	2 372	**67 276**	70 233	**3,08%**	3,38%
South Africa	**1 693**	1 984	**60 935**	63 669	**2,78%**	3,12%
SA Retail Affluent	**1 082**	1 050	**44 044**	41 290	**2,46%**	2,54%
SA Retail Mass	**517**	760	**7 844**	8 854	**6,59%**	8,58%
Sanlam Corporate	**94**	174	**9 047**	13 525	**1,04%**	1,29%
Other Southern Africa	**380**	388	**6 341**	6 564	**5,99%**	5,91%
North and West Africa	**16**	58	**3 464**	3 098	**0,46%**	1,87%
East Africa	**26**	(8)	**1 532**	1 185	**1,70%**	(0,68%)
Other International	**87**	123	**7 967**	7 024	**1,09%**	1,75%
Total	**2 202**	2 545	**80 239**	81 540	**2,74%**	3,12%
After non-controlling interest						
Southern Africa	**1 866**	2 166	**64 221**	67 203	**2,91%**	3,22%
South Africa	**1 638**	1 937	**59 947**	62 794	**2,73%**	3,08%
SA Retail Affluent	**1 032**	1 005	**43 112**	40 417	**2,39%**	2,49%
SA Retail Mass	**512**	758	**7 788**	8 852	**6,57%**	8,56%
Sanlam Corporate	**94**	174	**9 047**	13 525	**1,04%**	1,29%
Other Southern Africa	**228**	229	**4 274**	4 409	**5,33%**	5,19%
North and West Africa	**1**	45	**2 774**	2 346	**0,04%**	1,92%
East Africa	**16**	(13)	**998**	832	**1,60%**	(1,56%)
Other International	**38**	82	**6 598**	6 065	**0,58%**	1,35%
Total	**1 921**	2 280	**74 591**	76 446	**2,58%**	2,98%

2. Value of in-force covered business sensitivity analysis

R million	Gross value of in-force business 2020	Gross value of in-force business 2019	Cost of capital 2020	Cost of capital 2019	Net value of in-force business 2020	Net value of in-force business 2019	Change from base value (%) 2020	Change from base value (%) 2019
Base value	**47 887**	48 630	**(3 675)**	(3 451)	**44 212**	45 179		
Risk discount rate increase by 1%	**45 186**	45 944	**(4 147)**	(3 862)	**41 039**	42 082	**(7)**	(7)
Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	**48 971**	49 876	**(3 740)**	(3 508)	**45 231**	46 368	**2**	3
Equity and property values decrease by 10%, without a corresponding change in dividend and rental yields	**46 650**	47 153	**(3 624)**	(3 428)	**43 026**	43 725	**(3)**	(3)
Expected return on equity and property investments increase by 1%, without a corresponding change in discount rates	**48 577**	49 292	**(3 276)**	(3 052)	**45 301**	46 240	**2**	2
Rand exchange rate depreciates by 10%	**48 269**	49 042	**(3 769)**	(3 519)	**44 500**	45 523	**1**	1
Expenses and persistency								
Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	**49 901**	50 525	**(3 680)**	(3 453)	**46 221**	47 072	**5**	4
Discontinuance rates decrease by 10%	**49 712**	50 349	**(3 777)**	(3 548)	**45 935**	46 801	**4**	4
Insurance risk								
Mortality and morbidity decrease by 5% for life assurance business	**50 237**	50 706	**(3 673)**	(3 446)	**46 564**	47 260	**5**	5
Mortality and morbidity decrease by 5% for annuity business	**47 600**	48 367	**(3 683)**	(3 454)	**43 917**	44 913	**(1)**	(1)

Gross value of in-force business profile	2020	2019
Year 1 – 5	**53%**	55%
Year 1	**15%**	17%
Year 2	**12%**	12%
Year 3	**10%**	10%
Year 4	**9%**	9%
Year 5	**7%**	7%
Year 6 – 10	**25%**	24%
Year 11 – 20	**18%**	17%
Year 20+	**4%**	4%

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

3. Value of new covered business sensitivity analysis

R million	Gross value of new business 2020	2019	Cost of capital 2020	2019	Net value of new business 2020	2019	Change from base value (%) 2020	2019
Base value	**2 168**	2 500	**(247)**	(220)	**1 921**	2 280		
Risk discount rate increase by 1%	**1 918**	2 214	**(278)**	(246)	**1 640**	1 968	**(15)**	(14)
Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	**2 312**	2 652	**(256)**	(221)	**2 056**	2 431	**7**	7
Expenses and persistency								
Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	**2 351**	2 706	**(271)**	(222)	**2 080**	2 484	**8**	9
Acquisition expenses (excluding commission and commission related expenses) decrease by 10%	**2 403**	2 725	**(253)**	(222)	**2 150**	2 503	**12**	10
Discontinuance rates decrease by 10%	**2 456**	2 820	**(269)**	(233)	**2 187**	2 587	**14**	13
Insurance risk								
Mortality and morbidity decrease by 5% for life assurance business	**2 393**	2 760	**(253)**	(222)	**2 140**	2 538	**11**	11
Mortality and morbidity decrease by 5% for annuity business	**2 154**	2 484	**(254)**	(224)	**1 900**	2 260	**(1)**	(1)

4. Economic assumptions – covered business

Gross investment return, risk discount rate and inflation

%	2020	2019
Sanlam Life[1]		
Point used on the relevant yield curve	**9 year**	9 year
Fixed-interest securities	**9,6%**	9,3%
Equities	**13,1%**	12,8%
Offshore investments	**12,1%**	11,8%
Hedged equity	**8,6%**	8,3%
Property	**10,6%**	10,3%
Cash	**8,6%**	8,3%
Inflation rate[1]	**7,6%**	7,3%
Risk discount rate	**12,1%**	11,8%

[1] *Expense inflation of 11,6% (2019: 11,3%) assumed for retail business administered on old platforms.*

%	2020	2019
Sanlam Developing Markets[1]		
Point used on the relevant yield curve	**5 year**	5 year
Fixed-interest securities	**6,7%**	8,1%
Equities and offshore investments	**10,2%**	11,6%
Hedged equities	**5,7%**	7,1%
Property	**7,7%**	9,1%
Cash	**5,7%**	7,1%
Inflation rate	**4,7%**	6,1%
Risk discount rate	**9,2%**	10,6%

[1] *Excludes the Sanlam Life products written on the SDM licence.*

%	2020	2019
Botswana Life Insurance		
Point used on the relevant yield curve	**n/a**	n/a
Fixed-interest securities	**7,5%**	6,5%
Equities and offshore investments	**11,0%**	10,0%
Hedged equities	**n/a**	n/a
Property	**8,5%**	7,5%
Cash	**6,5%**	5,5%
Inflation rate	**4,5%**	3,5%
Risk discount rate	**11,0%**	10,0%
Saham Assurance Maroc		
Point used on the relevant yield curve	**n/a**	n/a
Fixed-interest securities	**2,4%**	2,8%
Equities and offshore investments	**5,9%**	6,3%
Hedged equities	**n/a**	n/a
Property	**3,4%**	3,8%
Cash	**1,4%**	1,8%
Inflation rate	**0,0%**	0,0%
Risk discount rate	**6,4%**	6,8%
Sanlam Investments and Pensions		
Point used on the relevant yield curve	**15 year**	15 year
Fixed-interest securities	**0,5%**	1,2%
Equities and offshore investments	**3,8%**	4,4%
Hedged equities	**n/a**	n/a
Property	**3,8%**	4,4%
Cash	**0,5%**	1,2%
Inflation rate	**2,9%**	3,0%
Risk discount rate	**4,3%**	4,9%

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

4. Economic assumptions – covered business (continued)

Illiquidity premiums

Investment returns on non-participating and inflation-linked annuities, as well as guarantee plans include assumed illiquidity premiums due to matching assets being held to maturity.

Assumed illiquidity premiums generally amount to between 25bps and 70bps (2019: 25bps and 70bps) for non-participating annuities, between 25bps and 75bps (2019: 25bps and 75bps) for inflation-linked annuities and capped at 120bps (2019: 120bps) reflecting both illiquidity premiums and credit risk premium for guarantee plans.

Asset mix of the assets supporting adjusted net asset value – covered business

%	R million 2020	R million 2019	Fixed-interest securities 2020	Fixed-interest securities 2019	Equities 2020	Equities 2019
Required capital						
South Africa[1]	**9 447**	9 676	**–**	–	**2**	3
Namibia	**517**	510	**6**	6	**36**	36
Botswana Life	**372**	312	**–**	–	**–**	–
Saham	**986**	903	**95**	95	**5**	5
Sanlam Life insurance (Kenya)	**96**	111	**85**	100	**–**	–
Other African operations	**946**	521	**74**	39	**3**	4
Shriram Life Insurance (India)	**308**	277	**85**	85	**10**	10
MCIS (Malaysia)	**490**	402	**69**	69	**18**	18
Sanlam Investments and Pensions (UK)	**612**	541	**80**	80	**–**	–
Total required capital	**13 774**	13 253				
Free Surplus	**1 340**	1 724				
Adjusted net asset value	**15 114**	14 977				

[1] *The 31 December 2020 asset mix backing the Sanlam Life required capital is 94% hedged (31 December 2019: 100%).*

Assumed long-term expected return on required capital

%	Gross return on required capital 2020	Gross return on required capital 2019	Net return on required capital 2020	Net return on required capital 2019
Sanlam Life	**8,6%**	8,3%	**7,2%**	6,9%
Sanlam Developing Markets	**6,6%**	8,0%	**5,1%**	6,2%
Sanlam Namibia	**10,6%**	10,3%	**9,5%**	9,2%
Sanlam Namibia Holdings	**8,0%**	8,5%	**7,0%**	7,4%
Botswana Life Insurance	**7,5%**	6,5%	**5,6%**	4,9%
Saham Assurance Maroc	**2,4%**	2,8%	**2,4%**	2,8%
Sanlam Life insurance (Kenya)	**10,8%**	10,7%	**7,6%**	7,5%
Shriram Life Insurance (India)	**7,1%**	7,8%	**6,1%**	6,1%
MCIS (Malaysia)	**3,4%**	4,1%	**3,1%**	3,8%
Sanlam Investments and Pensions (UK)	**0,9%**	1,6%	**0,8%**	1,2%

Hedged Equities		Property		Cash		Total	
2020	2019	2020	2019	2020	2019	2020	2019
93	91	–	–	5	6	100	100
–	–	–	–	58	58	100	100
–	–	50	50	50	50	100	100
–	–	–	–	–	–	100	100
–	–	–	–	15	–	100	100
–	–	3	4	20	53	100	100
–	–	–	–	5	5	100	100
–	–	–	–	13	13	100	100
–	–	–	–	20	20	100	100

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

5. Value of other Group operations sensitivity analysis

5.1 Valuation methodology

	Total	
R million	2020	2019
Listed share price	18 688	20 973
Santam	17 277	19 675
Sanlam Investment Group: Nucleus	1 411	1 298
Discounted cash flows	45 346	50 003
Sanlam Life and Savings	4 681	4 755
Glacier	2 553	2 501
Sanlam Personal Loans	1 119	1 320
Sanlam Corporate: Health	646	584
Other operations	363	350
Sanlam Emerging Markets	27 700	31 556
Saham	15 827	19 400
Shriram Capital	8 954	9 282
Letshego	937	935
Pacific & Orient	274	330
Capricorn Investment Holdings	825	936
Other operations	883	673
Sanlam Investment Group	12 965	13 692
Sanlam Investments	2 862	5 058
Wealth Management	2 588	2 275
International	6 458	5 085
Sanlam Specialised Finance	1 057	1 274
Net asset value	521	2 385
Sanlam Investment Group	1 536	2 004
Sanlam Investments	87	–
International	1 059	1 614
Sanlam Specialised Finance	390	390
Sanlam Emerging Markets	(1 015)	381
Total	64 555	73 361

5. Value of other Group operations sensitivity analysis (continued)

5.2 Sensitivity analysis: businesses valued at discounted cash flows

R million	Base value 2020	Base value 2019	Risk discount rate +1% 2020	Risk discount rate +1% 2019	Perpetuity growth rate +1% 2020	Perpetuity growth rate +1% 2019
Sanlam Life and Savings	**4 681**	4 755	**4 291**	4 372	**4 855**	4 927
Glacier	**2 553**	2 501	**2 324**	2 275	**2 662**	2 610
Sanlam Personal Loans	**1 119**	1 320	**1 036**	1 234	**1 150**	1 352
Sanlam Corporate: Health	**646**	584	**594**	540	**669**	604
Other operations	**363**	350	**337**	323	**374**	361
Sanlam Emerging Markets	**27 700**	31 556	**24 218**	26 957	**30 561**	35 613
Saham	**15 827**	19 400	**14 155**	16 752	**17 005**	21 638
Shriram Capital	**8 954**	9 282	**7 575**	7 805	**10 380**	10 773
Letshego	**937**	935	**807**	805	**1 034**	1 033
Pacific & Orient	**274**	330	**240**	286	**296**	361
Capricorn Investment Holdings	**825**	936	**738**	817	**877**	1 026
Other operations	**883**	673	**703**	492	**969**	782
Sanlam Investment Group	**12 965**	13 692	**11 352**	11 990	**14 019**	14 781
Investment Management SA[1]	**2 862**	5 058	**2 566**	4 558	**3 007**	5 304
Wealth Management	**2 588**	2 275	**2 356**	2 059	**2 709**	2 386
International	**6 458**	5 085	**5 454**	4 198	**7 210**	5 772
Sanlam Specialised Finance	**1 057**	1 274	**976**	1 175	**1 093**	1 319
	45 346	50 003	**39 861**	43 319	**49 435**	55 321
Weighted average assumption			**14,7%**	14,6%	**2 – 6%**	2 – 5%

[1] Includes third party asset management business of R3 379 million (31 December 2019: R5 395 million) based on the following main assumptions:

- *Weighted average discount rate: 16,9% (2019: 16,4%)*
- *Weighted average perpetuity growth rate: 5,0% (2019: 5,0%)*
- *Fee income (excluding performance fees) compound annual growth rate (10 years): 10,2% (2019: 9,8%)*

R million	Equities and properties -10% 2020	Equities and properties -10% 2019	Risk discount rate -1% 2020	Risk discount rate -1% 2019	Rand exchange rate depreciation +10% 2020	Rand exchange rate depreciation +10% 2019
Sanlam Life and Savings	**4 467**	4 757	**5 142**	5 206	**4 681**	4 755
Glacier	**2 339**	2 503	**2 825**	2 770	**2 553**	2 501
Sanlam Personal Loans	**1 119**	1 320	**1 215**	1 420	**1 119**	1 320
Sanlam Corporate: Health	**646**	584	**708**	636	**646**	584
Other operations	**363**	350	**394**	380	**363**	350
Sanlam Emerging Markets	**27 700**	31 556	**32 755**	38 131	**30 368**	34 618
Saham	**15 827**	19 400	**18 286**	23 189	**17 410**	21 340
Shriram Capital	**8 954**	9 282	**11 009**	11 452	**9 848**	10 209
Letshego	**937**	935	**1 108**	1 107	**1 031**	1 029
Pacific & Orient	**274**	330	**321**	392	**301**	363
Capricorn Investment Holdings	**825**	936	**932**	1 092	**825**	936
Other operations	**883**	673	**1 099**	899	**953**	741
Sanlam Investment Group	**11 713**	11 775	**15 042**	15 880	**13 640**	14 223
Investment Management SA[1]	**2 556**	3 963	**3 219**	5 658	**2 879**	5 071
Wealth Management	**2 278**	1 930	**2 867**	2 538	**2 601**	2 284
International	**5 905**	4 686	**7 803**	6 294	**7 103**	5 594
Sanlam Specialised Finance	**974**	1 196	**1 153**	1 390	**1 057**	1 274
	43 880	48 088	**52 939**	59 217	**48 689**	53 596

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

6. Business volumes

6.1 Analysis of new business and total funds received

R million	Life business[1] 2020	Life business[1] 2019	General insurance 2020	General insurance 2019	Investment business[2] 2020	Investment business[2] 2019	Total 2020	Total 2019
Sanlam Life and Savings	43 517	42 295	–	–	34 330	34 756	77 847	77 051
SA Retail Affluent	34 459	30 666	–	–	30 982	28 308	65 441	58 974
Recurring	1 906	2 203	–	–	15	15	1 921	2 218
Single	32 553	28 463	–	–	30 967	28 293	63 520	56 756
SA Retail Mass	2 558	2 839	–	–	–	–	2 558	2 839
Sanlam Corporate	6 500	8 790	–	–	3 348	6 448	9 848	15 238
Recurring	504	1 045	–	–	108	95	612	1 140
Single	5 996	7 745	–	–	3 240	6 353	9 236	14 098
Sanlam Emerging Markets	9 241	8 343	16 479	15 604	21 178	10 862	46 898	34 809
Southern Africa	4 268	4 365	1 091	1 206	15 481	10 124	20 840	15 695
Recurring	852	927	1 091	1 206	–	–	1 943	2 133
Single	3 416	3 438	–	–	15 481	10 124	18 897	13 562
North and West Africa	2 524	1 901	11 696	10 765	–	–	14 220	12 666
Recurring	1 419	738	11 696	10 765	–	–	13 115	11 503
Single	1 105	1 163	–	–	–	–	1 105	1 163
East Africa	1 126	774	905	850	5 697	738	7 728	2 362
Recurring	338	246	905	850	–	–	1 243	1 096
Single	788	528	–	–	5 697	738	6 485	1 266
Other International	1 323	1 303	2 787	2 783	–	–	4 110	4 086
Recurring	1 005	965	2 787	2 783	–	–	3 792	3 748
Single	318	338	–	–	–	–	318	338
Sanlam Investment Group	3 353	3 289	–	–	158 117	109 947	161 470	113 236
Investment Management SA	–	–	–	–	120 006	88 857	120 006	88 857
Wealth Management	–	–	–	–	10 403	6 890	10 403	6 890
International	3 353	3 289	–	–	27 708	14 200	31 061	17 489
Recurring	35	37	–	–	1	3	36	40
Single	3 318	3 252	–	–	27 707	14 197	31 025	17 449
Santam	–	–	24 660	24 227	–	–	24 660	24 227
Total new business	56 111	53 927	41 139	39 831	213 625	155 565	310 875	249 323

[1] *Life business relates to business written under a life licence that is included in the calculation of embedded value of covered business.*

[2] *Includes life licence and investment business. Life licence business relates to investment products provided by means of a policy where there is very little or no insurance risk that is excluded from the calculation of embedded value of covered business.*

6.1 Analysis of new business and total funds received (continued)

R million	Life business 2020	Life business 2019	General insurance 2020	General insurance 2019	Investment business 2020	Investment business 2019	Total 2020	Total 2019
Recurring premiums on existing funds:								
Sanlam Life and Savings	30 285	27 287	–	–	3 982	3 013	34 267	30 300
SA Retail Affluent	15 090	14 616	–	–	139	161	15 229	14 777
SA Retail Mass	7 709	6 116	–	–	–	–	7 709	6 116
Sanlam Corporate	7 486	6 555	–	–	3 843	2 852	11 329	9 407
Sanlam Emerging Markets	8 453	8 615	–	–	2 278	644	10 731	9 259
Southern Africa	3 616	3 199	–	–	–	–	3 616	3 199
North and West Africa	1 382	2 184	–	–	–	–	1 382	2 184
East Africa	659	535	–	–	2 278	644	2 937	1 179
Other International	2 796	2 697	–	–	–	–	2 796	2 697
Sanlam Investment Group	365	340	–	–	41	48	406	388
Investment Management SA	–	–	–	–	–	–	–	–
International	365	340	–	–	41	48	406	388
Total funds received	95 214	90 169	41 139	39 831	219 926	159 270	356 279	289 270

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

6 Business volumes (continued)

6.2 Analysis of payments to clients

R million	Life business[1] 2020	Life business[1] 2019	General insurance 2020	General insurance 2019	Investment business[2] 2020	Investment business[2] 2019	Total 2020	Total 2019
Sanlam Life and Savings	64 438	58 587	–	–	36 325	33 604	100 763	92 191
SA Retail Affluent	45 858	42 668	–	–	28 167	25 893	74 025	68 561
Surrenders	8 057	6 571	–	–	–	–	8 057	6 571
Other	37 801	36 097	–	–	28 167	25 893	65 968	61 990
SA Retail Mass	5 905	4 552	–	–	–	–	5 905	4 552
Surrenders	586	536	–	–	–	–	586	536
Other	5 319	4 016	–	–	–	–	5 319	4 016
Sanlam Corporate	12 675	11 367	–	–	8 158	7 711	20 833	19 078
Surrenders	2 659	2 178	–	–	1 129	1 279	3 788	3 457
Other	10 016	9 189	–	–	7 029	6 432	17 045	15 621
Sanlam Emerging Markets	11 327	11 007	9 904	9 569	15 206	12 253	36 437	32 829
Southern Africa	5 133	4 691	384	570	11 123	11 743	16 640	17 004
Surrenders	755	788	–	–	–	–	755	788
Other	4 378	3 903	384	570	11 123	11 743	15 885	16 216
North and West Africa	2 109	1 645	7 257	6 930	–	–	9 366	8 575
Surrenders	1 167	1 511	–	–	–	–	1 167	1 511
Other	942	134	7 257	6 930	–	–	8 199	7 064
East Africa	1 051	885	487	445	4 083	510	5 621	1 840
Surrenders	173	37	–	–	–	–	173	37
Other	878	848	487	445	4 083	510	5 448	1 803
Other International	3 034	3 786	1 776	1 624	–	–	4 810	5 410
Surrenders	795	651	–	–	–	–	795	651
Other	2 239	3 135	1 776	1 624	–	–	4 015	4 759
Sanlam Investment Group	4 836	4 586	–	–	135 910	87 817	140 746	92 403
Investment Management SA	–	–	–	–	109 647	68 778	109 647	68 778
Wealth Management	–	–	–	–	7 648	6 327	7 648	6 327
International	4 836	4 586	–	–	18 615	12 712	23 451	17 298
Santam	–	–	16 770	15 081	–	–	16 770	15 081
Total payments to clients	80 601	74 180	26 674	24 650	187 441	133 674	294 716	232 504

[1] *Life business relates to business written under a life licence that is included in the calculation of embedded value of covered business.*

[2] *Includes life licence and investment business. Life licence business relates to investment products provided by means of a policy where there is very little or no insurance risk that is excluded from the calculation of embedded value of covered business.*

6.3 Analysis of net inflow/(outflow) of funds

R million	Life business[1] 2020	Life business[1] 2019	General insurance 2020	General insurance 2019	Investment business[2] 2020	Investment business[2] 2019	Total 2020	Total 2019
Sanlam Life and Savings	9 364	10 995	–	–	1 987	4 165	11 351	15 160
SA Retail Affluent	3 691	2 614	–	–	2 954	2 576	6 645	5 190
SA Retail Mass	4 362	4 403	–	–	–	–	4 362	4 403
Sanlam Corporate	1 311	3 978	–	–	(967)	1 589	344	5 567
Sanlam Emerging Markets	6 367	5 951	6 575	6 035	8 250	(747)	21 192	11 239
Southern Africa	2 751	2 873	707	636	4 358	(1 619)	7 816	1 890
North and West Africa	1 797	2 440	4 439	3 835	–	–	6 236	6 275
East Africa	734	424	418	405	3 892	872	5 044	1 701
Other International	1 085	214	1 011	1 159	–	–	2 096	1 373
Sanlam Investment Group	(1 118)	(957)	–	–	22 248	22 178	21 130	21 221
Investment Management SA	–	–	–	–	10 359	20 079	10 359	20 079
Wealth Management	–	–	–	–	2 755	563	2 755	563
International	(1 118)	(957)	–	–	9 134	1 536	8 016	579
Santam	–	–	7 890	9 146	–	–	7 890	9 146
Total funds received	**14 613**	**15 989**	**14 465**	**15 181**	**32 485**	**25 596**	**61 563**	**56 766**

7. Cluster information

7.1 Sanlam Life and Savings

Analysis of earnings

R million	Life business 2020	Life business 2019	Non-life operations 2020	Non-life operations 2019	Total 2020	Total 2019
Net result from financial services	4 287	4 344	313	511	4 600	4 855
SA Retail Affluent	2 742	2 844	189	438	2 931	3 282
Recurring premium business	1 712	1 794	7	9	1 719	1 803
Glacier	970	963	152	176	1 122	1 139
SBD and Other	60	87	30	253	90	340
SA Retail Mass	703	983	–	–	703	983
Sanlam Corporate	488	517	124	73	612	590
Pandemic reserve release	354	–	–	–	354	–
Net investment return	219	375	79	87	298	462
Net other earnings	(122)	(38)	(42)	(58)	(164)	(96)
Normalised attributable earnings	**4 384**	**4 681**	**350**	**540**	**4 734**	**5 221**

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

7. Cluster information (continued)

7.1 Sanlam Life and Savings (continued)

Analysis of change in GEV – covered business

R million	Total 2020	Total 2019	Value of in-force 2020	Value of in-force 2019	Cost of capital 2020	Cost of capital 2019	Net asset value 2020	Net asset value 2019
Operational earnings	**4 982**	8 058	**328**	3 800	**(43)**	(16)	**4 697**	4 274
Value of new life insurance business	**1 638**	1 937	**3 986**	4 410	**(125)**	(143)	**(2 223)**	(2 330)
Unwinding of discount rate	**4 828**	4 533	**4 731**	4 417	**97**	116	**–**	–
Expected profit	**–**	–	**(6 591)**	(5 943)	**–**	–	**6 591**	5 943
Operating experience variances	**322**	1 212	**231**	502	**(7)**	(47)	**98**	757
Risk experience	**(203)**	420	**(64)**	116	**7**	2	**(146)**	302
Persistency	**140**	44	**289**	315	**7**	(49)	**(156)**	(222)
Maintenance expenses	**110**	91	**–**	(2)	**–**	–	**110**	93
Working capital management	**391**	470	**–**	–	**–**	–	**391**	470
Credit spread	**103**	117	**–**	(1)	**–**	–	**103**	118
Other	**(219)**	70	**6**	74	**(21)**	–	**(204)**	(4)
Operating assumption changes	**(1 806)**	376	**(2 029)**	414	**(8)**	58	**231**	(96)
Risk experience	**306**	154	**(292)**	26	**(5)**	2	**603**	126
Persistency[1]	**(1 764)**	(30)	**(1 458)**	306	**(1)**	(11)	**(305)**	(325)
Maintenance expenses	**(148)**	400	**(136)**	353	**(3)**	–	**(9)**	47
Modelling changes and other	**(200)**	(148)	**(143)**	(271)	**1**	67	**(58)**	56
Net investment return	**219**	375	**–**	–	**–**	–	**219**	375
Expected return on adjusted net asset value	**490**	530	**–**	–	**–**	–	**490**	530
Investment variances on adjusted net asset value	**(271)**	(155)	**–**	–	**–**	–	**(271)**	(155)
Valuation and economic basis	**(1 160)**	659	**(801)**	666	**51**	(77)	**(410)**	70
Investment variances on in-force business	**(1 509)**	260	**(1 165)**	195	**23**	(5)	**(367)**	70
Economic assumption changes	**349**	399	**364**	471	**28**	(72)	**(43)**	–
Investment yields	**349**	242	**364**	244	**28**	10	**(43)**	(12)
Long-term asset mix assumptions and other	**–**	157	**–**	227	**–**	(82)	**–**	12
Goodwill and VOBA from business combinations	**(9)**	(17)	**(9)**	(17)		–		–
GEV earnings: covered business	**4 032**	9 075	**(482)**	4 449	**8**	(93)	**4 506**	4 719
Acquired value of in-force	**16**	138	**15**	32	**–**	(1)	**1**	107
Transfers from/(to) other Group operations	**–**	(231)	**–**	–	**–**	123	**–**	(354)
Transfers from covered business	**(4 757)**	(4 962)	**–**	–	**–**	–	**(4 757)**	(4 962)
Embedded value of covered business at the beginning of the period	**48 306**	44 286	**42 943**	38 462	**(1 865)**	(1 894)	**7 228**	7 718
Embedded value of covered business at the end of the period	**47 597**	48 306	**42 476**	42 943	**(1 857)**	(1 865)	**6 978**	7 228

[1] *Includes a persistency assumption basis change to allow for the possible impact of COVID-19 on policyholder behaviour. For those products where policyholders can lapse or surrender, the impact of increased lapse and surrender experience over the next two to three years is allowed for by assuming an immediate loss of 5% of the business.*

7. Cluster information (continued)

7.1 Sanlam Life and Savings (continued)

Assets under management

			SA Retail Affluent							
	SA Retail Mass		Recurring premium business		Glacier		Sanlam Corporate		Total	
R million	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Life business	5 329	5 267	154 613	158 816	215 877	201 775	111 563	106 236	487 382	472 094
Investment operations	–	–	1 728	1 827	158 977	147 316	–	–	160 705	149 143
Total assets under management	5 329	5 267	156 341	160 643	374 854	349 091	111 563	106 236	648 087	621 237

Credit business

	Gross size of loan book		Interest margin		Bad debt ratio		Administration cost as % of net interest	
R million	2020	2019	2020	2019	2020	2019	2020	2019
Sanlam Personal Loans	5 605	5 633	15,9%	16,5%	12,4%	5,6%	27,6%	29,9%

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

7. Cluster information (continued)

7.2 Sanlam Emerging Markets

Analysis of net result from financial services

R million	Life Business 2020	Life Business 2019	General Insurance 2020	General Insurance 2019
Southern Africa	**807**	815	**347**	213
North and West Africa	**180**	224	**1 102**	1 436
East Africa	**101**	138	**11**	30
Other International	**173**	139	**776**	989
Corporate costs	**–**	–	**–**	–
Gross result from financial services	**1 261**	1 316	**2 236**	2 668
Tax on result from financial services	**(260)**	(293)	**(474)**	(873)
Non-controlling interests	**(312)**	(314)	**(528)**	(661)
Net result from financial services	**689**	709	**1 234**	1 134
Southern Africa	**430**	464	**257**	125
North and West Africa	**130**	112	**583**	546
East Africa	**37**	59	**7**	16
Other International	**92**	74	**387**	447
Corporate costs	**–**	–	**–**	–
Saham[1]	**(81)**	73	**808**	905
Other	**770**	636	**426**	229
Net result from financial services	**689**	709	**1 234**	1 134

[1] *Earnings exclude cost allocation.*

Analysis of General insurance and reinsurance gross result from financial services

R million	Gross written premiums 2020	Gross written premiums 2019	Net earned premiums[1] 2020	Net earned premiums[1] 2019
Southern Africa	**3 485**	3 499	**1 691**	1 766
North and West Africa	**14 953**	12 914	**11 058**	10 220
East Africa	**1 573**	1 445	**896**	834
Other International	**3 181**	3 424	**2 785**	2 779
Total General insurance and reinsurance	**23 192**	21 282	**16 430**	15 599
Saham	**17 853**	16 312	**12 577**	12 248
Other	**5 339**	4 970	**3 853**	3 351
Total General insurance and reinsurance	**23 192**	21 282	**16 430**	15 599

[1] *Net earned premiums consists of General insurance, Reinsurance and Health business before consolidation.*

	Investment Management		Credit and Structuring		Corporate and other		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	121	97	457	596	127	55	1 859	1 776
	–	–	(10)	(20)	(170)	(125)	1 102	1 515
	39	27	–	–	(29)	23	122	218
	(1)	(1)	876	1 061	141	35	1 965	2 223
	–	–	–	–	(379)	(184)	(379)	(184)
	159	123	1 323	1 637	(310)	(196)	4 669	5 548
	(49)	(41)	(414)	(559)	(57)	(22)	(1 254)	(1 788)
	(57)	(44)	(101)	(109)	(40)	–	(1 038)	(1 128)
	53	38	808	969	(407)	(218)	2 377	2 632
	40	35	187	242	–	10	914	876
	–	–	(21)	(26)	(128)	(107)	564	525
	14	4	–	–	(17)	22	41	101
	(1)	(1)	642	753	64	9	1 184	1 282
	–	–	–	–	(326)	(152)	(326)	(152)
	–	–	–	–	(333)	(248)	394	730
	53	38	808	969	(74)	30	1 983	1 902
	53	38	808	969	(407)	(218)	2 377	2 632

	Claims ratio (%)		Underwriting margin (%)		Investment return on insurance funds (%)		Net insurance result (%)	
	2020	2019	2020	2019	2020	2019	2020	2019
	49,8	51,9	13,2	11,8	3,6	3,1	16,8	14,9
	61,7	65,0	6,0	0,8	2,7	12,7	8,7	13,5
	54,5	53,0	(5,4)	(1,4)	4,8	5,3	(0,6)	3,9
	63,9	58,8	7,4	13,4	21,7	23,2	29,1	36,6
	60,3	61,6	6,3	4,0	6,1	13,2	12,4	17,2
	60,2	63,3	7,3	2,0	3,0	11,9	10,3	13,9
	60,8	55,5	3,6	11,7	16,5	17,7	20,1	29,4
	60,3	61,6	6,3	4,0	6,1	13,2	12,4	17,2

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

7. Cluster information (continued)

7.2 Sanlam Emerging Markets (continued)

Analysis of insurance funds

R million	2020	2019
Southern Africa	**328**	673
North and West Africa	**12 025**	12 518
East Africa	**601**	424
Other International	**1 583**	1 951
Total insurance funds	**14 537**	15 566
Saham	**12 061**	13 686
Other subsidiaries	**843**	309
Total Subsidiaries	**12 904**	13 995
Associated companies[1]	**1 633**	1 571
Total insurance funds	**14 537**	15 566

[1] *Sanlam's effective share.*

Analysis of net investment return

	Life business		General Insurance	
R million	2020	2019	2020	2019
Southern Africa	**96**	137	**(43)**	(59)
North and West Africa	**47**	50	**(224)**	257
East Africa	**49**	42	**66**	32
Other International	**(559)**	(3)	**415**	132
Corporate	**–**	–	**–**	–
Gross investment return	**(367)**	226	**214**	362
Tax on investment return	**(45)**	(70)	**(16)**	(178)
Non-controlling interests	**23**	(32)	**(23)**	(125)
Net investment return	**(389)**	124	**175**	59
Saham	**(565)**	20	**(207)**	58
Other	**176**	104	**382**	1
Net investment return	**(389)**	124	**175**	59

Asset allocation (%)							
Equities and similar securities		Investment properties		Interest-bearing securities		Cash, deposits and similar securities	
2020	2019	2020	2019	2020	2019	2020	2019
36	50	7	2	22	14	35	34
43	44	41	45	15	11	1	–
13	–	15	5	48	55	24	40
14	15	–	–	84	56	2	29
39	39	35	37	24	18	2	6
45	44	41	41	14	11	–	4
9	–	11	–	58	45	22	55
42	42	39	41	17	12	2	5
10	9	–	–	81	74	9	17
39	39	35	37	24	18	2	6

Investment Management		Credit and Banking		Corporate and other		Total	
2020	2019	2020	2019	2020	2019	2020	2019
10	(2)	(3)	(2)	(36)	70	24	144
–	2	–	–	30	(67)	(147)	242
1	(1)	–	–	(150)	(18)	(34)	55
–	–	(36)	(7)	12	65	(168)	187
–	–	–	–	78	(12)	78	(12)
11	(1)	(39)	(9)	(66)	38	(247)	616
(3)	(7)	(1)	1	(76)	(72)	(141)	(326)
(3)	9	–	–	(39)	21	(42)	(127)
5	1	(40)	(8)	(181)	(13)	(430)	163
–	–	–	–	(158)	(60)	(930)	18
5	1	(40)	(8)	(23)	47	500	145
5	1	(40)	(8)	(181)	(13)	(430)	163

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

7. Cluster information (continued)

7.2 Sanlam Emerging Markets (continued)

Analysis of capital portfolio

R million	R million 2020	2019
Southern Africa	**1 955**	2 462
North and West Africa	**14 491**	13 645
East Africa	**1 797**	1 793
Other International	**2 749**	3 600
Total capital portfolio[1]	**20 992**	21 500
Saham	**13 926**	15 703
Other subsidiaries	**4 771**	3 294
Total subsidiaries	**18 697**	18 997
Associated companies[2]	**2 295**	2 503
Total capital portfolio[1]	**20 992**	21 500

[1] *Includes float assets.*

[2] *Sanlam's effective share.*

[3] *LIA has been reallocated from North and West Africa to Other International.*

Assets under management

R million	Southern Africa 2020	2019
Life business	**33 335**	32 115
Investment operations	**44 486**	40 621
Total assets under management	**77 821**	72 736

Credit and structuring

R million	Size of loan books (Sanlam share) 2020	2019
Shriram Transport Finance Company	**22 301**	20 811
Shriram City Union Finance	**4 860**	5 158
Capricorn Investment Holdings	**9 931**	9 219
Letshego	**2 432**	2 201

Asset allocation (%)

Equities and similar securities		Investment properties		Interest-bearing securities		Cash, deposits and similar securities	
2020	2019(3)	**2020**	2019(3)	**2020**	2019(3)	**2020**	2019(3)
22	39	**8**	4	**36**	32	**34**	25
41	44	**36**	44	**22**	12	**1**	–
8	10	**35**	42	**34**	33	**23**	15
23	19	**–**	–	**74**	54	**3**	27
34	36	**28**	32	**31**	23	**7**	9
46	45	**37**	38	**16**	12	**1**	5
4	5	**14**	24	**60**	49	**22**	22
35	38	**31**	36	**27**	18	**7**	8
28	28	**3**	–	**57**	59	**12**	13
34	36	**28**	32	**31**	23	**7**	9

North and West Africa		East Africa		Other International		Total	
2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
20 716	13 157	**3 738**	3 590	**16 726**	16 326	**74 515**	65 188
–	–	**43 530**	40 855	**–**	–	**88 016**	81 476
20 716	13 157	**47 268**	44 445	**16 726**	16 326	**162 531**	146 664

Net interest margin (%)		Bad debt ratio (%)		Administration cost as % of net interest margin	
2020	2019	**2020**	2019	**2020**	2019
6,9	7,3	**2,9**	2,2	**23,8**	22,7
13,1	12,3	**3,7**	2,3	**38,6**	40,6
4,7	2,9	**0,9**	0,1	**95,9**	95,1
17,6	21,1	**0,3**	1,7	**59,7**	52,7

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

7. Cluster information (continued)

7.2 Sanlam Emerging Markets (continued)

Analysis of change in GEV – covered business

R million	Total 2020	Total 2019
Operational earnings	**554**	485
Value of new life insurance business	**283**	343
Unwinding of discount rate	**669**	680
Expected profit	**–**	–
Operating experience variances	**125**	8
Risk experience	**73**	18
Persistency	**13**	(66)
Maintenance expenses	**(34)**	2
Working capital management	**66**	57
Credit spread	**12**	5
Other	**(5)**	(8)
Operating assumption changes	**(523)**	(546)
Risk experience	**102**	45
Persistency	**(97)**	(74)
Maintenance expenses	**(155)**	(105)
Modelling changes and other	**(373)**	(412)
Net investment return	**(164)**	(180)
Expected return on adjusted net asset value	**343**	317
Investment variances on adjusted net asset value	**(507)**	(497)
Valuation and economic basis	**(258)**	(388)
Investment variances on in-force business	**(107)**	33
Economic assumption changes	**(287)**	(106)
Investment yields	**(308)**	(118)
Long-term asset mix assumptions and other	**21**	12
Foreign currency translation differences	**136**	(315)
Change in tax basis	**41**	–
Goodwill and VOBA from business combinations	**(601)**	–
Net project expenses	**(18)**	–
GEV earnings: covered business	**(446)**	(83)
Acquired value of in-force	**891**	(10)
Transfers from/(to) other Group operations	**(146)**	–
Transfers from covered business	**(455)**	(264)
Embedded value of covered business at the beginning of the period	**8 794**	9 151
Embedded value of covered business at the end of the period	**8 638**	8 794

Value of in-force		Cost of capital		Net asset value	
2020	2019	**2020**	2019	**2020**	2019
(163)	(204)	**(63)**	(62)	**780**	751
794	840	**(114)**	(71)	**(397)**	(426)
582	621	**87**	59	**–**	–
(1 110)	(1 043)	**–**	–	**1 110**	1 043
101	14	**(31)**	(28)	**55**	22
20	16	**2**	(3)	**51**	5
63	12	**(33)**	(20)	**(17)**	(58)
15	(4)	**–**	(4)	**(49)**	10
–	–	**–**	–	**66**	57
–	–	**–**	–	**12**	5
3	(10)	**–**	(1)	**(8)**	3
(530)	(636)	**(5)**	(22)	**12**	112
81	3	**5**	5	**16**	37
(63)	(55)	**(9)**	(16)	**(25)**	(3)
(94)	(110)	**–**	–	**(61)**	5
(454)	(474)	**(1)**	(11)	**82**	73
–	–	**–**	–	**(164)**	(180)
–	–	**–**	–	**343**	317
–	–	**–**	–	**(507)**	(497)
(98)	(399)	**(69)**	53	**(91)**	(42)
(11)	43	**–**	6	**(96)**	(16)
(220)	(96)	**(72)**	16	**5**	(26)
(227)	(97)	**(87)**	5	**6**	(26)
7	1	**15**	11	**(1)**	–
133	(346)	**3**	31	**–**	–
41	–	**–**	–	**–**	–
(601)	–	**–**	–	**–**	–
–	–	**–**	–	**(18)**	–
(821)	(603)	**(132)**	(9)	**507**	529
709	(27)	**(89)**	(1)	**271**	18
(146)	–	**–**	–	**–**	–
–	–	**–**	–	**(455)**	(264)
4 871	5 501	**(617)**	(607)	**4 540**	4 257
4 613	4 871	**(838)**	(617)	**4 863**	4 540

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

7. Cluster information (continued)

7.2 Sanlam Emerging Markets (continued)

Analysis of Saham (100%)

R million	Life business 2020	Life business 2019	General insurance[1] 2020	General insurance[1] 2019	Consolidation and other[2] 2020	Consolidation and other[2] 2019	Saham Total 2020[3]	Saham Total 2019
Financial services income	**962**	1 229	**13 458**	14 085	**543**	283	**14 963**	15 597
Long-term insurance contracts	**884**	1 139	**–**	–	**–**	–	**884**	1 139
General insurance contracts	**–**	–	**12 577**	12 248	**–**	–	**12 577**	12 248
Investment return on insurance funds	**50**	70	**376**	1 454	**–**	–	**426**	1 524
Other	**28**	20	**505**	383	**543**	283	**1 076**	686
Sales remuneration	**(260)**	(212)	**(1 605)**	(1 617)	**–**	–	**(1 865)**	(1 829)
Underwriting policy benefits	**(259)**	(376)	**(7 579)**	(7 757)	**–**	–	**(7 838)**	(8 133)
Administration costs	**(440)**	(468)	**(3 035)**	(2 947)	**(609)**	(460)	**(4 084)**	(3 875)
Gross result from Financial services	**3**	173	**1 239**	1 764	**(66)**	(177)	**1 176**	1 760
Tax	**(30)**	(61)	**(284)**	(504)	**39**	17	**(275)**	(548)
Profit after tax	**(27)**	112	**955**	1 260	**(27)**	(160)	**901**	1 212
Non-controlling interest	**(21)**	(38)	**(250)**	(354)	**(18)**	(6)	**(289)**	(398)
Net result from financial services	**(48)**	74	**705**	906	**(45)**	(166)	**612**	814
Project expenses	**(2)**	–	**–**	–	**–**	–	**(2)**	–
Net investment return on shareholders' funds	**(201)**	(101)	**(755)**	(108)	**(148)**	(2)	**(1 104)**	(211)
Amortisation of intangibles	**–**	(5)	**(39)**	(24)	**(15)**	(10)	**(54)**	(39)
Impairments	**(40)**	–	**(318)**	–	**–**	–	**(358)**	–
Foreign currency translation differences	**–**	–	**17**	(76)	**70**	(40)	**87**	(116)
Net other earnings	**(2)**	–	**26**	–	**–**	–	**24**	–
Fund transfers	**(325)**	–	**1 616**	–	**–**	–	**1 291**	–
Attributable (Losses)/Earnings	**(618)**	(32)	**1 252**	698	**(138)**	(218)	**496**	448

(1) *General insurance includes the following lines of business namely, general insurance, health, property, reinsurance and Elite broker company.*

(2) *Consolidation and other includes the following: central corporate costs, withholding tax incurred by holding companies in the structure and Netis Group.*

(3) *Impairments and VOBA amortisation are excluded and are shown at a consolidated level.*

Statement of financial position at 31 December – SAN JV/Saham consolidated

R million	2020	2019
Assets	**57 417**	59 209
Equipment	**384**	525
Right-of-use assets	**77**	74
Owner-occupied properties	**1 646**	830
Goodwill	**10 727**	14 106
Value of business acquired	**4 114**	5 439
Other intangible assets	**449**	542
Deferred acquisition costs	**329**	265
Investments	**18 949**	19 511
Investment properties	**5 190**	6 023
Equity-accounted investments	**11**	7
Equities and similar securities	**6 361**	7 017
Interest bearing investments	**2 231**	1 748
Investment funds	**5 011**	4 143
Cash, deposits and similar securities	**145**	573
Deferred tax	**1 141**	669
General insurance technical assets	**3 554**	2 281
Working capital assets	**16 047**	14 967
Trade and Other receivables	**10 419**	9 584
Cash, deposits and similar securities	**4 873**	4 596
Taxation	**755**	787
Liabilities	**32 507**	29 218
Term finance	**673**	534
Lease liabilities	**74**	76
Deferred tax	**2 929**	3 220
General insurance technical provisions	**19 139**	16 843
Working capital liabilities	**9 692**	8 545
Trade and other payables	**8 739**	7 410
Provisions	**170**	152
Tax	**783**	983
Net asset value	**24 910**	29 991
Non-controlling interest	**4 768**	4 848
Shareholders' fund	**20 142**	25 143

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

7. Cluster information (continued)

7.3 Sanlam Investment Group

Analysis of net result from financial services

R million	Sanlam Investments 2020	Sanlam Investments 2019	Wealth Management 2020	Wealth Management 2019
Financial services income[1]	2 053	2 017	921	862
Sales remuneration	–	–	–	–
Income after sales remuneration	2 053	2 017	921	862
Administration cost[1]	(1 605)	(1 585)	(721)	(679)
Results from financial services before performance fees	448	432	200	183
Net performance fees[1]	104	104	14	3
Results from financial services	552	536	214	186
Tax on result from financial services	(147)	(145)	(57)	(56)
Non-controlling interest	(34)	(37)	–	–
Net result from financial services	371	354	157	130
Covered	–	–	–	–
Non covered	371	354	157	130
Net investment return	(71)	(30)	1	(5)
Covered	–	–	–	–
Non covered	(71)	(30)	1	(5)
Project expenses	(14)	(37)	–	–
Net operational earnings	286	287	158	125
Amortisation of intangible assets	(19)	(19)	(19)	(20)
Profit on disposal of associates	–	–	–	–
Other	(41)	–	–	–
Normalised attributable earnings	226	268	139	105

[1] *Financial services income and administration costs on page 130 includes performance fees and the related administration costs.*

International		Sanfin		Corporate Services		Consolidation		Total	
2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
3 222	2 701	**773**	1 090	**–**	3	**(45)**	(46)	**6 924**	6 627
(751)	(547)	**–**	–	**–**	–	**–**	–	**(751)**	(547)
2 471	2 154	**773**	1 090	**–**	3	**(45)**	(46)	**6 173**	6 080
(2 179)	(1 791)	**(534)**	(585)	**(40)**	(31)	**45**	46	**(5 034)**	(4 625)
292	363	**239**	505	**(40)**	(28)	**–**	–	**1 139**	1 455
(10)	(8)	**2**	5	**–**	–	**–**	–	**110**	104
282	355	**241**	510	**(40)**	(28)	**–**	–	**1 249**	1 559
(75)	(66)	**(106)**	(132)	**7**	7	**–**	–	**(378)**	(392)
(32)	(60)	**–**	–	**–**	–	**–**	–	**(66)**	(97)
175	229	**135**	378	**(33)**	(21)	**–**	–	**805**	1 070
22	75	**16**	173	**–**	–	**–**	–	**38**	248
153	154	**119**	205	**(33)**	(21)	**–**	–	**767**	822
66	39	**86**	123	**11**	8	**–**	–	**93**	135
(16)	5	**87**	126	**–**	–	**–**	–	**71**	131
82	34	**(1)**	(3)	**11**	8	**–**	–	**22**	4
(14)	(2)	**–**	–	**(13)**	–	**–**		**(41)**	(39)
227	266	**221**	501	**(35)**	(13)	**–**	–	**857**	1 166
(210)	(172)	**–**	–	**(6)**	–	**–**	–	**(254)**	(211)
–	1	**–**	–	**–**	–	**–**	–	**–**	1
(52)	(5)	**–**	–	**(7)**	–	**–**	–	**(100)**	(5)
(35)	90	**221**	501	**(48)**	(13)	**–**	–	**503**	951

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

7. Cluster information (continued)

7.3 Sanlam Investment Group (continued)

Analysis of change in GEV – covered business

R million	Total 2020	Total 2019	Value of in-force 2020	Value of in-force 2019	Cost of capital 2020	Cost of capital 2019	Net asset value 2020	Net asset value 2019
Operational earnings	**(108)**	148	**(46)**	(23)	**(55)**	(60)	**(7)**	231
Value of new life insurance business	**–**	–	**55**	52	**(8)**	(6)	**(47)**	(46)
Unwinding of discount rate	**79**	72	**47**	42	**32**	30	**–**	–
Expected profit	**–**	–	**(130)**	(113)	**–**	–	**130**	113
Operating experience variances	**(80)**	141	**15**	(10)	**(21)**	(19)	**(74)**	170
Risk experience	**5**	16	**(3)**	(1)	**–**	–	**8**	17
Persistency	**4**	–	**6**	1	**(2)**	(1)	**–**	–
Maintenance expenses	**(9)**	(10)	**–**	–	**–**	–	**(9)**	(10)
Credit spread	**14**	172	**–**	–	**–**	–	**14**	172
Other	**(94)**	(37)	**12**	(10)	**(19)**	(18)	**(87)**	(9)
Operating assumption changes	**(107)**	(65)	**(33)**	6	**(58)**	(65)	**(16)**	(6)
Risk experience	**30**	9	**(7)**	(2)	**1**	–	**36**	11
Persistency	**5**	6	**7**	9	**(2)**	(3)	**–**	–
Maintenance expenses	**(50)**	(40)	**(37)**	(33)	**–**	–	**(13)**	(7)
Modelling changes and other	**(92)**	(40)	**4**	32	**(57)**	(62)	**(39)**	(10)
Net investment return	**129**	135	**–**	–	**–**	–	**129**	135
Expected return on adjusted net asset value	**173**	178	**–**	–	**–**	–	**173**	178
Investment variances on adjusted net asset value	**(44)**	(43)	**–**	–	**–**	–	**(44)**	(43)
Valuation and economic basis	**139**	76	**49**	58	**45**	1	**45**	17
Investment variances on in-force business	**17**	44	**(26)**	44	**–**	–	**43**	–
Economic assumption changes	**63**	25	**4**	5	**57**	3	**2**	17
Investment yields	**63**	40	**4**	5	**57**	34	**2**	1
Long-term asset mix assumptions and other	**–**	(15)	**–**	–	**–**	(31)	**–**	16
Foreign currency translation differences	**59**	7	**71**	9	**(12)**	(2)	**–**	–
Change in tax basis	**(22)**	–	**(21)**	–	**(1)**	–	**–**	–
GEV earnings: covered business	**138**	359	**(18)**	35	**(11)**	(59)	**167**	383
Transfers from/(to) other covered business Group operations	**–**	231	**–**	–	**–**	(123)	**–**	354
Transfers from covered business	**(103)**	(331)	**–**	–	**–**	–	**(103)**	(331)
Embedded value of covered business at the beginning of the period	**3 056**	2 797	**816**	781	**(969)**	(787)	**3 209**	2 803
Embedded value of covered business at the end of the period	**3 091**	3 056	**798**	816	**(980)**	(969)	**3 273**	3 209

Assets under management

R million	Assets under management 2020	2019	Fee income (%) 2020	2019	Administration cost (%) 2020	2019
Sanlam Investments[1]	**648 805**	663 705	**0,30**	0,31	**0,22**	0,22
Wealth Management	**90 446**	80 738	**1,08**	1,12	**0,82**	0,88
International	**211 166**	152 717	**1,19**	1,30	**1,03**	1,10
Intra-cluster eliminations	**(33 858)**	(39 314)				
Asset management operations	**916 559**	857 846				
Covered business	**104 879**	85 746				
Sanlam UK	**57 732**	51 668				
Central Credit Manager	**47 147**	34 078				
Assets under management	**1 021 438**	943 592				

[1] *Includes Sanlam assets of R179 billion (2019: R215,4 billion).*

Mix of assets under management

R million	Fixed interest	Equities	Offshore	Properties	Cash	Total
2020						
Sanlam Investments	**127 513**	**273 173**	**112 274**	**26 633**	**109 212**	**648 805**
Wealth Management	**–**	**45 101**	**42 280**	**–**	**3 065**	**90 446**
International	**–**	**–**	**211 166**	**–**	**–**	**211 166**
Intra-cluster consolidation						**(33 858)**
Assets under management – Asset management	**127 513**	**318 274**	**365 720**	**26 633**	**112 277**	**916 559**
2019						
Sanlam Investments	111 329	311 003	93 332	37 692	110 349	663 705
Wealth Management	–	46 163	32 666	–	1 909	80 738
International	–	–	152 717	–	–	152 717
Intra-cluster consolidation						(39 314)
Assets under management – Asset management	111 329	357 166	278 715	37 692	112 258	857 846

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

7. Cluster information (continued)

7.4 Santam

R million	2020	2019
Business volumes		
Gross written premiums	38 273	35 852
Net earned premiums	24 660	24 227
Net fund flows	7 890	9 146

Insurance activities

	Gross written premiums		Underwriting result	
R million	**2020**	**2019**	**2020**	**2019**
Conventional insurance	31 098	29 725	699	1 820
Motor	13 430	13 340	2 141	1 201
Property	11 798	10 974	(2 375)	212
Engineering	1 651	1 601	439	312
Liability	1 362	1 310	153	159
Transportation	799	762	125	50
Accident and health	641	585	96	24
Guarantee	117	246	(14)	(58)
Crop	1 262	886	151	(86)
Other	38	21	(17)	6
Alternative risk (ART)	7 175	6 127	2	62
Total	38 273	35 852	701	1 882

Ratios	2020	2019
Administration cost ratio[1]	16,2%	17,7%
Claims ratio[1]	68,2%	62,1%
Underwriting margin[1]	2,9%	7,7%
Investment return on insurance funds margin[1]	2,1%	2,4%

R million	2020	2019
Conventional Insurance		
Net earned premiums	24 320	23 673
Net claims incurred	(16 593)	(14 711)
Net commission	(3 083)	(2 950)
Management expenses (excluding BEE costs)	(3 945)	(4 192)
Underwriting result: Conventional insurance	699	1 820
Investment return on insurance funds	501	579
Net insurance result	1 200	2 399
Net Other Income	166	173
Alternative Risk[2]	165	171
Other	1	2
Strategic participations	350	483
Saham[3]	97	162
SEM target shares	253	321
Santam BEE cost	(2)	(3)
Gross result from financial services	1 714	3 052
Tax and Non-controlling interest	(1 028)	(1 835)
Net result from financial services	686	1 217

[1] Ratios are calculated as a percentage of net earned premiums for the conventional business.

[2] Includes operating income and expenses relating to ART business and other operating income and expenses not related to underwriting results.

[3] Includes SEM cluster cost allocation of R7 million (2019: R14 million).

7. Cluster information (continued)

7.5 Group Office

Analysis of earnings

R million	Group Office & Other 2020	Group Office & Other 2019	Consolidation[1] 2020	Consolidation[1] 2019	Total 2020	Total 2019
Financial services income	**206**	162	**(381)**	(532)	**(175)**	(370)
Sales remuneration	**–**	–	**–**	–	**–**	–
Income after sales remuneration	**206**	162	**(381)**	(532)	**(175)**	(370)
Administration cost	**(327)**	(302)	**–**	–	**(327)**	(302)
Results from financial services	**(121)**	(140)	**(381)**	(532)	**(502)**	(672)
Tax on result from financial services	**35**	40	**102**	174	**137**	214
Non-controlling interest	**–**	–	**279**	358	**279**	358
Net result from financial services	**(86)**	(100)	**–**	–	**(86)**	(100)
Net investment income	**186**	232	**–**	–	**186**	232
Net investment surpluses	**31**	(10)	**–**	–	**31**	(10)
Project expenses	**(13)**	–	**–**	–	**(13)**	–
Net operational earnings	**118**	122	**–**	–	**118**	122
Impairments	**(1 673)**	–	**–**	–	**(1 673)**	–
Net equity participation costs	**–**	(594)	**–**	–	**–**	(594)
Normalised attributable earnings	**(1 555)**	(472)	**–**	–	**(1 555)**	(472)

[1] *Includes the consolidation entries relating to SEM target shares and Saham included within the Santam results.*

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

8. Investments

8.1 Investment in associated companies

R million	2020	2019
Shriram Capital	7 671	7 381
Shriram Transport Finance Company	1 571	1 497
Shriram General Insurance	1 351	1 150
Shriram Life Insurance	531	501
Pacific & Orient	426	503
Capricorn Investment Holdings	1 000	1 097
Letshego	1 571	1 522
Afrocentric	1 109	1 043
Other associated companies	1 725	1 996
Total investment in associated companies	**16 955**	16 690

Details of the investments in the material associated companies are reflected in note 8.2.3 on page 84 of the Sanlam Annual Financial Statements online.

8.2 Investment in joint ventures

R million	2020	2019
Sanlam Personal Loans	665	811
Other joint ventures	208	201
Total investment in joint ventures	**873**	1 012

Details of the investments in the material joint ventures are reflected in note 8.2.4 on page 88 of the Sanlam Annual Financial Statements online.

8.3 Investments include the following offshore investments

R million	2020	2019
Investment properties	5 897	6 828
Equities	8 612	9 023
Structured transactions	–	9
Interest-bearing investments	7 583	4 626
Investment funds	6 939	5 648
Cash, deposits and similar securities	2 582	2 869
Total offshore investments	**31 613**	29 003

9. Financial services income

R million	2020	2019
Equity-accounted earnings included in financial services income		
Sanlam Life and Savings	208	406
SA Retail Affluent	6	240
Sanlam Corporate	202	166
Sanlam Emerging Markets	2 710	3 047
Santam	350	483
Sanlam Investment Group	143	159
	3 411	4 095

10. Sales remuneration

Life business	5 639	4 934
Non-life operations	5 626	5 647
	11 265	10 581

11. Administration costs

Life business	9 559	9 059
Non-life operations	14 905	14 419
	24 464	23 478
Depreciation included in administration costs:		
Sanlam Life and Savings	189	333
SA Retail Affluent	127	232
SA Retail Mass	43	86
Sanlam Corporate	19	15
Sanlam Emerging Markets	257	320
Santam	144	257
Sanlam Investment Group	50	107
	640	1 017

12. Investment income

Equities and similar securities	1 043	915
Interest-bearing, preference shares and similar securities	486	444
Properties	12	37
Rental income	30	49
Rental-related expenses	(18)	(12)
Total investment income	1 541	1 396
Interest expense netted off against investment income	578	974

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

13. Normalised diluted earnings per share

Cents	2020	2019
Normalised diluted earnings per share:		
Net result from financial services	**376,4**	438,0
Operational earnings	**374,9**	488,9
(Loss)/profit attributable to shareholders' fund	**(31,2)**	412,5

R million	2020	2019
Analysis of operational earnings (refer shareholders' fund income statement on page 130):		
Net result from financial services	**8 382**	9 674
Operational earnings	**8 349**	10 798
(Loss)/profit attributable to shareholders' fund	**(694)**	9 110
Reconciliation of operational earnings:		
Headline earnings per note 23 on page 121 of the Sanlam Annual Financial Statements online	**9 249**	7 481
Add/(Less):	**(900)**	3 317
Fund transfers	**(3 557)**	1 960
B-BBEE SPV impairment reversal	**1 673**	–
Net equity-accounted earnings	**(14)**	(5)
Net amortisation of value of business acquired and other intangibles	**699**	766
Expected credit losses	**298**	–
Equity participation costs	**1**	596
Operational earnings	**8 349**	10 798
Adjusted number of shares (million):		
Weighted average number of shares for diluted earnings per share (refer note 23 on page 121 of the Sanlam Annual Financial Statements online)	**2 087,8**	2 090,0
Add: Weighted average Sanlam shares held by policyholders and B-BBEE SPV	**138,9**	118,5
Adjusted weighted average number of shares for normalised diluted earnings per share	**2 226,7**	2 208,5

14. Value per share

R million	2020	2019
Net asset value per share is calculated on the Group shareholders' fund at net asset value of R71 468 million (31 December 2019: R76 512 million), divided by 2 226,5 million (31 December 2019: 2 226,2 million) shares.		
Equity value per share is calculated based on the Group Equity Value of R131 812 million (31 December 2019: R143 271 million), divided by 2 226,5 million (31 December 2019: 2 226,2 million) shares.		
Number of shares for value per share		
Number of ordinary shares in issue	**2 226,9**	2 343,3
Shares held by subsidiaries in shareholders' fund	**(26,2)**	(139,2)
Outstanding shares in respect of Sanlam Limited long-term incentive schemes	**25,8**	22,1
Adjusted number of shares for value per share	**2 226,5**	2 226,2

15. Present value of holding company expenses

The present value of holding company expenses has been calculated by applying a multiple of 8,1 (2019: 8,8) to the after tax recurring corporate expenses.

16. Shares repurchased and cancelled

Sanlam shareholders granted general authorities to the Group at the 2020 and 2019 annual general meetings to repurchase Sanlam shares in the market.

During 2020, Sanlam Limited repurchased 116,363,639 ordinary shares of 1 cent each held in treasury by its wholly-owned subsidiary, Sanlam Life Insurance Limited at a repurchase price of R56,29 per share (in aggregate R6,550,109,239).

The Repurchase constitutes a transfer to, and subsequent cancellation of the Treasury Shares previously acquired by Sanlam Life pursuant to the General Authorities and is cash neutral for the Sanlam Group.

The Treasury Shares represented 4,97% of the issued share capital of the Company immediately prior to their cancellation. Following the cancellation, the issued share capital of the Company now comprises 2,226,974,408 ordinary shares of 1 cent each.

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

17. Reconciliations

17.1 Reconciliation between Group statement of comprehensive income and shareholders' fund income statement

	2020			
R million	**Total**	**Shareholder activities**	**Policyholder activities[1]**	**IFRS adjustments[2]**
Net income	132 866	87 992	38 768	6 106
Financial services income	104 701	87 161	–	17 540
Reinsurance premiums paid	(18 794)	–	–	(18 794)
Reinsurance commission received	2 929	–	–	2 929
Investment income	31 879	1 541	23 785	6 553
Investment surpluses	11 001	(710)	14 983	(3 272)
Finance cost – margin business	(216)	–	–	(216)
Change in fair value of external investors liability	1 366	–	–	1 366
Net insurance and investment contract benefits and claims	(75 896)	(37 865)	(37 577)	(454)
Long-term insurance contract benefits	(25 596)	(13 547)	(10 931)	(1 118)
Long-term investment contract benefits	(26 646)	–	(26 646)	–
General insurance claims	(37 593)	(24 318)	–	(13 275)
Reinsurance claims received	13 939	–	–	13 939
Expenses	(42 201)	(36 034)	–	(6 167)
Sales remuneration	(14 319)	(11 265)	–	(3 054)
Administration costs	(27 882)	(24 769)	–	(3 113)
Impairments	(9 275)	(8 638)	(158)	(479)
Amortisation of intangibles	(1 323)	(699)	–	(624)
Net operating result	4 171	4 756	1 033	(1 618)
Equity-accounted earnings	2 568	35	–	2 533
Finance cost – other	(835)	–	–	(835)
Net monetary gain (Lebanon hyperinflation)	1 535	–	–	1 535
Profit before tax	7 439	4 791	1 033	1 615
Tax expense	(3 805)	(4 066)	(1 033)	1 294
Shareholders' fund	(2 154)	(4 066)	–	1 912
Policyholders' fund	(1 651)	–	(1 033)	(618)
Profit from continuing operations	3 634	725	–	2 909
Profit for the year	3 634	725	–	2 909
Attributable to:				
Shareholders' fund	2 863	(694)	–	3 557
Non-controlling interest	771	1 419	–	(648)
	3 634	725	–	2 909

[1] *Policyholder activities relate to the inclusion of policyholders' after-tax investment return, and the allocation thereof to policy liabilities, in the Group Statement of Comprehensive Income.*

[2] *IFRS adjustments relate to amounts that have been set-off in the shareholders' fund income statement that are not permitted in terms of IFRS, and fund transfers relating to investments in treasury shares and subsidiaries held by the policyholders' fund.*

2019			
Total	Shareholder activities	Policyholder activities[1]	IFRS adjustments[2]
147 796	86 263	58 952	2 581
95 520	84 250	–	11 270
(15 893)	–	–	(15 893)
2 676	–	–	2 676
33 003	1 396	22 595	9 012
43 064	617	36 357	6 090
(242)	–	–	(242)
(10 332)	–	–	(10 332)
(91 526)	(34 075)	(57 458)	7
(30 802)	(11 304)	(17 952)	(1 546)
(39 506)	–	(39 506)	–
(29 646)	(22 771)	–	(6 875)
8 428	–	–	8 428
(41 051)	(34 785)	–	(6 266)
(13 246)	(10 581)	–	(2 665)
(27 805)	(24 204)	–	(3 601)
(742)	(339)	–	(403)
(1 405)	(766)	–	(639)
13 072	16 298	1 494	(4 720)
2 989	27	–	2 962
(1 500)	–	–	(1 500)
–	–	–	–
14 561	16 325	1 494	(3 258)
(5 756)	(5 183)	(1 494)	921
(4 017)	(5 183)	–	1 166
(1 739)	–	(1 494)	(245)
8 805	11 142	–	(2 337)
8 805	11 142	–	(2 337)
7 150	9 110	–	(1 960)
1 655	2 032	–	(377)
8 805	11 142	–	(2 337)

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

17. Reconciliations (continued)

17.2 Reconciliation between Group statement of financial position and shareholders' fund at net asset value

R million	2020 Total	2020 Shareholder activities	2020 Policyholder activities[1]	2020 Consolidation reserve
Assets				
Equipment	1 652	1 487	165	–
Rights-of-use assets	1 614	1 560	54	–
Owner-occupied properties	2 692	2 624	68	–
Goodwill	16 703	16 703	–	–
Other intangible assets	788	788	–	–
Value of business acquired	6 129	6 129	–	–
Deferred acquisition costs	3 374	2 785	589	–
Long-term reinsurance assets	2 258	–	2 258	–
Investments	814 074	88 425	733 222	(7 573)
Properties	20 302	5 869	14 433	–
Associated companies	16 955	16 955	–	–
Joint ventures	1 818	873	945	–
Equities and similar securities	186 990	12 819	181 744	(7 573)
Interest-bearing investments	261 434	28 014	233 420	–
Structured transactions	29 566	535	29 031	–
Investment funds	252 026	20 619	231 407	–
Cash, deposits and similar securities	44 983	2 741	42 242	–
Deferred tax	2 843	2 019	7	817
Assets of disposal groups classified as held for sale	2 218	2 196	22	–
General insurance technical assets	13 847	13 847	–	–
Working capital assets	75 604	61 210	14 394	–
Trade and other receivables	44 568	33 953	10 615	–
Taxation	942	912	30	–
Cash, deposits and similar securities	30 094	26 345	3 749	–
Total assets	943 796	199 773	750 779	(6 756)
Equity and liabilities				
Shareholders' fund	64 712	71 468	–	(6 756)
Non-controlling interest	12 512	12 500	12	–
Long-term policy liabilities	625 527	–	625 527	–
Insurance contracts	190 943	–	190 943	–
Investment contracts	434 584	–	434 584	–
Term finance	13 837	10 143	3 694	
Lease liabilities	1 878	1 822	56	–
External investors in consolidated funds	83 714	–	83 714	–
Cell owners' interest	4 226	4 226	–	–
Deferred tax	5 810	4 139	1 671	–
Liabilities of disposal groups classified as held for sale	454	454	–	–
Structured transactions liabilities	22 970	320	22 650	–
General insurance technical provisions	49 752	49 752	–	–
Working capital liabilities	58 404	44 949	13 455	–
Trade and other payables	55 356	42 864	12 492	–
Provisions	506	476	30	–
Taxation	2 542	1 609	933	–
Total equity and liabilities	943 796	199 773	750 779	(6 756)

[1] *Includes the impact of IFRS adjustments.*

		2019	
Total	Shareholder activities	Policyholder activities[1]	Consolidation reserve
1 655	1 533	122	–
1 912	1 852	60	–
1 794	1 683	111	–
18 974	18 974	–	–
926	926	–	–
8 768	8 768	–	–
3 505	2 865	640	–
2 042	–	2 042	–
770 995	83 686	697 145	(9 836)
21 565	6 815	14 750	–
16 690	16 690	–	–
1 992	1 012	980	–
201 501	14 775	196 562	(9 836)
234 509	19 640	214 869	–
23 090	728	22 362	–
222 141	20 442	201 699	–
49 507	3 584	45 923	–
1 872	1 231	–	641
159	127	32	–
10 166	10 166	–	–
77 461	58 026	19 435	–
46 180	32 033	14 147	–
912	867	45	–
30 369	25 126	5 243	–
900 229	189 837	719 587	(9 195)
67 317	76 512	–	(9 195)
12 043	12 027	16	–
591 168	–	591 168	–
189 687	–	189 687	–
401 481	–	401 481	–
11 187	7 474	3 713	–
2 110	2 049	61	–
85 187	–	85 187	–
3 935	3 935	–	–
5 766	4 626	1 140	–
–	–	–	–
19 272	58	19 214	–
41 332	41 332	–	–
60 912	41 824	19 088	–
58 062	39 599	18 463	–
523	496	27	–
2 327	1 729	598	–
900 229	189 837	719 587	(9 195)

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

18. Geographical analysis

R million	Per shareholders fund' income statement on page 130	IFRS adjustments (refer note 17.1)	Total
Financial services income Financial services income is attributed to individual countries, based on where the holding company or subsidiaries are located.			
2020	**87 161**	**17 540**	**104 701**
South Africa	**57 259**	**13 727**	**70 986**
Other African operations	**23 237**	**5 419**	**28 656**
Other international[1]	**6 665**	**(1 606)**	**5 059**
2019	84 250	11 270	95 520
South Africa	55 020	11 075	66 095
Other African operations	22 941	2 238	25 179
Other international[1]	6 289	(2 043)	4 246

R million	Per analysis of shareholders' fund on page 128	Policyholders' fund	Total
Non-current assets[2]			
2020	**34 272**	**898**	**35 170**
South Africa	**20 190**	**431**	**20 621**
Other African operations	**9 743**	**201**	**9 944**
Other international[1]	**4 339**	**266**	**4 605**
2019	36 728	965	37 693
South Africa	24 767	456	25 223
Other African operations	7 606	250	7 856
Other international[1]	4 355	259	4 614

R million	2020	2019
Attributable earnings (per shareholders' fund income statement on page 130)	**2 863**	7 150
South Africa	**5 721**	4 150
Other African operations	**(3 088)**	1 519
Other international[1]	**230**	1 481

[1] *Other international comprises of business in the Europe, United Kingdom, Australia, India, Malaysia and Lebanon.*

[2] *Non-current assets include property and equipment, right-of-use assets, owner-occupied properties, goodwill, value of business acquired, other intangible assets, non-current assets held for sale and deferred acquisition costs.*

Sanlam Group five-year review

		2020	2019	2018	2017	2016	Average annual growth rate %
Group Equity Value							
Group Equity Value	R million	**131 812**	143 271	134 052	121 763	110 717	4%
Group Equity Value	cps	**5 920**	6 436	6 341	5 940	5 407	2%
Return on Group Equity Value per share	%	**(2,8)**	6,4	11,6	14,8	11,8	
Business volumes							
New business volumes	R million	**310 875**	249 323	223 029	221 172	225 339	8%
Life business		**56 111**	53 927	53 815	44 615	43 599	7%
Investment business		**213 625**	155 565	136 529	149 000	157 901	8%
General insurance		**41 139**	39 831	32 685	27 557	23 839	15%
Recurring premiums on existing business	R million	**45 404**	39 947	34 528	31 571	29 239	12%
Total inflows	R million	**356 279**	289 270	257 557	252 743	254 578	
Net fund flows	R million	**61 563**	56 766	41 539	37 143	42 535	10%
SIM funds under management	R billion	**917**	858	758	733	792	4%
New covered business							
Value of new covered business	R million	**2 202**	2 545	2 187	2 008	1 779	5%
Covered business PVNBP	R million	**80 239**	81 540	78 085	65 377	62 383	6%
New covered business margin	%	**2,74**	3,12	2,80	3,07	2,85	(1%)
Earnings							
Gross result from financial services	R million	**13 567**	16 116	14 544	13 558	12 678	2%
Net result from financial services	R million	**8 382**	9 674	8 890	8 549	7 969	1%
Net operational earnings	R million	**8 349**	10 798	9 455	10 060	8 580	0%
Headline earnings	R million	**9 249**	7 481	9 162	9 757	9 860	(2%)
Net result from financial services	cps	**376,4**	438,0	423,6	417,2	389,4	(1%)
Net operational earnings per share	cps	**374,9**	488,9	450,5	490,9	419,3	(3%)
Diluted headline earnings	cps	**443,0**	357,9	441,3	481,3	488,1	(2%)
Group operating margin	%	**17,9**	21,9	24,9	26,3	26,6	(9%)
Other							
Sanlam share price	cps	**5 875**	7 910	7 980	8 700	6 290	(2%)
Dividend	cps	**300**	334	312	290	268	3%
Sanlam Life Insurance Limited							
Shareholders' fund	R million	**98 692**	110 729	108 177	93 376	83 866	4%
SCR[1]	R million	**45 202**	47 809	44 853	38 113		
SCR cover	%	**257**	253	264	274		
SAM cover ratio[1]	%	**197**	206	221	233		
Foreign exchange rates							
Closing rate							
Euro		**17,97**	15,70	16,44	14,87	14,43	6%
British pound		**20,08**	18,52	18,32	16,75	16,92	4%
United States dollar		**14,69**	13,98	14,39	12,38	13,68	2%
Moroccan dirham		**1,65**	1,49	1,51	1,33	1,36	5%
Indian rupee		**0,20**	0,2	0,21	0,19	0,2	0%
Average rate							
Euro		**18,64**	16,16	15,57	14,5	16,22	4%
British pound		**20,99**	18,42	17,60	16,61	19,69	2%
United States dollar		**16,34**	14,43	13,17	13,09	14,65	3%
Moroccan dirham		**1,73**	1,52	1,42	1,39	1,49	10%
Indian rupee		**0,22**	0,21	0,19	0,20	0,22	0%
Non-financial[2]							
BEE credentials	level	**1**	1	1	2	2	
Corporate Social Investment spend	R million	**47**	58	62	93	68	
Office staff turnover	%	**12,78**	16,50	17,25	14,10	13,9	
Carbon footprint	Tonnes CO_2/full time employee	**4,5**	7,9	9,0	8,3	8,6	

[1] *SCR is used from 2017.*

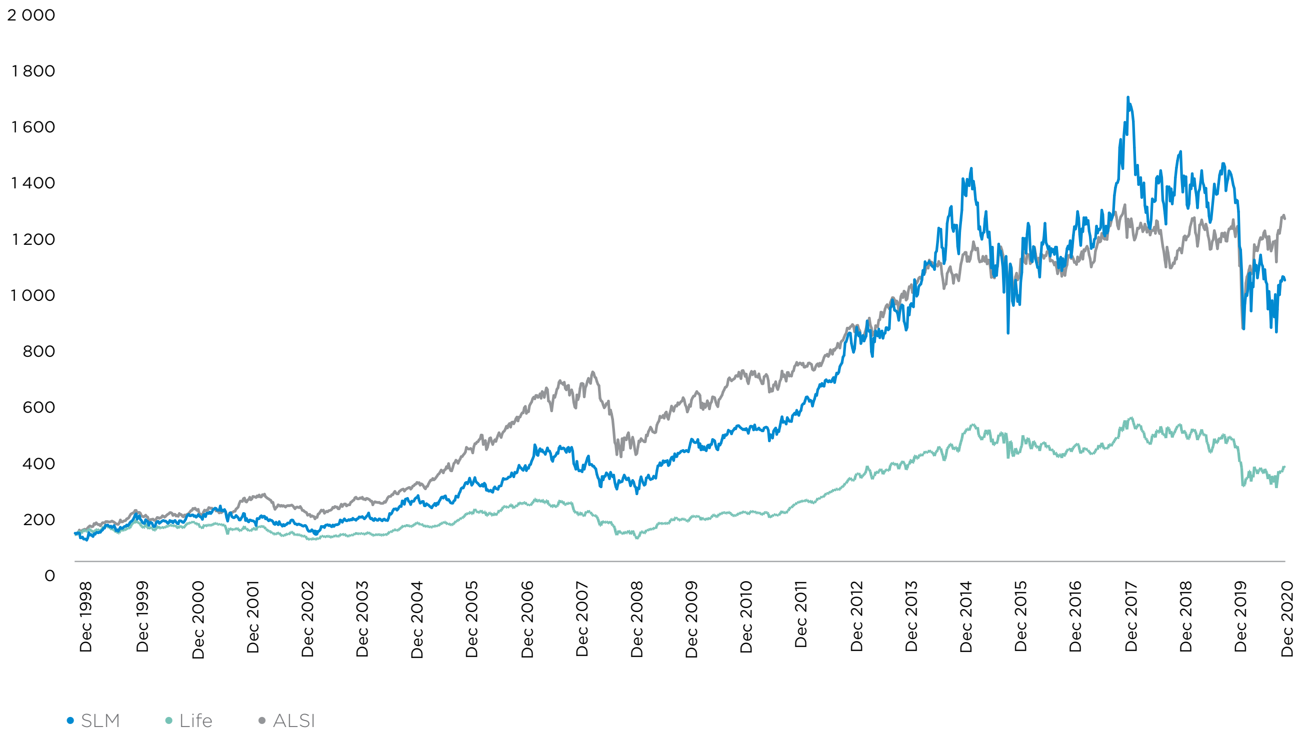
[2] *South Africa only.*

Stock exchange performance

		2020	2019	2018	2017	2016
Number of shares traded	million	**1 715**	1 167	1 458	1 340	1 437
Value of shares traded	R million	**98 952**	90 288	115 756	93 485	89 130
Percentage of issued shares traded	%	**77**	50	65	62	66
Price/earnings ratio	times	**17**	18,6	18,5	18,1	15,4
Return on Sanlam share price since listing[(1)]	%	**15**	17	20	20	18
Market price	cps					
– Year-end closing price		**5 875**	7 910	7 980	8 700	6 290
– Highest closing price		**7 969**	8 525	9 849	9 474	7 149
– Lowest closing price		**4 544**	6 886	6 540	6 100	5 116
Market capitalisation at year-end	R million	**130 835**	185 358	178 113	188 483	136 271

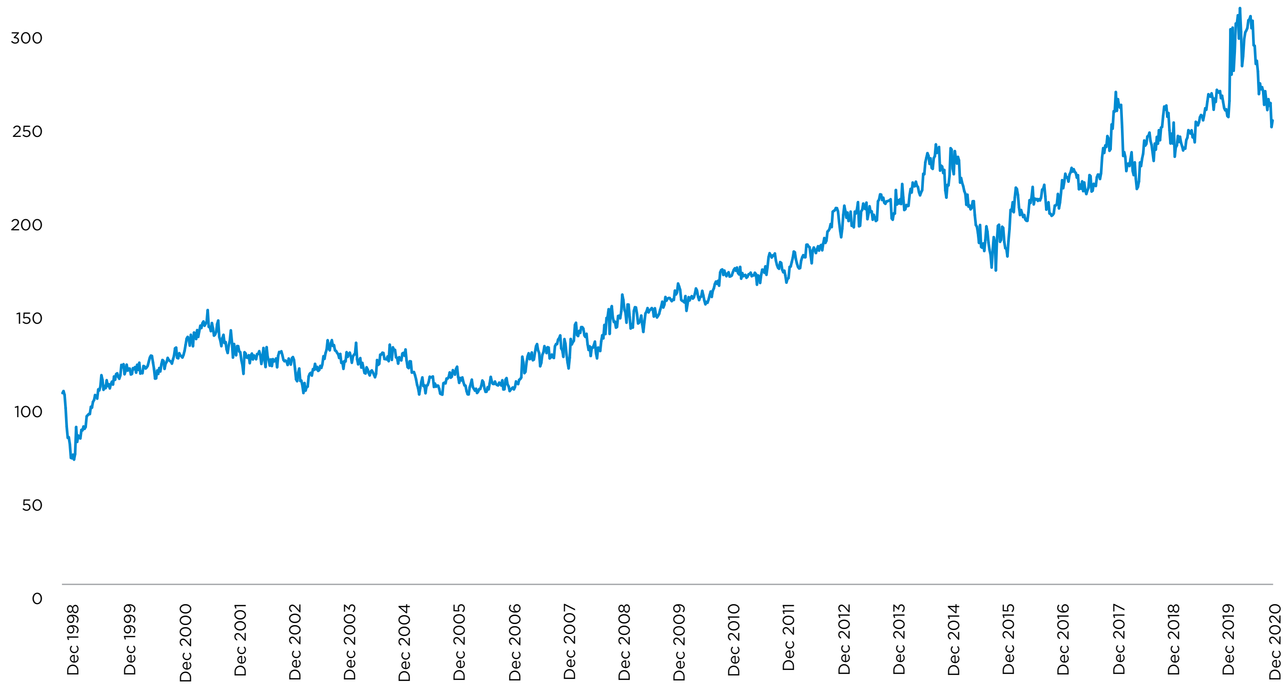
[(1)] *Annualised growth in the Sanlam share price since listing plus dividends paid.*

Sanlam vs ALSI vs Life Assurance index



2015	2014	2013	2012	2011
1 363	1 086	1 247	1 160	1 082
90 444	65 974	58 841	41 074	29 578
63	50	59	55	52
14,0	17,2	13,5	15,3	11,6
19	21	20	20	17
6 054	7 000	5 324	4 477	2 885
8 217	7 344	5 518	4 550	3 016
4 405	4 495	4 051	2 831	2 414
131 158	151 653	111 804	94 017	60 585

FINI indexed



Analysis of shareholders

on 31 December 2020

Distribution of shareholding	Total shareholders Number	%	Total shares held Number	%
1 – 1 000	377 129	87,49	138 720 896	6,23
1 001 – 5 000	47 013	10,91	91 624 756	4,11
5 001 – 10 000	3 812	0,89	26 228 555	1,18
10 001 – 50 000	1 960	0,45	38 195 610	1,72
50 001 – 100 000	309	0,07	21 991 534	0,99
100 001 – 1 000 000	636	0,15	204 340 253	9,18
1 000 001 and over	186	0,04	1 705 872 804	76,60
Total	431 045	100,00	2 226 974 408	100,00

Public and non-public shareholders	% Shareholding
Public shareholders (402 597)	65,58
Non-public shareholders	
Directors' interest	0,20
Held by subsidiaries	1,86
Employee pension funds	0,02
Sanlam Limited Share Incentive Trust	1,16
SU BEE Investment (RF) (Pty) Ltd 182	5,00
Government Employees Pension Fund (PIC)	13,05
Ubuntu-Botho Investments (Pty) Ltd	13,13
Total	100,00

Beneficial shareholding of 5% or more:

– Ubuntu-Botho Investments (Pty) Ltd	13,13%
– Government Employees Pension Fund (PIC)	13,05%

Shareholder structure	% Shareholding
Institutional and other shareholding	
Offshore	33,87
South Africa	51,57
Individuals	14,56
Total	100,00

Appendix: glossary of terms, definitions and major businesses

Technical terms and definitions

"adjusted return on Group Equity Value" or "adjusted RoGEV"

the return on Group Equity Value, excluding the impact of investment market volatility. Adjusted RoGEV is based on the actuarial investment return assumptions at the beginning of the reporting period;

"capital adequacy"

capital adequacy implies the existence of a buffer against experience worse than that assumed under the FSB's Statutory Valuation Method. The sufficiency of the buffer is measured by comparing excess of assets over liabilities for statutory reporting purposes with the statutory capital adequacy requirement. The main element in the calculation of the capital adequacy requirement is the determination of the effect of an assumed fall in asset values on the excess of assets over liabilities;

"capital portfolio" or "balanced portfolio"

the consolidated capital of the Group, excluding working capital held by Group businesses. The capital portfolio includes the required capital of covered business as well as discretionary and other capital;

"cost of capital"

cost of capital is calculated as the required capital at the valuation date less the discounted value, using a risk-adjusted discount rate, of the expected annual release of the capital over the life of the in-force business, allowing for the after-tax investment return on the expected level of capital held in each year;

"covered business"

long-term insurance business written by Sanlam Personal Finance, Sanlam Emerging Markets, Sanlam UK and Sanlam Employee Benefits;

"embedded value of covered business " or "EV"

embedded value of covered business is an actuarially determined estimate of the value of covered business, excluding any value attributable to future new business. Embedded value of covered business consists of the required capital supporting the covered business, or adjusted net worth, plus the value of the in-force covered business less the cost of capital;

"FSB"

the Financial Services Board, the regulator of insurance companies in South Africa;

"life business"

the aggregate of life insurance business and life licence business;

"life insurance business"

products provided by the Group's long-term insurance businesses in terms of insurance and investment contracts included in the Group financial statements, but excluding life licence business;

"life licence business"

investment products provided by Sanlam Personal Finance, Sanlam Investments, Sanlam Employee Benefits and Sanlam Emerging Markets by means of a life insurance policy where there is very little or no insurance risk;

"linked policy"

a non-participating policy which is allotted units in an investment portfolio. The value of the policy at any stage is equal to the number of units multiplied by the unit price at that stage less the value of unrecouped expenses;

"market-related policy" or "contract with discretionary participating feature"

a participating policy which participates in non-vesting investment growth. This growth reflects the volatility of the market value of the underlying assets of the policy;

"new business margin"

VNB as a percentage of PVNBP;

"non-life business"

financial services and products provided by the Group, excluding life insurance business;

Appendix continued

"non-participating annuity"

a non-participating annuity is a policy which provides, in consideration for a single premium, a series of guaranteed regular benefit payments for a defined period;

"non-life linked business"

non-life linked business comprises investment products provided by Sanlam Personal Finance's Glacier business, which is not written under a life licence;

"non-participating policy"

a policy which provides benefits that are fixed contractually, either in monetary terms or by linking them to the return of a particular investment portfolio, e.g. a linked or fixed-benefit policy;

"normalised headline earnings"

normalised headline earnings measure the Group's earnings, exclusive of earnings of a capital nature and fund transfers relating to the policyholders' fund's investment in Sanlam shares and Group subsidiaries. For the Sanlam Group, the only differences between normalised attributable earnings and normalised headline earnings are:

- Profits and losses on the disposal of subsidiaries, associated companies and joint ventures;
- Impairment of investments, value of business acquired and goodwill; and
- The Group's share of associates' and joint ventures' non-headline earnings.

Normalised headline earnings exclude the above items that are of a capital nature. Given that the Group's operations are of a financial nature, normalised headline earnings include investment surpluses earned on the investments held by the shareholders' fund, resulting in volatility in normalised headline earnings;

"participating annuity"

a participating annuity is a policy which provides, in consideration for a single premium, a series of regular benefit payments for a defined period, the benefits of which are increased annually with bonuses declared;

"participating policy"

a policy which provides guaranteed benefits as well as discretionary bonuses. The declaration of such bonuses will take into account the return of a particular investment portfolio. Reversionary bonus, stable bonus, market-related and participating annuity policies are participating policies;

"policy"

unless the context indicates otherwise, a reference to a policy in this report means a long-term insurance or investment contract issued by the Group's life insurance subsidiaries in accordance with the applicable legislation;

"PVNBP"

present value of new business premiums from covered business;

"required capital"

the required level of capital supporting the covered business, based on the minimum regulatory capital requirements, plus an internal assessment of adjustments required for market, operational and insurance risk, as well as economic and growth considerations;

"result from financial services"

profit earned by the Group from operating activities and excludes investment return earned on the capital portfolio;

"return on Group Equity Value" or "RoGEV"

change in Group Equity Value, excluding dividends and changes in issued share capital, as a percentage of Group Equity Value at the beginning of the period;

"reversionary bonus policy"

a conventional participating policy which participates in reversionary bonuses, i.e. bonuses of which the face amounts are only payable at maturity or on earlier death or disability. The present value of such bonuses is less than their face amounts;

"SCR"

the solvency capital requirement under SAM is a risk-based measure of capital required to maintain solvency subject to a confidence level of 99,5% over a one-year period (which is equivalent to a 1-in-200 year event);

"stable bonus policy"

a participating policy under which bonuses tend to stabilise short-term volatility in investment performance;

"Statutory Valuation Method" or "SVM"

valuation requirements as laid out in a Board Notice issued by the FSB, entitled "Prescribed requirements for the calculation of the value of the assets, liabilities and Capital Adequacy Requirement of long-term insurers" or the equivalent valuation requirements of the regulators of the Group's insurance subsidiaries outside of South Africa;

Technical terms and definitions

"surrender value"

the surrender value of a policy is the cash value, if any, which is payable in respect of that policy upon cancellation by the policyholder;

"value of in-force covered business" or "VIF"

the value of in-force covered business is calculated as the discounted value, using a risk-adjusted discount rate, of the projected stream of future after-tax profits expected to be earned over the life of the in-force book;

"value of new business" or "VNB"

the value of new business is calculated as the discounted value, at point of sale, using a risk-adjusted discount rate, of the projected stream of after-tax profits for new covered business issued, net of the cost of capital over the life of this business;

Major businesses and regions of the Group

"Anglophone"

countries belonging to an English-speaking population especially in a country where two or more languages are spoken, e.g. Kenya and Zimbabwe;

"Francophone"

A population using French as its first or sometimes second language;

"Lusophone"

countries where Portuguese is the common language: Angola, Brazil, Cape Verde, Guinea-Bissau, Mozambique, Portugal, Sao-Tome and Principe;

"Saham"

Saham (the insurance arm of the Saham Group) refers to the Group's 100% interest held by SAN JV, a wholly owned subsidiary of the Group (90% held by SEM and 10% held by Santam). Saham operates predominantly across Africa with a presence in the Middle East;

"Sanlam Investments and Pensions"

Sanlam Life and Pensions Limited, a wholly owned subsidiary of Sanlam UK Limited conducting mainly life insurance business in the United Kingdom;

"Sanlam Life"

Sanlam Life Insurance Limited, a wholly owned subsidiary of Sanlam Limited conducting mainly life insurance business;

"Sanlam Limited"

the holding company listed on the JSE Limited and the Namibian Stock Exchange;

"Sanlam", "Sanlam Group" or "the Group"

Sanlam Limited and its subsidiaries, associated companies and joint ventures;

"Sanlam Namibia"

Sanlam Life Namibia, a wholly owned subsidiary of Sanlam Life conducting mainly life insurance business in Namibia.

"SDM Limited"

Sanlam Developing Markets Limited, a wholly owned subsidiary of Sanlam Life conducting mainly life insurance business in South Africa and through its subsidiaries in Africa;

"SEM (Pty) Limited"

Sanlam Emerging Markets Proprietary Limited, a wholly owned subsidiary of Sanlam Life conducting mainly insurance and credit business through its subsidiaries and associated companies in Africa, India and South-East Asia.

"Shriram Capital"

Shriram Capital refers to the Group's 36,85% holding in Shriram Financial Ventures (Chennai) Pvt Limited, an Indian based company that holds 70,56% of Shriram Capital Limited, resulting in a 26% effective holding by Sanlam. It also includes the Group's direct holding in Shriram Transport Finance Company, a listed business within the Shriram Capital group.

Shareholders' diary

Financial year-end	31 December
Annual general meeting	9 June 2021

Reports

Interim report for 30 June 2021	9 September 2021
Announcement of the results for the year ended 31 December 2021	10 March 2022
Integrated Report for the year ended 31 December 2021	31 March 2022

Dividends

Dividend for 2020 declared	11 March 2021
Last date to trade for 2020 dividend	6 April 2021
Shares will trade ex-dividend from	7 April 2021
Record date for 2020 dividend	9 April 2021
Payment of dividend for 2020	12 April 2021
Declaration of dividend for 2021	10 March 2022
Payment of dividend for 2021	April 2022

To allow for the dividend calculation, Sanlam's share register (including Sanlam's two nominee companies, namely Sanlam Share Account Nominee (Pty) Ltd and Sanlam Fundshares Nominee (Pty) Ltd), will be closed for all transfers, off-market transactions and dematerialisations or rematerialisations between Wednesday, 7 April 2021 and Friday, 9 April 2021, both dates included.

Transactions on the JSE via Strate are not affected by this arrangement.

Administration

Registered name

Sanlam Limited
(Registration number 1959/001562/06)
(Tax reference number: 9536/346/84/5)
JSE share code (primary listing): SLM
NSX share code: SLA
A2X share code: SLM ISIN: ZAE000070660
Incorporated in South Africa

Executive Head: Investor Relations

Grant Davids

Group Company Secretary

Sana-Ullah Bray

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Fax +27 (0) 21 947 3670

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JSE Sponsor

The Standard Bank Group of South Africa Limited

Internet address

http://www.sanlam.co.za

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Directors

Andrew Birrell, Anton Botha, Paul Hanratty (Group Chief Executive), Nicolaas Kruger, Elias Masilela (Chair), Jeanett Modise, Mathukana Mokoka, Kobus Möller, Dr Patrice Motsepe (Deputy Chair), Abigail Mukhuba, Sipho Nkosi, Karabo Nondumo, Dr Rejoice Simelane, Dr Johan van Zyl, Heinie Werth, Prof Shirley Zinn

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