



We empower
generations
to be...

...financially
confident, secure
and prosperous



Resilience Report
2020

Insurance | Financial Planning | Retirement | Investments | Wealth

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Introduction

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.

Built on institutional memory spanning more than 100 years, Sanlam remains 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 insurance claims are paid and 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 COVID-19 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.

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

Our purpose

Empowering generations to be financially confident, secure and prosperous.

Message from the SES committee Chair

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, mean that we can serve a growing number of clients, policyholders and other stakeholders.

COVID-19 tested Sanlam's resilience in many ways. This report shows how our conservative financial approach and agile social support anchored Sanlam and our stakeholders in a difficult year.



We worked closely with industry partners and played an active role in assisting in efforts to stabilise our host economies, industry and people who rely on us to keep their savings safe. Our biggest challenge was to help empower people to survive in situations where they no longer have formal jobs. Sanlam played a key role in this regard, particularly in supporting small businesses.

Faced with the COVID-19 challenge, we asked a range of difficult questions: Are our financial reserves adequate? Are we ready to take aggressive measures in case the situation deteriorates to a certain level so that we can sustain operations?

Sanlam demonstrated that it has a deep understanding of potential shock scenarios and the ability to anticipate what might happen when the financial services industry comes under threat. Our employees responded well. The speed of adapting to working from home and creating environments where there is adequate connectivity and reliable power sources made us more resilient than ever before.

Under these circumstances the Social, Ethics and Sustainability (SES) committee strengthened its role as custodian of the Group's social responsibility and commitment to ensure Sanlam acts as a good corporate citizen.

Our intent is to define our contribution to the United Nations Sustainable Development Goals (SDGs) more effectively and identify future priorities. As a financial services group, we have a distinct contribution to make through investments and the way we do business.

In a world that is rapidly changing, our material resilience themes focus our attention on matters that enable Sanlam to create value. For example, as we become more digitally enabled, we need a culture that will drive quick adoption and appropriate cyber-risk management.

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.

What you will read in this report will give you an insight into the many facets of resilience and confirms that our clients continue to trust Sanlam with their future and those of generations to come. I would like to thank all stakeholders for their continued trust and support: our employees, policyholders and clients, intermediaries, business partners, shareholders and communities.

We are committed to working with various stakeholders to make our host countries and communities successful and prosperous.

Karabo Nondumo

Chair: Sanlam SES committee

Message from the Group Chief Executive

COVID-19 elevated the importance of non-financial aspects when we consider resilience. At Sanlam it forced us to look more closely at how we are embedding ESG aspects into our investment processes and decisions.

We are here for our clients, employees and other stakeholders. This was our resolute message in 2020, an incredible year of change and challenge for humankind. More than just words, Sanlam must have been one of the top monetary contributors to alleviate pressure from all directions on our country and economy.



Sanlam provided direct support such as reduced premiums, premium holidays and structured payment relief, as well as indirect support to a wide range of initiatives to reach communities, schools and businesses. In collaboration with our partner companies, including the Motsepe Foundation and associated companies, SAHAM Assurance Morocco, Shriram and others, Sanlam committed over R1,5 billion to support customers and national imperatives across the countries where we operate, from South Africa to Morocco to Lebanon, India and Malaysia.

There are three particular contributions to highlight:

- 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 Group Executive committee (Exco) and the Board of directors (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.
- Our South African general insurance subsidiary, Santam, paid R1 billion in early relief payments to nearly 2 500 small and medium-sized businesses in hospitality, leisure and non-essential retail services with contingent business interruption (CBI) policies. This has been an extremely difficult process for our customers 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 created enormous stress among our customers. The legal certainty required to deal

with claims has finally been achieved and considerable support will be available to customers who have suffered high levels of loss.

- Sanlam created three impact funds, named the Investors' Legacy range, with a committed investment of R2,25 billion from own funds to support South African businesses – from small enterprises to large corporates – that were negatively impacted by COVID-19. The three funds have a common goal to back established companies to preserve and create jobs where we believe they have the likelihood of producing sustainable cash flows post the pandemic. We are mobilising further capital to help catalyse growth

Value created through partnerships

Sanlam's deep and committed partnerships remain important for our mutual resilience, from those spanning decades, such as Ubuntu-Botho and the World Wide Fund for Nature – South Africa (WWF-SA) to a recent partnership with Capitec.

Transformation has been a critical factor in Sanlam's growth journey, particularly in the past 20 years. Specifically, the partnership between Sanlam and Ubuntu-Botho 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 in 2014 and saw Ubuntu-Botho Investments establish the JSE listed African Rainbow Capital Investments.

Through our partnership with Ubuntu-Botho we are committed to continuously create significant value for a very broad set of stakeholders across South Africa and beyond. Our relationship with UB and ARC supports our strategy of maintaining a strong competitive position in South Africa by

Message from the Group Chief Executive continued

ensuring that the Sanlam Group differentiates itself in key market segments through its ownership credentials. Institutional segments of the South African market are particularly sensitive to the empowerment credentials of market participants, both at group and entity level. ARC acquired 25% of Sanlam's third party asset management business during 2020 and as a result Sanlam Investments is the largest black-owned asset manager in South Africa. Sanlam Group acquired 25% of ARC FS and this will enable further strategic alignment in the corporate benefits and health insurance segments.

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 which, once completed, will increase economic inclusion and boost direct black ownership in Sanlam to over 18% and black economic ownership (combined direct and indirect) to over 35%. This will place Sanlam in a strong, market-leading position in terms of empowerment.

Collective voices, distinct culture

We started on a culture journey this year to understand the collective, Group-wide imperatives to successfully compete in a dynamic world. In total, 71% of the employees in all the Group's operations 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.

Following the launch of our new strategic framework, our immediate focus will be on integrating the refined Group values and new purpose with the culture and ensuring our plans result in a performance culture that supports our ambition for financial, client and economic impact:

Financial <ul style="list-style-type: none"> • Achieve consistently superior returns for shareholders relative to returns achieved by competitors in the Insurance Sector of the JSE • Maintain leadership as the biggest insurer in Africa as measured by market capitalisation 	Client <ul style="list-style-type: none"> • Provide access to our products and services to 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 where we operate 	Economic <ul style="list-style-type: none"> • 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 company ownership to local participants to at 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 <ul style="list-style-type: none"> • 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
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Financial resilience

Our sustainability as a business relies in the first place on our financial health. Sanlam delivered solid results for the financial year, despite paying out higher mortality claims. We have a robust balance sheet and solvency position, strong diversification across geographies, lines of business and market segments, and an admirable depth of skills in our businesses. The cash generation of the underlying Group operations, particularly in the life insurance businesses, remains robust.

This is important as it gives our stakeholders comfort that Sanlam remains dependable, trustworthy and there for them. We are guided by our regulators and relevant regulatory requirements to test our resilience regularly, for example through reverse stress testing which we use to answer the question: What would it take for Sanlam to fail? What events could lead to this and how do we avoid it? COVID-19 was a good opportunity to test our weaknesses. However, Sanlam remains resilient, even under significant shock scenarios.

In our newly defined purpose, we state our wish to share this resilience to become the hallmark of generations to come, so that all can be financially confident, secure and prosperous.

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 remain difficult but we have a plan, committed people and some early momentum on our strategic plans – enabling us to stride into the new financial year with determination and empathy.

We recognise the pain that COVID-19 caused for our employees, clients and communities, especially the loss of our own colleagues, and the loss of loved ones, friends and family members. Many people remain concerned about their financial situation, their jobs and health. Sanlam wants to be part of their solution. As you read this message, we are making plans for Sanlam to take a leading role in the rebuilding of economies across our footprint. Ultimately, we want to play an active role to drive inclusiveness, prosperity and resilience for all.

Paul Hanratty

Sanlam Group Chief Executive

About our resilience reporting

We report on an unusual year for Sanlam and the world. As one of our stakeholders, you are reading this report with specific questions and interests in mind. As we get to know our stakeholders better, we change the way in which we report to better meet your needs. We know, for example, that about 80% of our stakeholders access our reporting via desktop and that sustainability is one of the top 10 search terms on the Sanlam investor relations website.

Based on stakeholder feedback, we return to a more conventional reporting format this year: one report that users can download as a PDF, rather than online-only reporting. We welcome your feedback on our 2020 report.

A further change this year was to start aligning our material themes and key indicators to the Sustainability Accounting Standards Board (SASB) reporting standard (read more about the standard under material resilience themes in this section). 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.

In the spirit of learning from the COVID-19 pandemic experience, we feature a few fascinating lessons from nature in this report. These examples echo our theme of resilience, and emphasise how our planet and all its creatures have the ability to create innovative survival mechanisms over time.

Our definitions

Sustainability and resilience

In our world, resilience means that organisations, environments and economies are able to absorb the potential negative financial consequences of internal or external shocks. Sanlam plays an important role in creating and maintaining a sustainable system to help people achieve financial prosperity over generations.

Periods (short, medium and long term)

- A short-term view at Sanlam ranges from the current time to two years into the future. In terms of budgets and business plans, this is usually aligned to the financial reporting year.
- A medium-term view has a timeframe of two to five years. The five-year horizon is used in forward-looking business plans which include a longer-term view of operations, targets and project design, including the allocation of capital.
- A long-term view considers a timeframe of five to 10 years and takes a strategic view.

Our stakeholders

We operate in an extended universe of stakeholders that includes the following groups:



Clients



Employees



Shareholders and the investment community



Business partners and suppliers



Distribution partners



Media



Civil society



Organised business and industry



Government



Regulators

About our resilience reporting continued

We engage with stakeholders to achieve three outcomes:

- 1 To secure and protect Sanlam's reputation
- 2 To create and maintain healthy stakeholder relationships based on the appropriate level of trust, satisfaction and long-term commitment
- 3 To earn legitimacy in the countries where we operate

We encourage active engagement and appreciate feedback from our stakeholders. Let us know how we can expand our sustainability contribution and meet your information needs. Send your queries, comments and feedback to sustainabilitymanagement@sanlam.co.za.

Our reporting suite

This Resilience Report (the report) is one of the elements of Sanlam's year-end reporting suite for the financial year from 1 January 2020 to 31 December 2020. More information on financial results, governance and remuneration is available in the other reporting suite elements that can be accessed via the downloads centre of the Sanlam investor relations website at www.sanlam.com/investorrelations/downloadscentre/ and includes:

- 2020 Sanlam Integrated Report
- 2020 Sanlam Annual Financial Statements
- 2020 Sanlam results presentation
- 2020 Sanlam results announcement
- 2020 Sanlam Corporate Governance Report
- 2020 King IV Report
- 2020 Sanlam Remuneration Report

Our reporting boundary

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 all the regions where it operates. **For some non-financial data, only the South African operations are included, as indicated where relevant.**

Sanlam is a separately listed entity and its employee data is not included in Group numbers. However, this data is included in Financial Sector Charter (FSC) scorecard reporting and where Group-wide programmes are discussed.

Assurance of sustainability indicators

We are committed to providing our stakeholders with information and data they can trust. Sustainability assurance agency, Verify CO₂, provided independent third-party verification of the Group's annual greenhouse gas (GHG) emissions inventory for 2020.

The Group's key objectives for undergoing a third-party verification are to:

- Confirm that the underlying data, methodologies and emission factors used to calculate the Group's GHG emissions inventory are complete and accurate
- Add credibility to the Group's GHG disclosures
- Enhance the Group's performance for the CDP 2020 Climate Change submission

An in-depth, systematic audit has been done in accordance with ISO 14064-3:2006. The verification process included a high-level review of the Group and its business activities to ensure that boundaries are complete, followed by a risk assessment, GHG conversion checks and data scrutiny. The 2020 verification statement can be accessed via the downloads centre on the Sanlam investor relations website.

AQRate verified Sanlam Group's broad-based black economic empowerment (B-BBEE) status as a level 1 for the financial year ended 31 December 2020 according to the amended Financial Sector Generic Scorecard for long-term insurers. The latest Sanlam B-BBEE certificate can be accessed via the downloads centre on the Sanlam investor relations website.

Approval of this report

The SES committee acknowledges its responsibility to ensure the integrity of this report and evaluated its preparation and presentation. In the committee's opinion, this report addresses the material themes pertaining to the long-term sustainability of Sanlam. The content development process was co-ordinated by the sustainability team, with input and approval from Sanlam subject matter experts, line management and Exco.

Defining our material resilience themes for 2020

Sanlam is the biggest non-banking financial services group on the African continent and is present in 44 countries serving clients from all income groups. Sanlam has scale and complexity, which means that its material themes are dynamic. We nevertheless endeavour to identify material themes with a fair perspective, based on comprehensive research and considering an adequate scope. For this reason, we adopted SASB as a way to test Sanlam's material resilience themes.

Sanlam falls within the scope of the financial services industry, and therefore has a comparable business model and uses the six capitals similarly to other companies in this sector. However, we also have to consider the unique challenges in our South African core market, and consider the interests of our material stakeholders. We therefore elected to use the following SASB standards to support a broader, Sanlam-specific spectrum of material themes, topics and metrics:

- Consumer Finance Sustainability Accounting Standard
- Asset Management and Custody Activities Sustainability Accounting Standard
- Insurance Sustainability Accounting Standard
- Construction Materials Sustainability Accounting Standard

We are mindful that SASB assesses the likely materiality of sustainability issues at the level of disclosure topics and not metrics. We therefore continue reporting key established Sanlam indicators in addition to SASB topics and metrics. See Appendix B on page 74 for Sanlam's 2020 SASB index.

We further tested our assumptions around material resilience themes through the Own Risk and Solvency Assessment (ORSA) which is well established in Sanlam at a Group and cluster level. The ORSA process provides a robust view of the different clusters' 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 the dynamic process of evolving and assessing the effectiveness of the Group's governance approach and structures, Sanlam also considers the criteria used by respected ESG reporting and ratings platforms.

The outcome of our 2020 process was six material resilience themes that have evolved from the individual cluster resilience themes reported on in 2019.

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

Resilience at a glance

R2,25 billion

committed to seed three impact funds in an effort to protect jobs and back South African businesses affected by the pandemic

R100 million

pledged for direct COVID-19 support such as PPE and other urgent relief

R2 billion

provided for by Santam for contingent business interruption claims in addition to R1 billion interim relief payments paid in August 2020

US\$2,3 million

Sanlam made a donation to the African Union to provide relief on the African continent focussing on personal protective equipment and food relief

R45 million

to support various initiatives in response to the pandemic across Africa

R255 million

COVID-19 support to intermediaries

46 727

Sanlam savings clients were granted COVID-19 payment holidays and 79% of policies resumed payment successfully at the end of their payment holiday

10 000

Sanlam Individual Life clients applied for a three-month payment holiday and 88% of policies resumed payment at the end of September

2 200

Glacier and 2 125 Retail Mass clients took up COVID-19 relief measures

FTSE/JSE

Sanlam is included in the FTSE/JSE Responsible Investment Index

FTSE4Good

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

Top 10

Sanlam is among the top 10 constituents of the MSCI ESG Leaders Index

WWF-SA

Sanlam has been partnering with WWF-SA for 13 years

CDP

A-CDP climate change score (2019: B)

C CDP water security score (2019: C)

Level 1

Sanlam is a level 1 B-BBEE contributor

Largest

Sanlam Investment Holdings is now the largest black-owned asset manager in South Africa

R12,8 million

consumer financial education spend (2019: R23,6 million)

Top employer

Sanlam was awarded the Top Employers certification for South Africa for the sixth consecutive year

About Sanlam



Who we are

Sanlam is a diversified financial services group operating across Africa, India and selected other emerging and developed markets, with listings on the Johannesburg, A2X and Namibian stock exchanges. 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.

We operate through several subsidiaries, associated companies and joint ventures. Four main business clusters – Sanlam Life and Savings (SLS), Sanlam Emerging Markets (SEM), Sanlam Investment Group (SIG) and Santam – deliver tailored, comprehensive and client-centric financial solutions to individual and institutional clients. Our areas of expertise include insurance (life and general), financial planning, retirement and employee benefits, investments and wealth management.

We offer our clients these solutions through their preferred channel, with increased focus on developing our digital capability.

Our strategy guides our long-term thinking, shaped by four 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

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 Sanlam Group, including our strategy, risks, operating environment and business model in the 2020 Integrated Report that can be accessed via the downloads centre of the Sanlam investor relations website.

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

Resilient stakeholder relationships

At Sanlam we believe that developing and maintaining healthy relationships with our stakeholders results in increased trust, especially in challenging times. It is therefore important that we continuously invest in identifying and building stakeholder relationships that increase confidence across the Group, minimise uncertainty, and effectively deal with dynamic challenges.

Profiling our stakeholder groups

We believe in forging mutually beneficial connections with groups and individuals that have a common interest in Sanlam-related matters. Our universe of stakeholders include:



Clients

Clients are the people who use Sanlam's products and services. We serve people from all income groups in all geographies in which we operate or where we have an interest in a business partner's operations. Clients engage with us for advice and solutions to achieve financial resilience at various stages of their life cycle and through a wide range of touchpoints. Client satisfaction is measured regularly, shaped by the fundamental underlying principles of the Treating Customers Fairly (TCF) regulatory framework.



Employees

Employees provide us with the skills and expertise that support our business activities. Employee engagement is ongoing and forms part of Sanlam's employee value proposition (EVP). We conduct regular employee surveys to inform Group-wide programmes that enhance their employment experience and development prospects.



Shareholders and the investment community

Shareholders and the investment community are our primary providers of financial capital, with analysts guiding their decision-making. Shareholders can access information on Sanlam's performance via its annual reporting suite, website and SENS announcements. Information sharing with shareholders and investors is also facilitated through biannual results presentations, operational updates, the Sanlam investor conference, the annual general meeting and through ad hoc meetings.



Business partners and suppliers

Business partners and suppliers provide us with products and services that enable Sanlam to conduct business. Our business model relies on partnerships and collaboration. We depend on the local knowledge and infrastructure of our partners in the markets in which we operate and invest. Engagement with these stakeholders is supportive and not intrusive. Engagement is formalised through service level agreements, governance structures, reporting requirements and personal engagement. Business partners are essential in achieving our vision to distinguish ourselves as the most admired financial services group in Africa.



Distribution partners

Distribution partners function downstream from Sanlam's businesses and facilitate the delivery of our solutions to clients. Advisers service our retail clients via two categories: those who are only accredited to sell Sanlam products, and those accredited to sell a wider product range. Independent brokers service retail and institutional clients across market segments and are supported by dedicated broker support units.



Media

Media constitutes decision-makers, content curators and, for example, media owners, media houses, editors, sub-editors, journalists, freelancers and columnists in all countries where we operate. We engage with them through the central Group communications function and authorised spokespersons according to the guidelines set out in the Sanlam Group communication policy and crisis communication framework.



Civil society

Civil society forms the base from which demand for Sanlam's products and services is generated, from which workforce skills are acquired and from where our business derives legitimacy. Civil society includes trade union federations, political parties and non-governmental organisations. The Sanlam Foundation is Sanlam's primary CSI vehicle and is focused on shared value initiatives that fulfil the needs of society and business. Various CSI initiatives that are aligned with the Group's priorities are also conducted in country by SEM. In support of Sanlam's purpose, we pursue outcomes that build financial resilience and prosperity. These outcomes include the advancement of entrepreneurship, consumer financial education and skills development.



Organised business and industry

Organised business and industry take the form of associations and organisations that form across sectors and/or in the financial services industry. The Sanlam Group participates in, contributes to and leverages its corporate membership with the different organisations to which it is affiliated. Engaging key stakeholders through these organisations provides an invaluable platform for access to key decision-makers in government, the private sector, and other sectors of society. These multiple stakeholder engagement platforms create more value for Sanlam than one-on-one engagements.



Government

Government constitutes the host governments in the countries where Sanlam operates. Government policy and plans provide the parameters for socio-economic development. Sanlam engages with government through industry associations and various business chambers. In South Africa our engagements include the Department of Education through the Sanlam Foundation's Blue Ladder Schools programme, which is aligned with government's National Development Plan.



Regulators

Regulators are the institutions, entities and bodies that provide financial stability and a sustainable environment for financial services through prudential and market conduct and regulation. We engage on a regular basis with industry regulators to assist in creating a trusted and stable financial services environment.

Governance of stakeholder relationships

The Sanlam Board and executive management are responsible for managing Sanlam in a sustainable and stakeholder-inclusive manner. This includes overseeing the strategic risks that relate to the interface between Sanlam and its stakeholders, and balancing the needs, interests and expectations of all material stakeholders over time. Read more about our governance responsibilities to stakeholders in the 2020 Corporate Governance Report available in the downloads section of the investor relations website.

The SES committee undertakes a quarterly review of all sustainability-related matters, including stakeholder engagement. The committee is *inter alia* mandated to oversee the application and explanation of principle 16, dealing with stakeholder relationships, as set out in the King Report on Corporate Governance™ for South Africa, 2016 (King IV™)¹.

Our stakeholder management policy

We have a stakeholder management policy that considers global trends and the requirements of King IV™. Stakeholder management is treated as one of the tight principles as defined by the Sanlam Group Business Philosophy, which means that compliance by Sanlam businesses, subsidiaries and Group entities with the policy is compulsory.

Salient features of the policy:

- We acknowledge different stakeholder management practices across our footprint and allow business entities relative autonomy to position themselves in relation to their stakeholders, providing they adhere to our principles.
- The policy mitigates risks related to lack of planning, improper engagement conduct, the absence of institutional memory and thus a widening gap between stakeholder expectations and Sanlam behaviour.
- The management of key stakeholder relationships is governed according to the Group's tiered operating structure with the Sanlam Board and Group Chief Executive being primarily accountable. Authority is delegated to Group cluster boards, the cluster Chief Executives and Group executives.
- The Sanlam Board authorisation framework makes provision for the management of two specific stakeholder groups to be delegated to specialist functions, namely media and shareholders.

This year we invested in a stakeholder management system called StakeTracker to assist with implementation and compliance with the policy. The web-based stakeholder information software is used to plan, record, document and report on communication to and engagement with stakeholders. It will encourage more transparency and accountability on issues of stakeholder management throughout the Group.

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Resilient stakeholder relationships continued

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.

Stakeholder engagement during COVID-19

Lockdown measurements hampered progress with many of our stakeholder programmes and engagements. These were re-prioritised to remain responsive to our stakeholders' immediate needs as they were impacted by the pandemic in different ways.

COVID-19 measures fundamentally changed our approach to stakeholder engagement. As digital platforms have made it possible to continue to engage, inform and consult stakeholders, we reconsidered our stakeholder engagement practices. We are therefore set to put digital technology at the centre of our future stakeholder engagement strategies.

The Sanlam Exco approved a specific COVID-19 CSI budget – in addition to the R100 million donation together with Motsepe Foundation – that enabled us to continue engaging with stakeholders in key accounts and institutional clients throughout South Africa. This helped strengthen our relationships, retained and expanded our market share and built brand equity.

Below are some examples of COVID-19 initiatives and contributions from across the Group to support and assist a wide range of stakeholders:



Clients

Early in the pandemic, Sanlam was swift to anticipate client needs. We expanded the criteria for eligible claims for COVID-19, for example to accommodate clients who returned from an overseas country, or who had direct contact with an individual who tested positive and had to self-isolate as a result. R162 million COVID-19-related claims were paid by Sanlam Individual Life between March and December 2020, with over R17 million paid to clients for sickness and income protection benefits and over R144 million paid in death and funeral claims.

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. 79% of savings policyholders resumed payments after the premium holiday and 88% of Sanlam Individual Life policies resumed. This confirms that policyholders see the value in our offering and that retention engagements were largely successful.

Sanlam incurred net COVID-19-related CBI claims of R3 billion which included 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.

We supported employers and retirement fund trustees in their communication with members, including informing them of mechanisms they can use to provide relief and how to use digital tools. Sanlam Corporate provided relief to over 108 000 members.

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.



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 (Santam and the adviser workforce were excluded). The results were positive and employees expressed 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.



**Business partners
and suppliers**

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.

We supported business partners. Outside of South Africa, we donated R45 million to support various SEM initiatives in 30 African countries in response to the pandemic.



**Distribution
partners**

During lockdown, 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.

Resilient stakeholder relationships continued



Civil 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 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 responsible investment section on page 64.

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.



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 ORSA report.

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 productivity of intermediaries.

Each time a pollinator visits a flower, genes are exchanged. This increases diversity and allows for something new to be created. Flowers adapt to attract specific pollinators who in turn rely on the flowers for food. Increased pollination helps restore plant communities where these have been disturbed.

Our lesson from nature

When we engage in a way that creates shared value, we increase Sanlam's resilience. An example is the way in which, during COVID-19 lockdown periods, intermediaries used different channels and created more opportunities to engage with clients. This ensured client retention and alleviated uncertainty during phases of volatile investment market returns.

Material resilience themes

Serving our clients

Empowering our people

Supporting our communities

Embedding an ethical culture

Protecting and preserving resources

Recognising the value of sustainable investment

Serving our clients

Our clients are the people who use Sanlam's product and service solutions to further their current and future financial prospects and resilience. Client engagement occurs at various touchpoints during the client transaction process and all stages of the client life cycle. We want clients to rate Sanlam for having the best client experience in each market in which we operate.

We gained additional momentum to change the way we engage with our clients this year. The reviewed Sanlam Group strategy placed significant emphasis on digital transformation and a radically enhanced client engagement model. The model taps into Sanlam's highly skilled resources and intellectual property to continually improve the confidence our clients have in their financial plans.

With the structural changes to the Sanlam clusters, the newly created Sanlam Life and Savings cluster adopted a new operating model.

We created a Client and Intermediary Experience (CX) portfolio that is the product owner of a client engagement platform. The platform consolidates existing and new client and intermediary applications and will create a shared pool of scarce skills. Sanlam Indie also became part of the CX unit as an end-to-end business unit, providing valuable direct client insights to the CX team across all aspects of client engagement.

Sanlam is harmonising client service business models and infrastructure to create synergies and to offer a seamless service.

CX will be the custodian and centre of excellence for delivering superior retail customer and intermediary experiences under the Sanlam brand, rationalising existing and building new client and intermediary engagement applications.

Due to COVID-19, we experienced a different set of client risks compared to previous years:

- All our businesses were at risk of clients not paying premiums
- Sanlam's ability to meet client expectations was under pressure, particularly on savings, funeral and investment products
- We had to re-assess the client service experience and engagement needs as clients were not able to meet with us face to face

Maintaining service levels was a serious challenge due to the lockdown and load shedding. Complaints dropped mainly due to COVID-19-induced lockdown and reduced sales activity.

We launched extensive communication initiatives to ensure clients are aware of self-service options that are available. At the end of April we launched a campaign with the theme 'Navigate Challenging Times', focusing on retirement. It was later extended to include insurance and aimed to provide answers to clients' concerns in easy to understand language and in a safe environment. The two campaign pages hosted articles and videos from Sanlam experts, essential tips, frequently asked questions as well as infographics to explain difficult or confusing concepts.

We also improved our analytics to refine our support. In Sanlam Life and Savings we automated processes through the use of robotics.

Product development and enhancements have taken into account the financial impact of COVID-19 on clients and investment markets.

The Group continued to have a positive variance experience and resilient persistency despite difficult economic conditions and pressures on clients' disposable income.

Key CX focus areas

COVID-19 accelerated the move toward digital and highlighted the need for clients to be able to do business with us more easily across channels. CX will therefore prioritise:



Improved customer focused website



New authenticated after sales experience



Digitising advice and decoupling advice from channel



Simplification and consistency of experiences across products and services

Treating Customers Fairly

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 TCF regulatory framework.



Ensuring that we treat customers fairly

TCF is an outcomes-based South African regulatory and supervisory approach set by the Financial Sector Conduct Authority (FSCA) and designed to ensure that specific, clearly articulated fairness outcomes for financial services consumers are delivered by regulated financial groups.

TCF requires that we demonstrate that we deliver six outcomes to our customers throughout the product life cycle, from product design and promotion, through advice and servicing, to complaints and claims handling – and throughout the product value chain so that:

- Customers can be confident they are dealing with a Group where TCF is central to the corporate culture
- Products and services marketed and sold in the retail market are designed to meet the needs of identified customer groups and are targeted accordingly
- Customers are provided with clear information and kept appropriately informed before, during and after point of sale
- Where advice is given, it is suitable and takes account of customer circumstances
- Products perform as we have led customers to expect, and service is of an acceptable standard and as they have been led to expect
- Customers do not face unreasonable post-sale barriers imposed by firms to change product, switch providers, submit a claim or make a complaint

The core market conduct legislative and regulatory obligations that support and enable the TCF outcomes, include:

- The Financial Advisory and Intermediary Services (FAIS) Act, 37 of 2002 (FAIS Act), incorporating FAIS Regulations
- FAIS Codes of Conduct
- FAIS Determination of Fit and Proper Requirements
- The Long-term Insurance Act, 52 of 1998 (LTIA), incorporating LTIA Regulations
- Policyholder Protection Rules
- The Pension Funds Act, 24 of 1956 (PFA), incorporating PFA Regulations
- Various industry standards (e.g. ASISA)

The Conduct of Financial Institutions (COFI) Bill is expected to include a number of chapters specifically focused on ensuring institutions deliver TCF outcomes throughout the typical financial product life cycle and will empower the FSCA to make conduct standards to reinforce this objective.

Governance oversight of client matters

Sanlam is a pioneer in incorporating the client view into product development and governance structures. The Board's Customer Interest committee was established in 1998 and has since broadened its mandate in terms of TCF. The committee monitors client-related decisions and complaints, while ensuring that our practices remain aligned with the six fairness outcomes of TCF, even in markets where it is not yet a regulatory requirement.

The Sanlam Customer Interest committee is mandated by the Board to review and monitor that all client-related decisions adhere to these fairness outcomes. The committee tracks, for example, indicators relating to:

- Product design
- Information provided
- Advice
- Product performance
- Service
- Claims
- Complaints handling
- Product accessibility

Several other governance elements ensure that we comply with client-centric legislation and regulations:

- Sanlam's Code of Ethical Conduct requires compliance with all applicable legislation, common law, industry regulations and codes as well as the Group's policies, procedures and approval frameworks at all times.
- The Sanlam Group governance policy designates compliance as one of the tight areas of governance.
- The Sanlam Group compliance policy also gives effect to Sanlam's obligations in respect of compliance requirements.

Ensuring fairness for customers

Sanlam recognises the importance of delivering the fair treatment of customers throughout the life cycle of our relationship with them and continues to embed TCF into our culture. Our approach and process is designed around three questions:

- Did we explain what was bought to the customer?
- Was the product and services appropriate for their needs?
- Did the customer get what was promised?

Based on the outcome of our analysis, we know whether a fair or unfair outcome was delivered. Where an unfair outcome is identified, Sanlam will act immediately to address the area of concern. As our relationships with clients often involve third parties, we take particular care to govern these relationships in the interest of the client.

Serving our clients continued

Third parties include investment managers, brokers or intermediaries, brokerages, other distribution partners and other outsourced service providers. Sanlam's obligation towards third parties in terms of serving our clients include:

- Proper selection and contracting of third parties
- Training of selected third parties
- Monitoring third parties against pre-set criteria

We have clear agreements on the division of responsibilities to ensure the fair treatment of customers. Our approach is set out in the Group outsourcing and the Group sourcing policies and defines, for example, how client information held by third parties is treated.

Independent intermediaries

Our relationships with independent intermediaries (brokers and brokerages) are governed by Sanlam's internal rules as well as the FAIS Act and regulations. Intermediaries' delivery of fairness outcomes 3 (clear information) and 4 (suitable advice) is to a large extent driven by the disclosure, advice, conflict of interest and licensing requirements under the FAIS Act. Furthermore, brokers are FSCA-regulated entities and thus have a TCF responsibility directly enforced by the FSCA. By only selecting FSCA-licensed brokers, Sanlam has a reasonable and legitimate expectation that brokers are compliant with TCF for which the key individuals of the brokerage are primarily responsible.

Our primary focus in terms of independent intermediaries is to provide support through training of contracted brokers and ensuring effective communication with these brokers.

Other third-party agreements

Sanlam is responsible to determine if a particular third-party agreement has a TCF impact, i.e. whether the outsourcing agreement affects client outcomes. TCF is included in the due diligence process when selecting a third party, for example by testing evidence of TCF principles.

For bespoke contracts, Sanlam will share our expectations around the TCF duties that third parties are required to perform. These duties include, for example, specific complaints procedures, minimum standards for processing claims and the provision of certain management information. Such contracts also specify service level agreements, remedy action if TCF principles are not met and exit criteria.

In addition, Sanlam stipulates right of access to client information to enable fair outcomes for clients through third parties. We monitor service levels and third-party performance continually and address issues that may jeopardise fair outcomes for clients. Sanlam is committed to ensure that the necessary training is either received or provided to contracted third parties where relevant.

Informing customers about products and services

Sanlam built a resilient network of intermediaries over many decades in South Africa. These intermediaries have strong client relationships, and we value these as the basis for client engagement and financial planning over a client's lifetime. In collaboration with intermediaries we guide clients towards financial resilience: we help them to create security and wealth, to reach their financial goals, to achieve their aspirations and master their financial lives.

To support intermediaries as the custodians of those client relationships, we try to understand the patterns, trends and preferences of our clients, so we know what to offer them and how we can help. To ensure that intermediaries foster trusted, genuine and long-term connections we ensure that remuneration and incentives do not unduly influence the advice or the product being offered. This is achieved by aligning commission and fees paid to intermediaries with applicable regulatory requirements.

Sanlam employs various incentives for intermediaries and bonus schemes for tied agents to drive behaviour that delivers optimal outcomes to all stakeholders. This includes, for example, increased productivity, cost effectiveness, profitability and new client acquisition. However, this is always done by ensuring that truly client-centric behaviour underpins the serving of the client's interests.

We take the quality of the engagement between our intermediaries and clients seriously. Therefore, we frequently conduct client surveys to gauge the level of satisfaction with the quality of advice, product and service received. Should the survey results not be satisfactory, intermediaries run the risk of incentives being forfeited.

Incentives and bonuses are driven by the quantity of the full suite of products delivered to clients, without being biased to any particular product type. Our intermediaries are mainly remunerated through a commission-and-fees-only system, and the payment of commission, fees, bonuses or any form of incentives is governed by the quality of the intermediary's advice and the sustainability and longevity of the products sold. The latter is seen as indicative of the quality and suitability of advice and maintaining high-quality long-term client relationships.

Our intermediaries' primary source of income is commission and advice fees, and 100% of our incentives and bonuses are linked to the quality and volume of sales, without any preference for specific products.



Sanlam's compliance function protects clients

Sanlam's Board requires that the compliance function:

- Operates independently of the operational businesses to remain objective and without conflicts of interest or undue influence
- Has timeous and unrestricted access to appropriate records, documentation and information, as well as access to any individuals that may be required to discharge their compliance responsibilities
- Has the authority to consult and follow up with senior management on compliance issues identified and recommendations made
- Has the necessary resources to be effective, including succession planning
- Reports to the Board and senior management on the adequacy and effectiveness of the compliance function
- Notifies and, when required, escalates all compliance-related incidents identified timeously to the Board and senior management

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.

Hotline

We encourage anyone who suspects that fraud, unethical conduct, suspected unlawful conduct or non-compliance is being perpetrated within the Company or against a Sanlam company or client, to report it to:

- the hotline on 0800 777 543; or
 - email sanlam@tip-offs.com; or
 - visit the website www.tip-offs.com.
-

Complaints

In South Africa, Sanlam subscribes to the independent Ombudsman of Long-Term Insurance's (OLTI) Long-Term Ombudsman Scheme. Our long-term insurance policyholders can lodge a complaint with the OLTI for resolution. The OLTI publishes industry complaints data for all subscribers in their annual report. This information is available on their website at www.ombud.co.za.

Client-responsive product design

In the digital age, the process of product development has evolved to a two-speed mechanism:

1 Financial product benefit design, pricing, and risk management follows a relatively conventional process involving actuaries, underwriters and product specialists. This takes time and effort, and this part of the process does not change at a high frequency.

2 The technology, design and experience part of product development brings the product to life. This includes designing how the product is bought and serviced, how it is communicated and marketed, the ideal client journey design and the look and feel of the entire experience. In this part of the process, we move and evolve much faster as we never know with certainty which design, or approach will work best. Clients' expectations in these areas are constantly evolving.

Sanlam Indie uses the two-speed process. Given the digital nature of Sanlam Indie, we can measure every click and interaction across our digital properties and optimise and improve our clients' experiences in response to real data.

As an example, data told us that many clients were struggling to answer the question involving their height (one of the questions we use in underwriting). Many prospective clients dropped off at that point or provided answers with values that seemed incorrect. This was a design challenge and we realised that many people did not know their height whereas they did not have the same issue with knowing their weight.

Our design team made it easier to answer this question and the results improved in response. Across a buying journey there are dozens of potential speedbumps that potential clients may encounter in buying a product digitally. Being able to quickly identify, iterate and track these various speedbumps means our product proposition continually improves, making the experience of our prospective clients improve too.

Serving our clients continued

Improving customer advice

Intermediaries and advisers are critical in building client relationships and we continuously improve our support to them.

In the mass retail market in South Africa, we identified the need to improve our sales and advice fulfilment processes and capabilities. This was based on internal reviews and client surveys to assess the level of satisfaction with the quality of advice, products and services. During the second half of 2020, we rolled out a new digital sales and client service platform to our tied agents in SA Retail Mass. This solution is already showing signs of an improved level of service and advice being offered to clients in this market.

We continuously strive to improve the advice process across the Sanlam business and subscribe to the highest levels of regulatory compliance by:

- Disciplined monitoring of advice processes and targeted management interventions where required.
- Providing continual upskilling and training to intermediaries and managers to ensure that they have a proper understanding of the requirements of the FAIS Act and related market conduct regulations.
- Reinforcing a compliance culture by continuously and consistently emphasising expectations of intermediaries and management.

Preservation decision support during COVID-19

When a client – in this case a member of an employee fund – starts preparing for retirement, he or she requires a process of careful planning, commitment and the trust that they will receive advice and support that will assist them in reaching their desired financial outcomes. However, along the way many clients face shocks or situations that change their short-term priorities and might impact their ability to preserve funds for retirement. COVID-19 was such an event.

In addition to free counselling provided to members of qualifying retirement funds and a range of digital tools, Sanlam invested in client relationships this year by spending a lot of additional time with employers and trustees. We discussed mechanisms that they could use to provide relief to members and kept them informed about investment market performance. We went a long way to enhance the experience for members and employers during the pandemic.

The uptake of our digital tools saw a steep jump in the number of members and clients registered on portals. This led to higher contributions loaded online and benefits or claims paid digitally – in the latter case speeding up the process for clients from about 10 to two days. COVID-19 was a great catalyst for member services in this regard.

Sanlam Corporate serves more than a million active retirement fund members. Recent legislation enabled an environment where we engage significantly more with members, and not just employers or trustees. In addition to a spectrum of communication channels from WhatsApp to member apps to human counsellors, we are now also providing video engagement which proves to be effective in getting members to take action.

In the member's interest, Sanlam wants to ensure that more retirement fund members preserve their benefits to improve their financial resilience. Many fund members do not have access to financial advice, so retirement benefits counselling fills the information gap to address the needs of the underserved to improve their financial resilience.

Exiting employees that receive retirement benefits counselling were found to be 10 times more likely to preserve their retirement funds than those who did not. This is a substantial difference in an environment where rates of preservation have been historically poor and the long-term impact of withdrawal highly negative.

“There is a lot to be said for our SLS employees and how well they responded to COVID-19. They did a phenomenal job under the circumstances. 32% of about 63 000 policies that would otherwise have lapsed in the hard-lockdown months (March to May), were still in force at the end of December 2020. We relaxed our SA Retail Mass lapse rules on funeral policies to accommodate clients facing challenging financial circumstances during the early stages of the COVID-19 pandemic.

From April to end December, we paid claims to the value of R28 million on these policies to clients as a result of them being able to keep their policies in force.

We had 4 277 policies exercise their premium holiday benefit. Of these policies, 2 683 are still in-force (63%), with 1 152 resuming premium payments.”

- Jurie Strydom, CEO of the Sanlam Life and Savings cluster

Serving ZCC members during COVID-19

The Zion Christian Church (ZCC) is the largest African initiated church operating across Southern Africa. It was founded in 1910 and has between four and six million members. In 1989, it became evident that members of the congregation need easy access to a burial benefit insurance product. Moreover, it was important that such a product was reputable and therefore trustworthy, formalised and uniform, in other words, one-size fits all. It also had to be cost effective, easily accessible by any member of the church who wished to take up the product, not subject to an upper age limit, and professionally managed.

In 1990, African Life Insurance Company Limited (now Sanlam Developing Markets Limited) agreed to underwrite a uniform burial benefit product by way of a master policy with the ZCC in return for a monthly premium. The scheme proved to be a great success and in 2000, a decision was made to create a separate brand to differentiate between the church's spiritual activities and the scheme itself. Accordingly, the brand Kganya was born and the Kganya Benefits Fund Trust (KBFT) was registered.

The long-standing partnership is evidence of Sanlam's commitment to working with clients such as affinity groups to improve access to financial services for all South Africans.

The lockdown enforced from March 2020 meant that church gatherings were not allowed. The ZCC collects member contributions through cash collections and was therefore particularly vulnerable during this time. The lockdown prevented members from paying their monthly church contributions at the ZCC branches, thereby risking them not being able to retain their benefits.

The circumstances of the lockdown were through no fault of the members and, in the spirit of TCF, and considering the loyal membership over many years, both parties felt it was fair to implement alleviation measures which would address premium and claim payments. This was in the best interest of all parties involved, until such time that the situation normalised and members' contributions could be restored to pre-COVID-19 levels.

The outcome was that:

- All members retained their cover during the time the church was unable to operate due to lockdown restrictions
- A total of 8 222 claims were paid between April and October 2020
- These claims amounted to over R217 million

The success of this was as a result of a joint effort between Sanlam, Kganya and KBFT. The main objective was to ensure that members were taken care of during unprecedented times.

Serving our clients continued

Cyber-resilience and data security

The accelerating digital revolution is fundamentally altering the way Sanlam's current and future clients, employees, business and distribution partners live, work and relate. This coincides with longer-term changes in demographics and globalisation, highlighted by the rapid deployment of remote working technology and collaboration tools due to COVID-19. This increased the risk of malicious cyberactivity and attacks.

Sanlam has to ensure that we protect our clients' assets, including the information they disclose to us. This includes, for example, ID and tax numbers, personal demographic details and employment information.

Sanlam only collects the data that we require for the agreement we are entering with the client. This might entail significant amounts of personal information that needs to be safeguarded for long periods of time. We have therefore embarked on a number of initiatives to vest and mature data governance practices across the Group.

Our initial focus this year was on compliance with Policyholder Protection Rule 13 that focuses on accurate, reliable, secure and complete data. This led to the establishment of the necessary structures to oversee data governance, which are now expanded to implement the requirements for the Protection of Personal Information Act, 4 of 2013 (POPIA) regulations. As our data maturity increases, data governance and security becomes a business driver rather than a compliance issue.

The four Group policies are:

<p>The Sanlam Group IT policy</p>	<p>The Sanlam Life and Savings cluster is responsible for the Group's retail life and investment business in South Africa. It provides clients with a comprehensive range of appropriate and competitive financial solutions, designed to facilitate long-term wealth creation and protection.</p>	<p>The Sanlam Group information and data policy</p>	<p>This policy defines the Board's requirements regarding information and data governance and management. The Board regards information and data as valuable assets and key enablers for strategic success and sustaining value for all stakeholders. The Group should be effective in deriving value from information and data, utilising data and information to optimise overall efficiency in decision-making and operational execution while identifying, managing and curbing risk successfully. Specific information and data objectives include protecting the Group's strategic, competitive, operational and personal information, ensuring compliance with regulations and sharing information to enable differentiating client experiences.</p>
<p>The Sanlam Group cybersecurity policy</p>	<p>The purpose of this policy is to set out the minimum requirements for the management of cybersecurity risks in business entities. Cybersecurity can be defined as the protection against harm caused by malicious acts or events that compromise the confidentiality, integrity or availability of information and/or systems. The intended outcomes of this policy include establishing security between sharing parties with a uniform set of controls, classifying the confidentiality and criticality of information systems and integrating security controls.</p>	<p>The Sanlam Group digital behaviour (user) policy</p>	<p>This policy defines the Board's requirements regarding expected behaviour of all users when using digital resources. The use of mobile devices, internal IT systems, cloud systems, social media and other digital resources are essential to operations, important for having competitive business practices and for engaging with stakeholders. However, Sanlam needs to manage risks associated with digital behaviour that can harm Sanlam's operations and reputation. Users are required to take responsibility for their digital behaviour, to participate in education and awareness initiatives and to comply with the policy and its supporting standards.</p>

Information and data governance

We enhance cyber-resilience and data protection by developing, implementing and continuously refining a robust cyber-resilience and information governance framework. Sanlam applies a range of measures to prevent unauthorised use, disclosure, disruption, modification, inspection, recording or destruction of information – whether in physical or electronic format.

These measures are determined by a range of policies and standards that are continually enhanced and expanded, for example, the requirements of Policyholder Protection Rule 13 (data management), the POPIA and Prudential Standard GOI 5 (outsourcing by insurers). In 2020 Sanlam revised the structure of policies pertaining to information and technology by consolidating all previous policies and charters into four Group policies. We now use an adaptive governance model which applies tight control around the core matter while business units can adapt governance to meet their specific requirements.

The aim is to keep Group policies at a principle level and make use of Group standards to explicitly define requirements for tight controls. Guidelines direct implementation which is supported by a working group for each domain.

In addition, the Board approved a Sanlam Group privacy policy that is owned by the Group compliance function and defines the Group’s position in terms of privacy across all the geographies where it conducts business.

In the latter half of 2020, some governance structures were re-organised as part of the strategic changes in the business. We introduced three councils to maintain the current level of governance with the intent to expand these based on the Group’s appetite for capital investment, simplification of the current landscape and our technology architecture. Read more about information and data governance in the 2020 Corporate Governance Report available in the downloads section of the investor relations website.

Data security incidents

Data security incidents impact Sanlam through interruption of business when systems or the data within systems are inaccessible. Alternatively, it may impact the brand, our reputation and have financial implications due to fines or litigation. Data breaches include unauthorised acquisition, access, use, or disclosure of protected information that result in Sanlam’s business processes deviating from its expected outcomes for confidentiality, integrity, and availability.

0 severe data breaches were recorded this year

2020 According to the 2020 Sanlam Cyber Controls Self-Assessment the overall Sanlam security posture improved compared to the previous assessment

90% A mandatory Group-wide “Digital Behaviour – The Right Way” campaign was launched on 1 October 2020 and completed by 90% of all users

Sanlam identifies and addresses data security risks by conducting crown jewel assessments. These identify key systems and data sets, the potential risks associated with such an asset and the potential attack vectors. The results are used to identify mitigation plans and are tracked as part of the Group Information Security programme. We also do annual assessments of Sanlam’s security posture as well as a self-assessment against international benchmarks that help us define areas of improvement to track as part of the Group Information Security programme.

Cyber-resilience through collaboration

Cyber-resilience relies on sharing threat intelligence and other information that can contribute to improved security. Sanlam is an active member in managing security risks as a member of ASISA and working with the South African Banking Risk Information Centre.

To equip our network of advisers, consultants, administrators and funds to effectively manage their cyber-related exposure, we established the Cyber Resilience Benchmark. It offers a basic evaluation to improve awareness of cybercrime. We encourage the relevant stakeholders to:

- Apply the Cyber Resilience Benchmark
- Seek expert guidance
- Implement corrective action
- Choose cyber-resilient service providers

SEM remains more exposed to cyber-risks, amplified by a spread of smaller businesses with limited resources and skills. We mitigate this through a multi-faceted combination of activities that include an investment in people in country, standardisation of key technologies, contracting with third-party solution providers and setting up several structures to provide assistance.

Disaster recovery and business continuity

Sanlam has a well-established disaster recovery and business continuity programme. For applications hosted on-premises, a second data centre provides a highly available failover should it be required. We established a work area recovery site should temporary workspace be required. We test the ability of our employees to effectively make use of these facilities in the event of a disaster and to ensure that our documented procedures and processes are appropriate. The learnings from 2020, where the majority of our workforce was enabled to work from home during the COVID-19 pandemic, highlighted that the strategy around a work area recovery site needs to be reconsidered. Working from home also emphasised user dependency on stable power supply to continue business as usual.



Data privacy across borders

In South Africa, every citizen has a constitutional right to privacy. POPIA gives effect to this through substantive provisions that require compliance by 30 June 2021. Sanlam’s approach to POPIA and data privacy is one of harmonisation and consistency. We want to ensure effective cross-border flow of information within the Group and align protection measures across all Group companies. The Sanlam Group information and data policy thus applies to all entities in the Group and is not limited in application to POPIA. It is written at a generic, principle-based level without reference to the specific activities of any Sanlam Group company.

The purpose of the policy is to ensure that we process personal information in a responsible manner that demonstrates our commitment to upholding the right to privacy. This is subject to justifiable limitations that balance the right to data privacy against the right of access to information and the interest of stakeholders, including the free flow of information across international borders.

Mangroves are shrubs and trees that flourish in conditions that are subject to rapid daily, monthly and annual flux. They have a remarkable ability to cope with extraordinary types of stress, thriving in coastal saline or brackish water. They provide highly effective natural protection against tropical storms by acting as wave and wind breakers and can sequester up to 50 times more carbon in their soil by area than tropical forests.

Our lesson from nature

Our employees demonstrated their resilience during COVID-19, ensuring uninterrupted service delivery to clients despite very difficult and often uncertain conditions. They adapted to working from home despite power shortages, parental duties, financial distress and health scares.

Material resilience themes

Serving our clients

Empowering our people

Supporting our communities

Embedding an ethical culture

Protecting and preserving resources

Recognising the value of sustainable investment

Empowering our people

Sanlam is a knowledge based organisation and we rely on the capabilities of our people to deliver on our strategy. Our culture evolves and our employees are empowered for continuous learning and growth. This enables Sanlam to be competitive in the rapidly changing world. We value and appreciate the value of having a diverse workforce in the geographies where we operate, as a critical success factor to serve our diverse clients well.

Our HR strategy outlines the people implications, derived from the business strategy, into areas of strategic investment across the entire employee lifecycle. It allows us to create a working culture that deals successfully with the agility and scope of a digital workplace built on our purpose.



Message from our HR director

Our people are key in enabling the success and sustainability of our business. For this reason, we strive to understand the needs of employees in this new world of work. We must evolve to keep attracting, retaining, and developing current and future talent. To meet these expectations and to provide meaningful experiences and services for our people, we continuously evolve our HR strategy.

We align with the intent to empower generations to be financially confident, secure and prosperous, and take pride in ensuring that our employees are enabled to live their best lives throughout their lifecycle. Our values of leading with courage, serving with pride, delivering with integrity and demonstrating care and respect for one another and our clients, have set us apart for generations as a reputable employer. This culture encourages the open sharing of ideas, change, and ultimately it contributes to a great employee experience.

This was an unprecedented year due to the COVID-19 pandemic which impacted the global economy, the health and safety of employees, their families and communities. This accelerated the Future of Work including the rapid transition to new ways of working. In 2020, we adapted quickly and partnered for change and resilience:

- We partnered with all our businesses in leading the COVID-19 pandemic response. Our HR teams had to adapt quickly, put people first and played a key role to encourage collaboration and to lead with empathy.

- We partnered with employees in recognising that COVID-19 had a huge impact on their work, health and families. Our people appreciated even the little things we did to support them. We strongly supported the Group's intent to not retrench any employees. We know that by continuing to care and putting people first, we ensure that we are aligned with our people in building a sustainable business – when times are tough, our people will walk the path with us.
- We partnered with specialists to consider how we approach work in the new environment. We are expanding our approach to new ways of working, enhancing our practices and policies as we transition from responding to recovery from the pandemic.
- We partnered with our IT teams and businesses on the journey of HR digital transformation. The HR technology solutions have been valuable when we moved to working virtually and will be even more critical as we embrace a hybrid workforce.
- We partnered with the Board in the transformation at Group executive and senior management. This included finding the right people with the right capabilities and required diversity.

Jeanett Modise

Group HR director

Empowering our people continued



Our commitment as an employer

Sanlam actively promotes equity, diversity, and inclusion in the work environment. With South Africa as our country of origin, we adhere to the our Constitution. It forms the cornerstone of democracy in South Africa, protects the rights of all people in our country and affirms the democratic values of human dignity, equality and freedom which we carry through to our other markets. These include the full and equal enjoyment of all rights and freedoms. It means that we do not tolerate unfair direct or indirect discrimination against anyone on one or more grounds, including race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language and birth.

Find a list of all the policies related to our human resources (HR) practices in the appendix on page 73.



Salient features of our 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 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

Introducing our employees

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.

Although the management of people is a line function, with management taking full responsibility within an appropriate HR framework, we endeavour to align behaviours across the Group to ensure a performance driven and innovative workplace culture.

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)

Overall employee numbers increased by 40% due to new appointments in SEM, particularly in India. In South Africa, the overall headcount decreased by 3.9% compared to 2019. This is primarily due to turnover among the sales employees as only critical roles were filled due to the impact of COVID-19.

South African employee diversity profile (%)



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%)



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%)



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%)



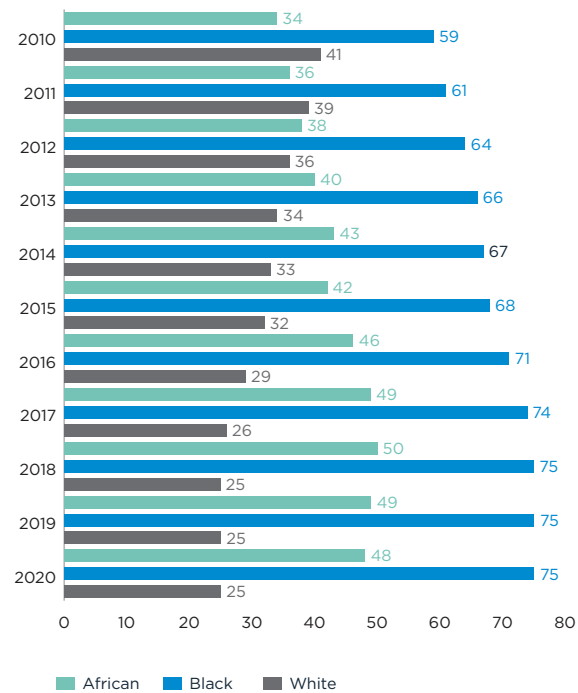
62	Top management (2019: 57%)
61	Senior management (2019: 63%)
47	Middle management (2019: 49%)
30	Junior management (2019: 31%)
5	Semi-skilled (2019: 5%)
2	Unskilled (2019: 2%)
25	Combined (2019: 25%)

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 Vice Chair of Sanlam Pan-Africa.

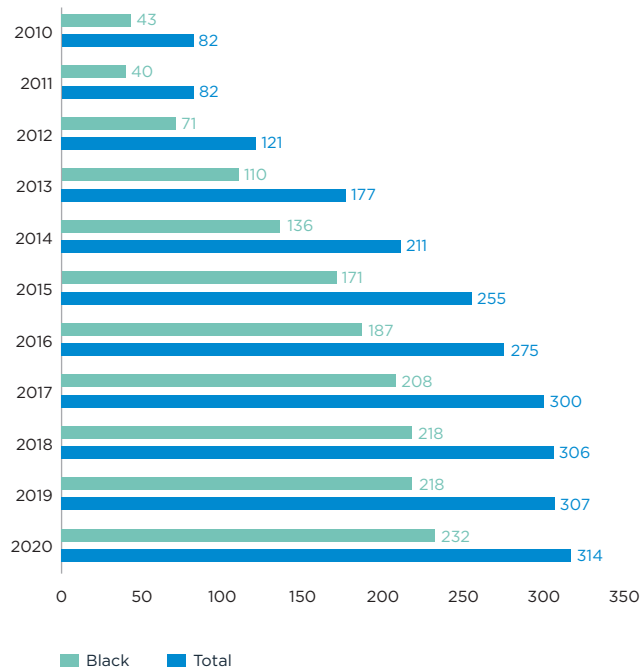
Empowering our people continued

The decrease in the tenure among the employees with less than one year decreased due to fixed term contracts not being renewed.

Employee race composition (%)



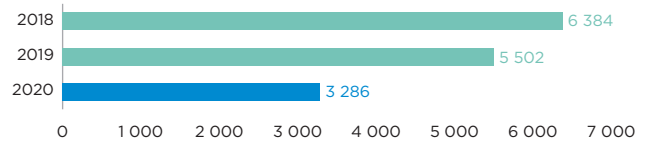
Employee with disabilities (3% target - 1,61)



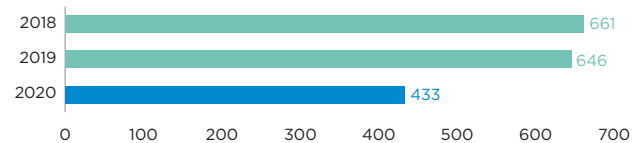
Although we made good progress over the past 10 years to increase the number of people with disabilities, there is room for improvement to achieve the recommended target of 3% of total employees. Of the employees with disabilities, 96% are permanently employed and 4% are participating in an internship or learnership. The hybrid nature of our workforce creates opportunities to increase appointments of people with disabilities. By continuing to encourage those with disabilities to declare their status, we are also able to create new ways to accommodate them.

South Africa employee movements

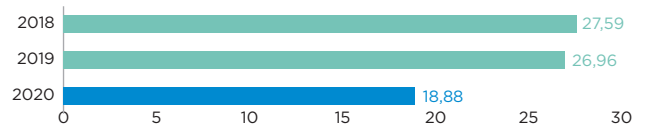
New external appointments



Internal promotions

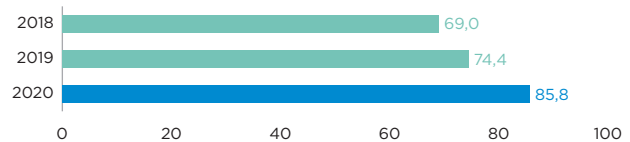


Employee turnover rate* (%)



* The employee turnover rate is calculated by dividing the number of terminations by the average headcount for the same period. The calculation is done for permanent employees (as defined by the Department of Labour), including office employees and advisers.

Employee retention rate* (%)



* Retention rate is calculated by # of employees at start of period less terminations, total divided by # of employees at end of period.

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. Within this context, Sanlam is committed to creating sustained economic growth through financial inclusion, participation and increased consumption, which in turn nurtures conditions for companies and communities to do well.

Read more about our progress in the section on making a leading contribution to B-BBEE from page 45.

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.

Gender diversity is an important element of transformation that links to the culture of our organisation. Sanlam supports women in the business. A series of conversations were rolled out with senior managers with the theme “Lead, Empower and Build”.

We invested in a licence with the global organisation Women in Tech (WIT). WIT will assist with a partnership programme with the University of Western Cape’s Economic and Management Sciences faculty, where 50 young female students will be sponsored and mentored to enter the

workplace within a year. The intention is to leverage off the WIT infrastructure to mentor young women at Sanlam and provide access to webinars that focus on their development.

We are continuously focused on improving gender diversity and fair remuneration practices to address gender-based pay inequities.

Sanlam complies with Equal Pay for Work of Equal Value legislation by conducting detailed analyses at cluster level and monitoring adherence to legislation. Income differentials are addressed annually for all employees.

Equally so, Sanlam recognises and embraces the value of a diverse Board. To this end, targets to increase the number of female Board members for both executive and non-executive directors, are reviewed annually.

The target for female representation on the Board was set at 35% for 2020 and we achieved representation of 35,29% at the end of the financial year.

Sanlam recognises the challenges experienced by people with disabilities to access the workplace. Opportunities have been created for disabled people’s skill sets to contribute to our Group and industry. This forms part of our commitment to redress the balance of the skills deficit prevalent in South Africa. The learnership programme is a deliberate drive for Sanlam to be inclusive and to increase the number of people with disabilities in the business. Disability awareness is built into the learnership programme through focused sessions to educate line managers on how to work with and lead people with disabilities.

We kept a close eye on employee turnover and maintained our focus on progressing workforce diversity.

Empowering our people continued

Reflecting on 2020 and looking towards 2021

Our focus in 2020 was on employee safety and support and equipping them to work remotely. We enhanced our wellness offering and enabled more than 90% of the workforce to work from home. This was made possible by an agile IT, digital and HR approach and investments. We had to be flexible in addressing situations where employees were not able to work remotely: leave and time off arrangements were made to ensure we protect jobs.

The COVID-19 pandemic amplified employee risks, including our ability to perform Sanlam's most critical activities and remain productive. We had to make rapid, high-impact decisions in response to shifting regulations and an uncertain operating environment. Our leadership had to continuously align pandemic management plans to the different countries' and business units' phases of the COVID-19 response and had to proactively anticipate what would be required next.

During this time Sanlam made significant leadership changes. We welcomed a new Group Chief Executive and appointed several new members to a restructured executive team. Our approach was to:

- Build a team for the future
- Create sufficient bandwidth for each client segment, especially those where we do not have a leading position
- Drive co-operation between clusters to deliver client value
- Step up investment in human capital related to digital skills
- Provide opportunities for executive development
- Significantly enhance diversity
- Retain corporate memory

Read more about these changes in the Chair's report in the 2020 Integrated Report.

The Sanlam Group strategy was refined and emphasised the role of human capital as a critical enabler. We started building capacity within the Group HR team, creating new roles such as an executive for employee experience, a head of talent, a head of people development, a head of transformation, compliance and employee relations and a chief operations officer for HR. The latter role will focus on digital transformation and expanding our current employee platforms.

We want to create more opportunities for employees to be mobile in their careers and development. This includes creating job journeys, focusing on succession and executive development with an international scope.

Sanlam experienced significant human resource strain this year. This was particularly evident among management, key employees and specialists with specific Sanlam and industry knowledge and expertise, due to the demands of implementing strategic business change initiatives and supporting capabilities while maintaining operational efficiency.

Going forward, Sanlam continues to strive for a respectful, supportive and inclusive workplace that enables us to remain the employer of choice and retain our diverse workforce, representative of our clients in the countries and locations in which we operate. We are defining new ways of working, and shaping our culture to support the high-performance demands of a changing world.

COVID-19 and new ways of working

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 about employee satisfaction during lockdown:

- 86% experienced support from their manager to adapt to organisational change
- 87% confirmed that they had access to information for health and wellness benefits
- 81% level of confidence in senior leadership to make the right decisions
- 84% level of consideration of employee safety and wellbeing from senior leadership
- 87% level of satisfaction that a safe environment was being maintained at work locations
- 85% level of satisfaction with the clarity of company actions in communications
- 85% level of access to resources while working remotely
- 90% level of clarity of expectations while working remotely
- 87% of employees were moderately to extremely satisfied with support from their IT department

Another survey was conducted in South Africa on New Ways of Work and 9 321 employees shared their preferences.

- Almost 57% of employees would prefer to continue to work from home, with 35% preferring a hybrid work arrangement and less than 8% preferring to work at the office.
- Employee preference on where, how and when to work will become a key differentiator to attract and retain 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 identify 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.

An employee-centric performance culture

Sanlam is a Top Employer

Sanlam was awarded the Top Employers certification for South Africa for the sixth consecutive year – testimony to our ongoing commitment to enhance our EVP, people and workplace practices to meet shifting employee demands. The certification validates our efforts to keep pace with what people value in terms of culture, connectivity, flexibility, balance, growth opportunities and rewards. The Top Employers human resources best practices survey certified more than 1 500 top companies around the world against global standards.

Below are some of the learnings from our journey of evolving and improving our employer brand:

- We improved our employer branding alignment with business strategy and our brand promise.
- We focused our employee experience on moments that matter throughout the employee journey. This places the employee at the centre of our practices, be it recruitment, growth and development, retention, rewards and place of work.
- We made good progress on our digital transformation journey to integrate our people practices and create efficiencies.
- We invested in recognition programmes to instil a culture of appreciation and care for our employees. Employees and leaders are able to monetarily reward peers within their respective teams and across the Sanlam Group.
- We leveraged analytics to gain insights throughout the employee journey to inform relevant and targeted solutions.

Empowering our people continued

The Sanlam employee value proposition

- 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.
- The management of people is a leadership function, with management taking full responsibility for their people within an appropriate HR framework.

Our employee experience is shaped by:

- A compelling and differentiated 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



MyWorkSpace making progress

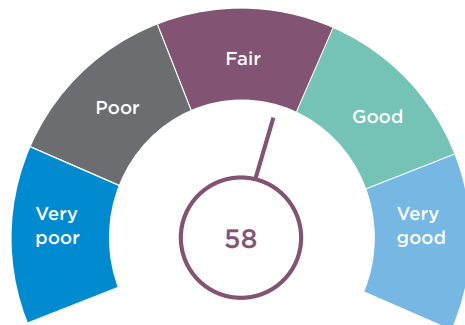
MyWorkSpace is a multi-year programme initiated in 2017 to implement SAP Success Factors. The solution enables integrated talent management and enhanced employee experience driven by line manager involvement in their people's career growth and development. Implementation of the succession, development and learning modules have been completed and the performance and goals module is being rolled out in a phased manner. These modules will enable us to improve talent management in the Group. The Success Factors recruitment, recruitment marketing and onboarding modules have also been implemented with version 2.0 of on/cross/off-boarding scheduled for implementation in 2021.

A baseline culture score

With the introduction of a new strategy, changes in leadership and re-organisation of the Group, we decided to take stock of our culture. Culture is one of the critical enablers to the business strategy as we are required to work more collaboratively, innovate faster and leverage technology to achieve our objectives.

The culture journey assessment was launched across the Group in September 2020. 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.

Retaining and expanding talent for the future

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. Retaining top talent primarily depends on opportunities for growth and career advancement. A mindset around managing talent for the Group is a critical leadership competency.

One of the reasons we invest in leadership development is to ensure our managers have the skills to conduct career conversations that focus on current roles and future aspirations. Highly talented employees tend to look for international opportunities, challenging work, innovation and a clear path towards their goals.

Transformation for an inclusive culture

We started a new transformation initiative in the SA Retail Affluent cluster by asking ourselves a few questions:

- What would attract young external talent to the SA Retail Affluent cluster?
- How do we make this business attractive to the young talented individual, no matter their race?

Our intent was to change our culture and how we do things, and to facilitate a much greater level of inclusivity across all levels. We started putting this into practice by establishing a Transformation Advisory Group (TAG).

TAG consists of senior leaders and key high-potential young talent. TAG's mission is to attract, develop and retain black talented individuals. As we value diversity and foster the inclusion of black people within the SA Retail Affluent cluster, we want to provide opportunities for them to realise their worth.

TAG has a dual focus: a leadership journey and a culture journey. In both cases, the aim is to define specific steps and challenges to promote diversity and inclusion. TAG also considered and debated these from different perspectives, for example what it would mean for the employee and client experiences.

Five themes have been identified, including the inter-relationships between these:

- 1 Retention
- 2 Recruitment
- 3 Culture
- 4 Transformation
- 5 Diversity and inclusion

TAG is now in the process of negotiating action plans with various stakeholders to ensure we create a work environment that is welcoming and attractive to all.

Our talent management philosophy is aimed at ensuring a common language and understanding around talent and to enable mobility of talent across businesses. Sanlam is a large group with diverse business units, which offer significant opportunities for development and mobility across a range of expertise areas.

Our targeted talent attraction efforts include the use of multiple platforms: our career site, online and print publications and university career expos.

Developing talent and adding skills

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.

As the complexity of the Group increased over the past few years we continued developing our existing management teams while bolstering capacity through new roles. Leadership programmes aimed at the various levels of management increase the strength and quality of our leadership teams.



Fair but conservative remuneration decisions

Given the current economic climate, it is essential that adequate measures are in place to attract and retain the required talent. The primary objectives of our remuneration policy remain 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
- Promote an ethical culture and behaviours that are consistent with our values and encourage responsible corporate citizenship

In the light of COVID-19 impacts, and to ensure we remain resilient as a Group, the Human Resources and Remuneration committee decided to freeze all pay increases for senior roles into 2021 and to prioritise frugal increases for junior employees.

Based on Group performance, bonus outcomes have decreased with the majority of businesses either having no or very small bonus pools. In pockets where there was outperformance in the difficult market, some performance bonuses were still paid. Sanlam avoided mass retrenchments.

Read more about the Sanlam remuneration policy, philosophy and implementation in the 2020 Remuneration Report online.

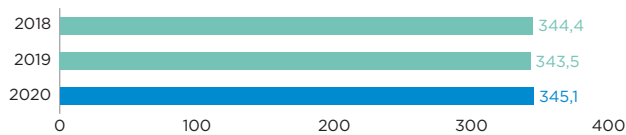
Empowering our people continued

Our executive and leadership development programmes include specific themes on leading and managing in a fast-changing and complex world.

In South Africa:

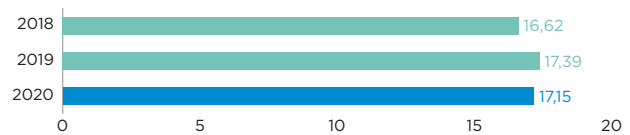
Key Sanlam programmes

Training and development spend*
(R million)

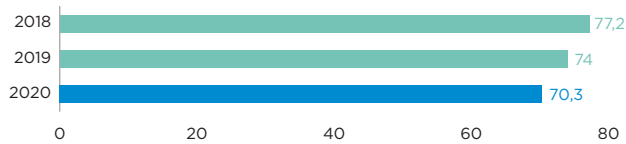


* Including associated management expenses.

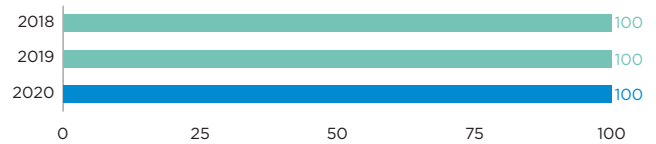
Skills development scorecard points achieved out of a maximum of 23 points



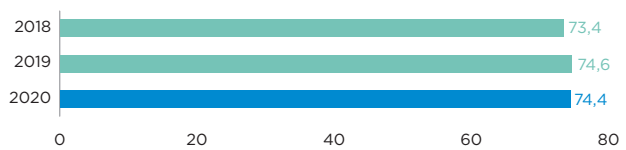
% of total employees that received training



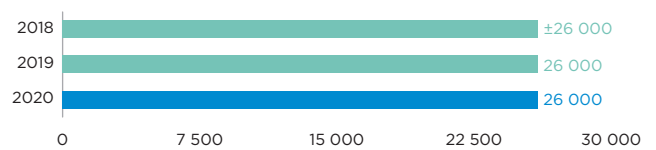
% of employees that received individual performance appraisals



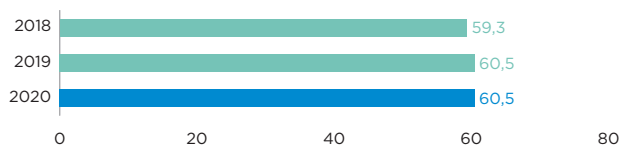
% of black employees of total that received training



Employee hiring costs per full-time employee (R)



% of female employees of total that received training



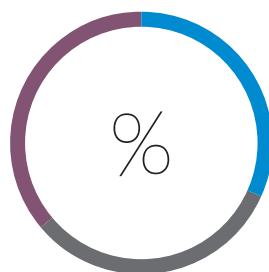
Number of participants

Black

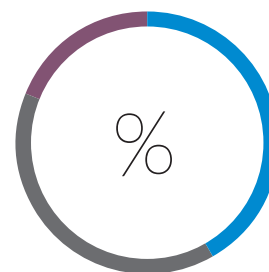
White



3
16
11



80
81
91



20
19
9

- Actuarial training programme
- CA (TOPP) programme
- Data academy

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 of technology and virtual platforms, and the majority of the programmes pivoted to the use of these platforms. Despite the adjustments required, all the delegates who started the Group development programmes completed their programmes successfully.

Sanlam Group

<p>Sanlam Business Management programme</p>	<p>The Sanlam Business Management programme equips delegates with relevant skills and techniques, through action learning, to increase personal and team capabilities, improve holistic decision-making and alignment of functions and processes. During 2020, 58 managers across the Group attended the programme.</p>	<p>Senior Management Development programme</p>	<p>The Senior Management Development programme allows senior managers to develop sustainable leadership talent by focusing on holistic wellness, agility and improved performance. A cohort of 50 middle to senior managers attended the programme during 2020.</p>
<p>Sanlam Executive Leadership programme</p>	<p>The Sanlam Executive Leadership programme is the flagship leadership intervention for senior executives/leadership in the Group. The programme equipped Sanlam’s current and future leaders to actively manage the business’s relevance and growth in a complex and competitive environment. The cohort of 26 delegates included colleagues from Kenya, Nigeria, Morocco and the Republic of the Congo.</p>	<p>Sanlam Graduate programme</p>	<p>The Sanlam Graduate programme, an 18 month programme, is largely aimed at ensuring that the talent pipeline in Sanlam is made up of high calibre graduates. The programme is designed to assist the graduates from a tertiary institution in assimilating into the workplace and equip them to become future leaders and enablers of business transformation and growth in Sanlam. The programme include content and tools to assist graduates in developing behaviours aligned to the required competencies. 13 graduates from various universities in South Africa were placed across the Group.</p>
<p>Sanlam Data Academy</p>	<p>The Sanlam Data Academy commenced in 2019 with intakes of 8 and 11 graduates in 2019 and 2020 respectively. The focus was on the immediate business need in the business intelligence space, where data engineering and data analysis were sourced externally. The intent is to include new digital skills to the existing data skills track during 2021 and rebrand to the Sanlam Data and Digital Academy.</p>	<p>Advanced Leadership Certificate in Design Thinking</p>	<p>The Advanced Leadership Certificate in Design Thinking is a Group-wide programme designed to develop well-rounded, consummate managers or specialists who can define and solve complex business problems sustainably, creatively and innovatively, with the client at the centre. 32 of the action learning participants of the 2020 programme presented their design thinking solutions during the final presentation day to 52 of the Sanlam senior leadership and their peers.</p>

Empowering our people continued

Our contribution to YES

The YES initiative in South Africa aims to contribute towards youth development and job creation. The project provided Sanlam the opportunity to collaborate with government and labour to stimulate job creation through the placement of unemployed black youth into 12-month work experiences and training.

Sanlam remains proud to partner with the YES initiative to provide this meaningful experience to the youth of our country. Our involvement has been for more than benefiting the FSC scorecard: it has been a contribution to uplifting the lives of many unemployed youth by providing meaningful work experiences.

The YES initiative has been successfully run for two years, with 300+ youth attending the programme. The contracts of 147 learners expired in September 2020. Due to COVID-19, the continuity of the programme will be assessed going forward.

Investing in employee wellness

Due to COVID-19, our employees had to make hard choices and significant sacrifices this year. We all lost colleagues, friends and acquaintances due to the pandemic. We recognised that employees struggled to adjust to the new normal, and many experienced emotional, financial and health strain. Caring for employee wellbeing was one of our top priorities during this time.

In 2020, absenteeism was 1,06% (2019: 2,10%). The decline is mainly due to flexible working from home arrangements.

Sanlam Wellness is an integrated offering to employees, which combines on-site offerings and digital support relating to physical, emotional, legal and financial wellness. We continue creating opportunities to increase our employees' wellness and financial literacy, reduce their financial stress and enhance their productivity through the following activities:

- On-site wellness for the few employees working from office buildings coupled with online self-reporting.
- We provided support for remote working, but ensured our people look after their health. Pharmacy-based health screenings provided a convenient way to access health screenings as on-site wellness days and gatherings were not viable with the COVID-19 pandemic.
- Our innovative online programme includes personal assessments, an ask-the-coach advisory service and a series of self-help emails, among others.
- Our virtual activity challenge featured a series of virtual fun runs of 3km and 10km with spot prizes to encourage employees to keep moving during and after lockdown.
- Sanlam's 24/7, confidential and professional Employee Assistance programme (EAP) offers advice, support and counselling on psychosocial, personal, financial and legal matters. The EAP utilisation rate indicates that employees

find value in this programme and trust us as a partner in their wellness journeys.

- Ongoing communication with employees through frequent wellness newsletters and relevant material on the wellness website and in our internal magazines.
- We have on-site health clinics at six offices in the Group where employees have access to registered nurses. These clinics cater to our employees' basic health needs and contributes to workplace productivity and balance. Importantly, our employees find this a valuable service that we are proud to offer them.
- Our workplace wellness clinics have been providing valuable primary health care for years. The service is professional, confidential, free (or nominal medication charge), and popular. With the COVID-19 pandemic and employees working remotely, it was challenging to deliver this as a remote service. We subsequently launched a new virtual clinic service. It is still delivered by our team of professional nurses but using phone and video-call platforms when a face-to-face consultation is not possible or practical.
- An Ignite Lifestyle Intervention programme was piloted in 2019 and launched in 2020. Two successful cycles were implemented and completed. The programme had to be reviewed due to the pandemic and was successfully transitioned to online. Participants did well, with average weight loss of 7,7kg among the top three participants. Most importantly, the programme provided nutritional and exercise support via dietitians and biokineticists to all participants as an investment in their future wellbeing.

Financial wellness for our employees

COVID-19 highlighted the lack of savings in South Africa and amplified financial stress for families. Sanlam therefore invested in offering employees assistance and training in financial skills.

A new tailor-made, professionally managed programme was offered as a free and confidential service for employees to improve their personal financial lives. It involves a completely independent team of coaches, who are specialists in the field of financial wellness and coaching.

The 12-week programme includes coaching and the option to engage with a Sanlam Financial Advisory and Intermediary Services Act, 37 of 2002 (FAIS) accredited financial planner. Financial coaches assisted employees with financial goal setting, budgeting assistance, understanding their payslips, debt management solutions, garnishee orders, credit health and limited personal tax queries. The programme is accessible virtually, telephonically, electronically and face-to-face. Financial coaches will also be on-site at some offices from 2021 to the extent that COVID-19 protocols allow.

A safe working environment at Sanlam

We believe it is important that employees, contractors and clients enjoy safe environments at Sanlam offices. This forms part of our commitment to promote positive mental, physical and social wellbeing.

We trust our managers at Sanlam and its related companies to do everything reasonably possible to make available and maintain safe workplaces and offices. Management informs and keeps employees and contractors abreast of potential dangers that exist or may arise in offices and workplaces.

We provide regular information, training and supervision in terms of health and safety. Any unhygienic or unsafe situations are proactively mitigated by anticipating, recognising, assessing and controlling factors that could result in unnecessary incidents or disruption of work. We achieve this by consulting and co-operating with all the relevant stakeholders.

Sanlam has a comprehensive process in place to ensure compliance to:

- The Occupational Health and Safety Act and Regulations, 85 of 1993 (OHS)
- Compensation for Occupational Injuries and Disease Act, 130 of 1993 (COID Act)

The OHS Act was amended on 29 April 2020 to incorporate COVID-19 Occupational Health and Safety Measures in the workplace. Additional measures implemented:

Objectives	Actions taken
<p>Reduce the number of people at the workplace and enforce social distancing</p>	<ul style="list-style-type: none"> • Visitors and non-essential employees are restricted • Employees work from home and connect to on-site employees via virtual tools • Different arrival/departure times are assigned to individuals to avoid crowds • Boundaries are visually outlined • Plexiglas partitioning is installed at some locations • Public spaces like cafeterias are re-engineered to keep people 2m apart
<p>Proactively identify and prevent sources of the virus</p>	<ul style="list-style-type: none"> • Employees are screened at entry points • Body temperatures are measured when entering the buildings • We treat the information of employees who have symptoms or diagnoses of COVID-19 confidential • Return-to-work policies and non-discrimination principles were created and reinforced • Compulsory training was provided to all employees returning to work • Ongoing multi-channel communications are used
<p>Reduce other risks of transmission and protect employees at work</p>	<ul style="list-style-type: none"> • Employees were issued with two cloth masks each and required to wear masks when on the premises • Hand sanitisers were provided • Extra cleaning was done several times a day according to a formal schedule • Sanitising stations were installed • Use of touchless sensors was implemented where possible

As a result, we adapted our monthly and quarterly on-site health and safety assessments external service provider for larger office buildings (100 employees or more) to bio risk assessments. The service provider also assisted with a self-assessment process at our smaller offices to measure the level of compliance. Our service provider assists with and manages all injury on duty cases according to the prescriptions of the COID Act.

Sanlam employs a facilities manager that is responsible for the co-ordination and communication strategy to line management, who takes responsibility for OHS Act as well as COID Act compliance. The HR teams also play a critical role in this process.

All employees and managers have access to an e-learning platform where training courses are presented to ensure that all employees and managers are informed of their rights and responsibilities regarding these two Acts.

We had 14 injury on duty claims in South Africa this year, compared to 54 injury claims in 2019. No permanent disabilities were reported in 2020.

Native to dry parts of Southern Africa, Sutherlandia is a tough, hardy, fast growing and drought tolerant plant. It is claimed to be an adaptogen that modulates the immune system and helps to manage stress and symptoms of HIV/Aids infection. It is extensively used by traditional medical practitioners to treat poor appetite, indigestion, stomach complaints, dysentery, colds, influenza, kidney conditions, fever, diabetes, internal cancers, uterine troubles, liver conditions, backache, rheumatoid arthritis, urinary tract infections, stress and anxiety, dropsy and heart failure.

Our lesson from nature

Sanlam's product and service portfolio addresses a wide range of client needs and continues to adapt when clients' requirements change, for example during COVID-19. We provided relief to clients and communities through premium reductions, premium refunds, support to SMMEs and financial contributions in all the countries where we operate.

Material resilience themes

Serving our clients

Empowering our people

Supporting our communities

Embedding an ethical culture

Protecting and preserving resources

Recognising the value of sustainable investment

Supporting our communities

Communities form the networks that sustain economies. They help stabilise social systems in a way that is similar to Sanlam contributing to a stable and trusted financial system. They are also the source of our clients and employees. To ensure mutual resilience, we contribute to healthy, growing and equitable communities.

Creating value through the Sanlam Foundation

Established in 2011, the Sanlam Foundation is our primary corporate responsibility vehicle and provides a co-ordinated approach to community investment across the Group. The Sanlam Foundation is an independently registered trust, non-profit organisation (NPO) and public benefit organisation with oversight by a board of trustees.

We believe in doing well by doing good. Follow us on our journey of empowerment as we make dreams come true by furthering education and empowering suppliers.

We establish key partnerships with stakeholders who share a similar vision and strategic objectives to that of the Sanlam Foundation:

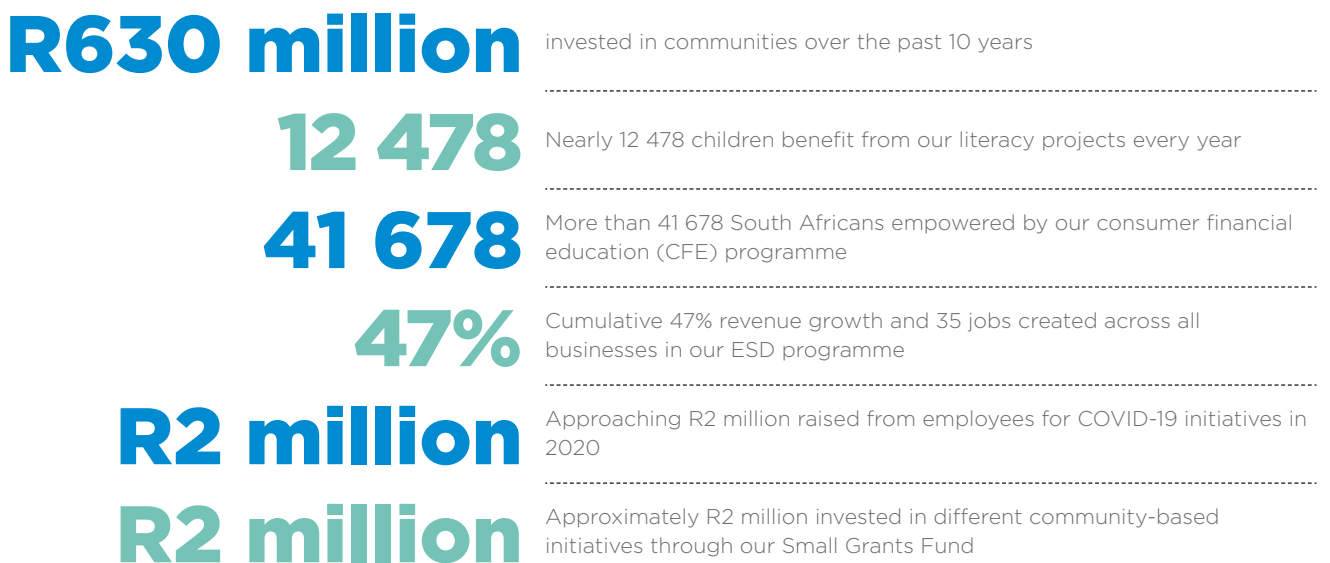
Invest meaningfully in the economies of the countries in which Sanlam operates.

Contribute to the alleviation of poverty and development of Africa's marginalised and vulnerable communities.

Give expression to Sanlam's corporate social consciousness in ways that showcase its core values of being a responsible and caring corporate citizen.

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. Our funding model consists of recurring donations from the Sanlam Ubuntu-Botho Community Development Trust, trust reserves, Sanlam employee donations and co-funded programmes.

We measure the support of the Sanlam Foundation's investment continuously. Highlights include:



Supporting our communities continued

2020 was a year of recalibration for the Foundation to ensure a clear purpose, focus, controls and accountability. The trustees approved the Foundation's strategy in June 2020 and defined key forward-looking outcomes. They confirmed continued investment in the following areas:

Socio-economic development including schools numeracy and literacy support, and sports development

Consumer financial education including workplace and campus financial literacy programmes

Enterprise and supplier development and entrepreneurships support

Sanlam Pan-Africa focusing on education

Employee volunteerism including structured and ad hoc projects

Progress in 2020

R47 million

CSI spend (2019: R57,6 million)

R2,94 billion

procurement spend (2019: R3,38 billion)

26%

procurement spend on SMMEs (2019: 30%)

R12,8 million

consumer financial education spend (2019: R23,6 million)

72

schools reached through our Blue Ladder Schools programme (2019: 75)

48 376

learners reached through our Blue Ladder Schools programme (2019: 71 000)

357

teachers reached through our Blue Ladder Schools programme (2019: 2 000)

COVID-19 and related regulations affected all our programmes. A more flexible approach, including adapting programmes and introducing online platforms, ensured that most eventually continued. However, we still experienced challenges such as data cost and limited coverage. This meant that our partners were often unable to reach all their beneficiaries.

We are currently engaging with partners to reallocate funds to ensure deeper penetration for online programmes, based on our 2020 learnings. We are encouraging rotation schedules to enable face-to-face interaction with beneficiaries where possible.

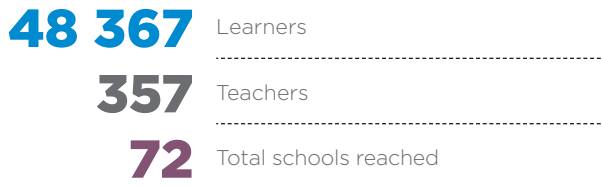
Further initiatives include exploring systems to offset data cost from the end-user and redirect costs to the respective partners. We hope to ensure that beneficiaries with devices will then be able to access programming.

Sanlam has enabled and the Sanlam Foundation has applied funds raised through salary giving and Day of Giving initiatives for many years. We are currently updating and refining the volunteerism strategy to be a holistic and meaningful support programme for employees and the benefiting NPOs, supported by an online tracking and monitoring system. Everyone counts. This belief is what drives us to help South Africans improve their financial wellbeing, live better lives and secure the future for the next generation.

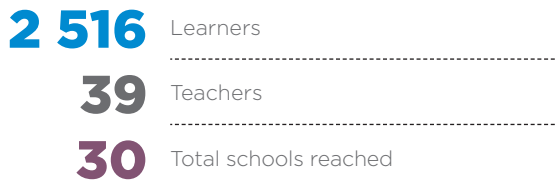
Sanlam's Blue Ladder Schools programme

The Blue Ladder Schools programme partners with schools, educators and communities across South Africa to improve maths tuition and upgrade key facilities. By doing this, we give learners a head start for a brighter future. Through partnerships with a range of NPOs, our programme reach was:

Academic support



Life skills programme



Our Blue Ladder Schools programme was severely affected by the outbreak of COVID-19. Many programmes came to a standstill as schools closed and group gatherings were prohibited.

With support from the Sanlam Foundation and in response to government's catch up plans to save the academic year, our partner organisations pivoted by transitioning to a range of different formats to implement their programmes.

By relying heavily on online platforms, our partners increased learner reach through academic and life skills support programmes nationally. The most popularly used platforms included WhatsApp, radio and TV broadcasting, Facebook, Instagram, and Microsoft Teams. The biggest programme was the YouthStart Foundation country-wide matric revision drive that reached 24 645 matriculants over a 10-week period using cinemas, TV and social media as classrooms to conduct matric maths and science revision classes.

We are expanding our reach

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. In 2020, we expanded our SPA initiatives to Namibia, Morocco and Uganda - all focusing on education. These were also affected by COVID-19 and some of the funding had to be repurposed.

Contributing to COVID-19 initiatives in Africa

SEM added its weight to the fight against the spread of COVID-19 in all the markets that mirrors its business footprint in Africa and East Asia. Sanlam donated R45 million to support various initiatives that help lessen the burden on local governments and will specifically be used to contribute to national solidarity funds, personal protective equipment, food relief as well as enabling in-country e-learning.

Funding summary:

- Morocco: R6,5 million
- Malaysia: R1,43 million
- Lebanon: R1,43 million
- Namibia, Botswana, Ivory Coast and Nigeria: R2,85 million each
- Angola and India: R1,9 million each
- Nine other African countries received R1,43 million each
- 12 other African countries received R950 000 each



Measuring our impact

To ensure that we have a positive impact for generations to come, the Sanlam Foundation started a process to improve our monitoring and evaluation systems. A new service provider is developing a parallel process that develops a monitoring system while simultaneously conducting evaluations of existing partners to ensure alignment to our strategic focus areas. This will provide us with data on the outcomes achieved from our investments over the past three years, and direct our investments going forward.

Supporting our communities continued

Santam, the Emthunzini BBBEE Community Trust and P4RR

Santam is a strong advocate for the need to build local resilience and risk protection. As South Africa's leading general insurer, Santam is committed to enhancing risk-based decision-making that builds community resilience along its value chain.

Through its Partnership for Risk and Resilience (P4RR), Santam engages with government, municipalities, universities and other stakeholders to initiate projects to better understand and manage risks on the ground. The objective of P4RR is to strengthen the institutional and participatory development capacity of local municipalities to proactively reduce the impact of disasters.

Through P4RR, the Emthunzini BBBEE Community Trust invests in risk-reducing interventions that are managed by Santam and other willing partners, like SASRIA. Municipalities are selected based on vulnerability levels related to government requirements as well as potential impact on Santam in terms of fire, flood and storm surge perils. The P4RR programme has supported 48 municipalities to date.

In 2020, a forestation categorisation mobile application was implemented to understand the capacity of fire stations to respond timeously and appropriately to fires in all municipalities. A National Disaster Preparedness and Resilience Fund was established to address and respond to national catastrophe events and affiliations with key players were strengthened. These address risks impacting the insurance industry and ensure alignment with global partners around risk management and risk transfer solutions.

During the COVID-19 lockdown period, Santam maintained the pace of P4RR activities by using technology to remain in contact with key stakeholders. Further, the relationships and established operational processes we have with municipalities enabled the distribution of food parcels to vulnerable communities.

The importance of savings during a pandemic

Following the devastating economic impact of COVID-19 in South Africa, the Sanlam Foundation initiated three consumer financial education programmes that reached just over 9 000 people, 41% of which live in rural areas. 2020 was the first year that we partnered with Avovision, expanding our service providers in consumer financial education beyond ASISA's WageWise.

Avovision trains facilitators who in turn become entrepreneurs in consumer financial education. The advantage of the model is that people build businesses while ensuring that beneficiaries are trained by local people they can relate to, who are able to break down financial concepts into everyday language and many of whom can relate with their beneficiaries.

The three programmes are:

- Money fo' Sho! teaches basic financial skills in one day. This personal financial management training programme provides participants with a deeper understanding of the principles of money management. It encourages participants to take stock of their current financial situation and empowers them with the knowledge and tools to plan for the future and make informed decisions about their money.
- The Money Modular programme comprises 12 in-depth consumer financial education "Money Modules". Each module covers basic everyday topics such as saving and investing, retirement, and the importance of knowing all things tax related.
- The "Surviving COVID-19 Financially" WhatsApp webinar helps participants understand how unexpected events affect finances by identifying and understanding the difference between needs and wants, understanding how unexpected events can impact needs and wants, how to re-prioritise needs and wants, and how to create and adjust budgets.

Sanlam has been supporting the Takalani Sesame educational television series for 20 years. The programme runs for five days a week in the afternoons and has an audience reach of 600 000 per month.

Saver Waya Waya WageWise is a financial literacy initiative developed by ASISA Foundation in collaboration with the Sanlam Foundation. The WageWise website that hosts practical financial literacy resources accessible to the public, was largely funded by the Sanlam Foundation. WageWise helps consumers manage their household finances by budgeting, understand their payslip and deductions, and also emphasises the importance of saving and planning for retirement.

Making a leading contribution to B-BBEE

Sanlam supports black economic empowerment through the principles enshrined in the FSC, aimed at creating a B-BBEE model by:

- Creating opportunities for disadvantaged employees and graduates, through accelerated skills development and employment opportunities
- Procuring goods and services from black-owned enterprises while working with them to develop these enterprises
- Investing in communities, in black entrepreneurs and in projects that support infrastructure development and low-cost housing
- Ensuring that equity stakes are financed and made available to black communities

We made significant progress over the past 10 years to transform through the Group's Ubuntu-Botho partnership, numerous empowerment deals, Sanlam Sky Solutions (which is focused on creating access to financial services at the lower-income end of the market) and the initiatives run by the Sanlam Foundation.

Sanlam is a level 1 B-BBEE contributor in South Africa¹ – the highest level that a company can achieve in terms of empowerment and transformation. Sanlam is evaluated against the targets in the Financial Sector Code, which were re-evaluated during 2020, with new targets applicable from 2021.

Element	Maximum score	2019	2020
Equity ownership	23+5	28	28,00
Management control	20	13,68	14,14
Skills development	20+3	17,39	17,14
Procurement enterprise and supplier development	3+1	8,42	27,72
Socio-economic development and consumer education	3+2	4,39	6,00
Empowerment financing	15	14,20	13,19
Access to financial services	12	11,50	10,50
Additional Y.E.S points			0,00
Total score	120+19	115,82	116,68
Final score (converted)		1	105,98

¹ B-BBEE information includes all Sanlam Group South African businesses including Santam. Sanlam Emerging Markets and the international businesses of Sanlam Investments are excluded. Permanent staff and fixed-term contractors on contracts of three months or more are included.

Supporting our communities continued

Ownership

The ownership element measures effective ownership of entities by black people.

In July 2020, progress was made with the implementation of some critical aspects of the package of B-BBEE transactions approved by Sanlam shareholders in 2018. Sanlam announced that it had signed agreements with African Rainbow Capital Financial Services (ARC FS) to establish one of the largest black-empowered asset management companies in South Africa.

Through this transaction, ARC FS will own an approximate 25% economic interest in Sanlam's third-party asset management business in South Africa (other than the investment management business conducted by Sanlam Private Wealth Proprietary Limited and the Sanlam Specialised Finance division).

Further, in December 2020, Sanlam and ARC FS agreed that Sanlam would acquire a 25% non-controlling minority shareholding in ARC FS SubCo, a wholly owned subsidiary of ARC FS. The transaction, which is subject to approval by the regulatory authorities, will enable Sanlam to hold a 25% minority shareholding of ARC FS SubCo and ARC FS will retain 75% majority shareholding. ARC FS SubCo will hold the financial services assets of ARC FS, excluding the banking-related investments, comprising of TymeBank, AI Fund and Ooba.

ARC FS SubCo will hold investments in the following financial services entities: Alexander Forbes Group Holdings, AfroCentric Investment Corporation, Rand Mutual Holdings, Capital Legacy, Colourfield, Umvuso, Indwe, QED, African Rainbow Life, Global ASP, LifeCheq, Lima Mbeu, National Care Solutions, InFund Solutions, Khumo Capital, Sinayo Capital, Constellation Capital, Bravura, A2X, Edge Growth and Alternative Prosperity.

Management control

The management control element measures the effective control of entities by black people and representation ratio for total employment.

In South Africa, the black employee ratio increased from 75,1% to 75,2%. Of all promotions, 84,3% were black employees and 60.3% were African black. The portion of promotions for black employees per level were:

- Senior management 2,5%
- Middle management 14,8%
- Junior management 52,0%

Retention rates for African black employees at 79,7% were lower than the overall retention rate of 85,8%, mainly due to the number of exits among field staff such as advisors.

Due to the pandemic, we recruited for and filled only critical roles. Lower than predicted turnover for this period thus impacted opportunities for appointments, affecting our ability to achieve employment equity (EE) targets. The overall trend shows that our demographics are shifting in the right direction due to the focus on the recruitment of African black talent within management levels.

Employment equity

Preferential procurement

The preferential procurement element measures the extent to which goods and supplies are purchased from B-BBEE compliant suppliers.

Skills
development

The skills development element measures the extent to which employers carry out initiatives designed to develop the competencies of black employees and black people internally and externally.

Sanlam did not achieve our target of 17,50 out of a possible 23 points this year due to a significant number of learning and development initiatives being either cancelled or postponed to 2021 as a result of the COVID-19 pandemic. 77,2% of the training spend was invested in the development of black employees.

Our talent and development initiatives focus on skills transformation and leadership development to identify, develop and grow employees from the designated groups into senior management levels. This process includes an element of talent mobility across the Group.

The Group's Executive Leadership programme in collaboration with Gordon Institute of Business commenced in July with 26 delegates of which 50% are black, 19% are African and 38% female.

Cluster-specific programmes augment the leadership programmes delivered from the Group Office and include:

- The Santam Leadership Excellence programme, in partnership with the UCT Graduate School of Business, targeted at emerging talent across the Group. Of 28 delegates, 86% are black and 46% female.
- The Santam Senior Leadership programme, in partnership with Duke Corporate Education, targeted at future-fit top talent with 18 delegates of whom 89% are black and 44% female.
- In the Sanlam Life and Savings cluster, the Advanced Leadership Certificate in Design Thinking in collaboration with UCT Graduate School of Business, has 29 delegates of whom 59% are black, 10% African and 35% female.
- SIG's Leading into the Future programme had 11 delegates of which 36% were black, 18% were African and 55% female.

Graduate programmes build a diverse pipeline. Examples include:

- A second IT graduate programme started with 11 graduates, of which 10 are black (six African and three females).
- The Sanlam TOPP programme for CAs accepted a further five trainees, including one African male and one African female.
- The Sanlam Graduate Development programme comprised the five CA trainees and eight additional delegates (one African, four coloured and three Indian).

Socio-economic
development

The socio-economic development element measures the extent to which entities carry out initiatives that contribute towards socio-economic development or sector specific initiatives that promote access to the economy for black people.

Read more about our programmes in the section on the Sanlam Foundation from page 41.

Supporting our communities continued

Enterprise and supplier development

The enterprise and supplier development element measures the extent to which entities buy goods and services from empowering suppliers with various B-BBEE recognition levels. This element also measures the extent to which enterprises carry out supplier and enterprise development initiatives intended to assist and accelerate the growth and sustainability of black enterprises.

The Sanlam Group Enterprise Supplier Development (ESD) programme, implemented through ASISA, aims to stimulate the development and economic growth of black-owned SMMEs which are aligned to our supply chain. The programme offers business development support, investment support and access to markets. The programme consists of three streams:

- **Accelerator** focuses on 26 supply chain aligned SMMEs
- **Elevate** focuses on 10 financial planning businesses in the Sanlam Connect network
- **Migrate** focuses on seven financial planning businesses in the SA Retail Mass network

This year, the programme approved R12,4 million to assist beneficiaries with cash flow analysis and support, funding relief and personal protective equipment. We continued with the implementation of business development support using video calls and telephone interactions.

This project offers leading business development support to build high-growth SMEs and includes diagnostic assessments, growth strategies and focused business development support over 12 months.

We updated the Sanlam Group ESD supplier catalogue which will be used to promote Accelerator project beneficiaries.

Consumer education

The consumer education element consists of monetary or non-monetary contribution to the financial education process.

The ASISA WageWise CFE programme pivoted to a multi-platform social media (Facebook), digital (WageWise website) and radio campaign in response to the COVID-19 pandemic. The lockdown restrictions prohibited our regular interactive face-to face-workshops. Workshop content was repurposed for these channels and nuanced to address the economic challenges many citizens were experiencing at the time.

In partnership with SA Retail Mass, the Sanlam Foundation contracted Avovision to provide consumer financial literacy to its key accounts target market. The partnership reached over 9 000 beneficiaries, 41% of which are based in rural areas.

Access to financial services

The access to financial services element aims to enhance, improve, and grow financial access to that portion of the South African economically active population who were previously excluded.

Sanlam provides this access through four funeral products.

Protecting and nurturing human rights

All Sanlam employees have the right to work in an environment that is free from any form of unfair discrimination based on religion, gender, race, age, sexual orientation, disabilities or nationality. As a responsible corporate citizen, we accept our responsibility to help tackle structural and systemic discrimination, and strive to create workplaces that respect the inherent dignity and worth of every individual.

Current policies and procedures forbid any form of discrimination or harassment in the workplace. The policies also discourage workplace bullying and detail measures to constantly monitor the effective application of these policies. Our whistleblowing process encourages employees to report behaviours, incidents or activities that they believe are wrong through a safe and confidential channel. The grievance procedure further enables employees to raise any issues they have in the workplace.

Sanlam operates in a professional services sector where the risk of child labour is not high, we actively support the protection of children against exploitation. We stand against the procurement of goods and services where child labour is known to be involved in the production supply chain of goods and services.

The Sanlam Group is committed to providing workplaces which support freedom of association and provide employees with the right to organise themselves and participate in collective bargaining arrangements.

Sanlam does not have a recognition agreement with any union in South Africa.

Sanlam upholds remuneration practices that are fair and non-discriminatory and complies with the requirements of minimum wage legislation. Read more about our remuneration approach and implementation in the 2020 Sanlam Remuneration Report online.

The Sanlam Group actively promotes gender equality in the workplace. Read more about initiatives to support equality, transformation and diversity on page 31.

We recognise that Sanlam may only terminate employment where necessary, and only after fair processes have been followed in cases of misconduct or negligence. Termination of employment may also arise as a result of organisational restructuring. In such cases, we adhere to strict compliance with the law and internal policies and procedures.

Oversight and responsibility for human rights

The protection of human rights forms part of the SES committee's mandate. The committee reviews all sustainability-related matters on a quarterly basis, including legal, regulatory and ethical compliance related to human rights. The committee brings any relevant matters within the scope of its mandate, including transgressions, to the attention of Sanlam's Board. The Group is committed to act on any human rights issues.

No human rights incidents were reported during 2020.

Our lesson from nature

Africa's forests are able to slow climate change because they act as a final barrier to creeping desertification, underpin sustainable agricultural production, and support the livelihoods of tens of millions of rural poor. Trees provide nutritional diversity through leaves and fruits, which also have medicinal uses. Fodder from tree branches and fruit sustain livestock, whereas wood and bark provide energy and income. We know that drylands with more trees perform better in terms of productivity, ecological function and resilience than landscapes with fewer trees.

Sanlam has been rooted in a set of values and an ethical foundation for more than 100 years. This allowed us to be sustainable and branch out into Africa, supported by our partnership approach. Our distribution partnerships enable us to improve access to financial services in the entry-level market. This introduces a broader spectrum of society to the benefits of financial resilience and prosperity.

Material resilience themes

Serving our clients

Empowering our people

Supporting our communities

Embedding an ethical culture

Protecting and preserving resources

Recognising the value of sustainable investment

Embedding an ethical culture

Sanlam was built on a commitment to always doing things right and doing what is right for our stakeholders. This promise underpins our core values and our professional and ethical behaviour. We are responsible for ensuring that we uphold this commitment at all times.

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

Our Code of Ethical Conduct

Sanlam's Code of Ethical Conduct applies to all Sanlam 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 principles underlying our Code of Ethical Conduct are:

- Our conduct shall at all times conform to the Sanlam core values.
- We are committed to complying with all applicable legislation, laws, regulations, codes and standards.
- We are committed to fostering and maintaining an equitable and sustainable employer-employee relationship, including the provision of a safe, healthy and productive working environment.
- We shall protect and maintain the property and information of Sanlam, its employees and its clients.
- We shall manage and mitigate all conflicts or perceived conflicts of interest.
- We encourage persons to report any unlawful conduct or violations of the Code and shall provide protection for any person who reports violations of the Code.
- We shall monitor and enforce the implementation of the Code.

All companies across the Group are expected to adhere to and confirm their compliance with Sanlam's governance principles, including the Code of Ethical Conduct, in their respective annual Board representation letters. We continually engage with internal stakeholders to ensure that there is a common understanding of how we report on ethical matters and the types of ethics breaches to be included in reporting.



Ethics at a glance in 2020

- No major breaches of ethics
- No clear evidence of sustained increases in criminal conduct aimed at the Sanlam Group
- The ethical climate in the Sanlam Group is solid, but more proactive monitoring of ethical risks would be prudent

The governance of ethics

The Sanlam Board charter recognises and outlines the Board's role regarding its ethical responsibilities. These include:

- The Board determines, reviews and oversees that Sanlam's vision and values are congruent with Sanlam being a responsible corporate citizen.
- The Board assumes responsibility for Sanlam's performance by steering and setting the direction for the realisation of Sanlam's core purpose and values through its strategy.
- The Board provides effective leadership on an ethical foundation and ensures that it acts ethically, beyond mere compliance.
- The Board ensures that Sanlam is and is seen to be a responsible corporate citizen by having regard to the financial aspects of the business, and the impact that business operations have on the Group's shareholders, natural resources and the society within which it operates.

Embedding an ethical culture continued

The SES committee is, pursuant to the provisions of the Companies Act, mandated by the Board to monitor whether Sanlam complies with the relevant social, ethical and legal requirements and best practice codes. The committee reports any ethical breaches or matters to the Board directly, and in its report at the AGM.

The Group Ethics committee is a sub-committee of the Sanlam Group Exco and functions according to terms of reference provided by the Group Exco. The mandate and positioning of the Group Ethics committee will be revisited as part of a Group governance review currently in process. The Group Ethics committee is chaired by the Company Secretary.

Key items on the 2020 ethics agenda

The Group Ethics committee had four quarterly meetings to discuss, *inter alia*:

- The identification of ethical issues in the businesses
- The implementation of the Code of Ethical Conduct
- Implementation of the Group gratifications (gifts) policy
- Progress with ethics awareness and training

Reporting ethical breaches

The table below summarises the reporting channels (with specific focus areas) that are available to stakeholders in the event of an ethical breach.

Business units, HR departments and line management	These primarily handle employer/employee concerns. Management regularly reviews internal reports about ethics and fraud-related concerns.
Group compliance office (GCO), business unit level compliance and legal departments	These manage Sanlam's compliance-related matters and receive reports of potential ethical breaches and non-adherence to compliance requirements.
Sanlam's internal ombudsman and complaints department	Primarily deal with clients' service-related complaints.
Sanlam's Confidential Reporting Hotline	This is managed through an external service provider, and enables individuals to report potential ethics breaches and fraud anonymously.
Chair of the Sanlam Group Ethics committee	Primarily for guidance on or escalation of ethical issues or concerns.

An independent external service provider manages Sanlam's Confidential Reporting Hotline to guarantee the anonymity of anyone who wishes to report fraud or unethical or unlawful conduct without disclosing their identity. Anonymity, where required, is guaranteed by the Protected Disclosures Act, 26 of 2000.

Contact our hotline

We encourage anyone who suspects that fraud, unethical or unlawful conduct or non-compliance is being perpetrated within the Company or against a Sanlam company or client, to report it to:

- the hotline on 0800 777 543; or
- email sanlam@tip-offs.com; or
- via the website www.tip-offs.com.

International numbers are also available for callers from outside of South Africa. The service extends to all Sanlam businesses in and outside of South Africa and in most of the primary languages of the jurisdictions within which Sanlam operates. Several SEM businesses also operate their own whistleblowing lines in addition to the Sanlam facility.

The information reported to the hotline is analysed and forwarded to designated senior officials at Sanlam, who investigate any alleged breach of the Code and decide on corrective action to be taken. If anonymity is requested, Tip-Offs Anonymous cannot be compelled by Sanlam or anyone else to disclose any information that could assist in the identification of the reporter.

No major ethical breaches were reported during the year. A total of 116 reports were received via the Group's confidential reporting hotline. Investigations into the bulk of these cases were completed, but 17 reports remain under investigation.

Sanlam has been subjected to regulatory enforcement which resulted in penalties but did not suffer material monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations.

Sanlam Group policies support ethical behaviour

Extracts from several key policies that support ethical behaviour and form the ethical foundation of the Group are listed below:

Group compliance policy

Sanlam is committed to conducting its business ethically, responsibly and in compliance with all applicable legislation, regulation, adopted industry codes and standards, as well as internal policies and sound corporate governance principles. Sanlam has no appetite for deliberate or purposeful violations of these. Sanlam seeks to conduct its business with due skill, care and diligence in order to minimise violations arising from negligence. All identified breaches of requirements are addressed as soon as practicable.

The Board sets and oversees the compliance strategy and compliance risk appetite. Ultimate accountability and responsibility for ensuring and overseeing the management of compliance in Sanlam resides with the Board. The Board of every Sanlam entity is in turn accountable and responsible for ensuring and overseeing the management of compliance in that entity.

All these boards have delegated the effective execution of compliance management and compliance functions act as independent assurance providers. In addition, the compliance functions will advise, guide and assist the boards and senior management in the discharge of their compliance responsibilities.

Group financial crime combating policy

Sanlam regards high ethical standards as non-negotiable. We expect all our directors, managers, employees, independent contractors, agents, service providers and business partners to act with integrity and honesty when conducting the business of Sanlam.

Financial crime poses a threat to the integrity of the global financial system and, as such, to Sanlam's own strategic objectives within this system. In addition to the need to protect the financial system as a whole, Sanlam recognises the need to protect its own integrity and brand. In doing so Sanlam supports all efforts by the international community, South Africa and all jurisdictions in which we do business to combat financial crime.

Group anti-money laundering and the countering of the financing of terrorism (AML/CFT) policy

Sanlam is firmly committed to participating in international efforts to combat money laundering and the funding of terrorism and will not allow its operations to be used or abused for purposes of these or other financial crimes. Sanlam will observe all relevant and applicable sanctions regimes that apply or may apply to its operations and shall not establish or maintain any business relationship or conclude any transaction with an individual or entity on a specified sanctions list where this would constitute a breach of a sanctions regime.

The Sanlam Group AML/CFT policy applies to all Group subsidiaries and advocates a risk-based approach. Group associates should be required to provide assurances to Sanlam that they comply with all applicable and relevant AML/CFT laws and regulations and that Sanlam would not be exposed to any non-compliance on their part.

Group conflict of interest policy

The disclosure and effective management of conflicts of interest is an essential component of ethical behaviour and good governance. The purpose of the policy is not to prevent employees from pursuing personal interests, but rather to govern and mitigate any potential risk associated with such interest.

All employees are required to declare all actual or potential conflicts of interest as and when they arise. In addition, and in the absence of any actual or potential conflicts of interest, employees will be required to at least annually declare that they do not have any conflicts of interest warranting a declaration.

The policy provides practical guidance regarding the identification of potential conflicts of interest and the governance relating to Sanlam's relationships with third-party service providers.

Embedding an ethical culture continued

2020 ethics initiatives

- Ethics awareness initiatives and training were conducted across all business clusters in different formats. It is not considered practical or feasible to conduct training across the Group in accordance with a single curriculum or event via the same method of delivery. The various business clusters each developed and delivered ethics awareness initiatives and training in the most appropriate format given their unique circumstances.
- No clear common trends in unethical conduct were identified that impacted all business clusters. Each business reported unique experiences, but none of these were considered to be systemic or representing a trend worth escalating for specific analysis.
- Business clusters responded to the call for greater emphasis on ethical conduct by establishing their own structures and ethical programmes tailored to meet their specific needs. The larger business clusters opted for establishing their own ethics committees at cluster or sub-cluster levels. Although cluster ethics committees are not formally prescribed, the establishment of such structures are encouraged.

Ethics priorities going forward

The GCO is in the process of developing an internal ethics scorecard and heatmap. This will provide Sanlam with a comprehensive tool to measure and track the overall Group ethics climate and performance across all clusters and markets.

A zero-tolerance approach to financial crime

Financial crime poses a threat to the integrity of the global financial system and thus to Sanlam's own strategic objectives within this system. We recognise our role in protecting the financial system as a whole, and our own integrity and brand.

Sanlam supports all efforts by the international community, South Africa and all jurisdictions in which we do business to combat financial crime. This includes holding those involved in financial crime accountable in accordance with all applicable criminal, civil and labour laws.

Sanlam has a zero-tolerance approach to unlawful conduct and financial crime. It typically takes the form of:

- Money laundering
- The financing of terrorism
- Fraud, including insurance fraud
- Bribery
- Corruption
- Theft
- Cybercrime or computer-related crimes
- Extortion
- Any statutory or common law offence that is regarded to be a criminal offence
- Any form of unlawful conduct

Sanlam will institute criminal prosecution where *prima facie* evidence of criminal conduct is found, irrespective of whether Sanlam has suffered losses.

The chief executives of the business clusters are responsible for the implementation of the Group financial crime combating policy in their respected clusters. However, the latter does not prescribe the establishment of a dedicated forensics or financial crime combating function for each cluster.

The Sanlam Life and Savings and Santam clusters have dedicated forensic functions as these clusters represent the areas where the highest volumes of incidents are likely to occur. They maintain statistics on financial crime experienced and actions taken. The remaining clusters deal with financial crime as part of broader risk management and information on financial crime experiences is provided on a case-by-case basis.

Our approach to managing tax

Sanlam's aim is to manage the Group's tax affairs in line with good corporate governance, financial risk management and transparent reporting. We are committed to a principle-based tax approach that should be sustainable in the long term and continuously transparent.

The Group takes a conservative and responsible approach to managing our tax affairs. We extended our international footprint in emerging markets over recent years and acknowledge that, with a rapidly changing global tax environment, the Group is obliged to continuously monitor and review tax governance practices in the geographical areas where we operate. We are committed to comply with and follow the law in all the countries where we operate.

Tax is a complex area and, consequently, we understand the importance of having a strong governance framework in place.

Tax governance and compliance

We respect the laws and regulations in the jurisdictions in which we operate. It is of primary importance that we fulfil our compliance obligations to pay the correct amount of tax at the right time on an ongoing basis. To do this, we operate an effective and appropriate financial control framework.

The Board, the Audit, Actuarial and Finance and the Risk and Compliance committees are ultimately responsible for ensuring that the tax affairs of the Group are managed effectively. Throughout the Group, the heads of the financial functions of each business take responsibility for managing day-to-day tax compliance and report to the relevant cluster audit committees, which in turn report to the relevant Board committees. We encourage building tax administration capabilities and ongoing review and strengthening of efficient tax administration systems in each business.

A team of tax professionals with appropriate technical qualifications and experience forms part of the Group Office and is responsible for the overall Group tax strategy, tax technical guidance and tax risk management and compliance. The head of Group tax reports to the Group Financial Director, who is a member of the Board. Independent health checks are conducted on an ad hoc basis by external advisers to assess the effectiveness of the tax control frameworks.

Tax legislation is growing in complexity. Appropriate processes are in place to ensure that financial functions remain up to date with changes in tax legislation and the implementation thereof. Where appropriate, external professional advisers are consulted to ensure that we remain up to date with changes in tax legislation, disclosure requirements and best practice.

Tax governance and compliance is aligned with the Group's Code of Ethical Conduct.

Tax risk management

Identifying and managing business risks is central to achieving our business strategy and is embedded in all business activities, functions, processes and systems.

Each business, in conjunction with the Group tax function, monitors tax controls and processes on an ongoing basis to ensure compliance and to mitigate the risk of non-compliance. However, risks can arise through poor implementation of transactions, ineffective management of controls and sometimes through legal challenges by tax authorities. In such situations, we adopt a proactive approach to address the potential financial impact of any risks to aid the resolution of any such matter.

Tax planning and tax risk appetite

Sanlam is committed to being honest and transparent in all business dealings - this includes our approach to tax planning and tax efficiency. The Group has a responsible and conservative approach. The tax impact and efficiency of investment decisions and operational matters are appropriately considered initially and monitored on an ongoing basis. All decisions are based on and supported by sound commercial purpose and economic rationale. Tax will be the result of implementing our business strategy and will not drive the business strategy.

The level of risk in relation to tax will therefore always be consistent with the Group's overall objective of achieving certainty and long-term sustainability in our commercial affairs.

Relationship with tax authorities

The Group is well represented on industry bodies that regularly engage with tax authorities to shape tax policy and legislation. Where possible, we seek to maintain a proactive, open and constructive relationship with tax authorities to protect and manage the tax principles and strategy around our business activities to ensure certainty and long-term sustainability. Where appropriate, the Group will seek clarity on uncertain tax positions on any material matter through external council advice and/or obtaining rulings or guidance from tax authorities.

Given our geographical scope and the extent and nature of our operations we may have occasional disputes with tax authorities. Our approach is to try to resolve these proactively without compromising on the technical legal principles in a manner that is robust, open and consistent with our Sanlam values.

Tax reporting

The Audit, Actuarial and Finance committee ensures that the disclosures in the Sanlam annual reporting suite are relevant to all stakeholders and comply with the applicable legal framework that includes details in respect of taxation with a split between South African and foreign tax paid.

Sanlam makes full disclosure when filing tax returns to tax authorities in the jurisdictions where we operate, and support the increase in stakeholder demand for transparency and the sharing of third-party information. We comply with the three-tiered transfer pricing reporting requirement introduced by the G20 and the Organisation for Economic Co-operation and Development (OECD) in its joint initiative to address base erosion and profit shifting. In addition, Sanlam complies with the automatic exchange of information requirements in respect of the Foreign Account Tax Compliance Act and the OECD's Common Reporting Standard.

Trout are able to remain steady in a river or stream, even when the current is inconsistent or violent. Like other fish, they relax their fins when swimming through turbulence, thereby conserving and extracting energy to such an extent that they are able to absorb enough energy from the surrounding fluid to swim upstream without expending any of their own energy. Fish have extraordinary sensors that allow them to create a map of the water flow so that they can adjust their positions to be as energetically favourable as possible.

Our lesson from nature

By leveraging data and digital transformation we can increase the value offered to clients and improve efficiencies to conserve resources. Data insights help us to measure and manage all aspects of our business on a granular and integrated level. With accelerated digital adoption during COVID-19, we are able to expand this capability into a real competitive strength.

Material resilience themes

Serving our clients

Empowering our people

Supporting our communities

Embedding an ethical culture

Protecting and preserving resources

Recognising the value of sustainable investment

Protecting and preserving resources

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.

Our response to climate change

Climate change presents an important business and global risk that could impact the stability and quality of human society, thereby eroding the financial resilience and prosperity of our clients and the societies we operate in.

We understand that incorporating responsible environmental principles into our business operations is not only the right thing to do, but is essential to ensure the survival of our business, our communities, our clients and our extended stakeholders into the future.

In our environmental policy, we commit to:

- Minimise our impact on the environment
- Comply with all relevant environmental legislation and regulatory requirements
- Drive behavioural change among our employees and other stakeholders through relevant environmental awareness and using available communication channels
- Extend our influence across our supply chain by encouraging our supplier network to adopt environmental best practice
- Continue to improve reporting on our environmental performance to relevant stakeholders
- Setting efficiency and reduction targets in energy consumption, water consumption, paper consumption, corporate travel and waste generation
- Support sound stewardship through partnerships

Governance and climate change at Sanlam

The Chairs of both the SES and Risk and Compliance committees have oversight roles in terms of climate change. Both Chairs are independent non-executive directors. Depending on the nature of the climate-related matter submitted to either committee, it will note, provide approval, monitor or advise on the matter and relevant related issues that might impact the Group and its material stakeholders. This facilitates the integration of multiple functions involved in climate risk across the Group.

The Group's allocation of climate change responsibilities demonstrates the connection between Board and climate-related management functions. All Sanlam's sustainability issues, including climate-related issues, are channelled into and monitored through the enterprise risk management process. The Group Actuarial Risk Management committee is responsible for co-ordinating the input of climate-related risks into the enterprise risk management process.



Our resource stewardship commitment in action

- Sanlam is a member of ClimateWise and submitted its second ClimateWise response report in August 2020.
- Sanlam has been in partnership with WWF-SA for 13 years and contributed a total of R75 million.
- 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 included in the FTSE/JSE Responsible Investment Index.
- 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.



Environmental approach for our supply chain

In our engagement with suppliers we aim to transform, develop and grow Sanlam's distribution network and supply chain by supporting an environment that creates financial resilience and sustainability for high-potential businesses. These efforts include an increasing focus on environmental impacts.

The Sanlam Group's procurement policy stipulates that preference should be given for goods, products or services that conserve natural resources, protect the environment and are energy efficient.

Protecting and preserving resources continued

Climate change as part of our sustainability framework

Sanlam’s sustainability management framework supports our long-term business strategy and considers the implications of climate-related issues. The framework includes specific key performance indicators aimed at ensuring co-ordinated and effective engagement and feedback mechanisms.

The environmental pillar of the framework considers how the Group’s direct environmental footprint contributes to climate change.



Starting the TCFD reporting journey

Sanlam’s financial and social reporting processes are mature and well established and we are able to leverage off these in preparing to report according to the TCFD framework. Sanlam is developing the best approach for the Group. Being a diversified group, it is important for key players in the process to have a thorough understanding of what climate change means for the different businesses and how we can implement measures to protect ourselves from these risks. We are getting assistance with developing a proactive roadmap that will ensure a co-ordinated approach to stress testing, particularly related to the transition risks that Sanlam is facing. We have established a governance mechanism and set out accountabilities towards Group-wide implementation.

Part of our journey has been to support the inaugural TCFD research project that was carried out by Six Capitals Advisory. The research aimed to establish the level of uptake of TCFD in South Africa, getting investor and company perspectives, and evaluated how our planned roadmap matches best practice.

Playing our part to reduce environmental-related risk

We understand a resilient business requires a sustainable environment. We contribute to financial resilience by raising awareness among our stakeholders about environmental-related risks, and by assisting them to protect their assets against the adverse financial consequences of unforeseen events.

Sanlam has identified severe weather/climate change as one of the top 10 strategic Group risks since 2018. Climate considerations are integrated into our financial risk management framework, and consider our exposure to physical and transition risks:

- Physical risks: The combined effect of climate change and poor maintenance of infrastructure means that the risks to insurance companies are expected to significantly increase. Flood and fire risks, particularly in sub-Saharan Africa, are likely to increase. Insurers will have to look at ways of addressing this proactively, including raising awareness around the role we can play in risk transfer and risk management.
- Transition risks: These are associated with the transition to a low-carbon economy, motivated by policy, market, technological, or reputational factors affecting the value of financial assets.

We understand climate change will affect our business through liability claims, impacts on certain investment portfolios and changing market dynamics. Non-compliance with climate change related disclosures can lead to shareholder disinvestment and reputational damage. There is also a significant potential financial impact on the general insurance sector in terms of fire and flood risks. However, we also understand that these risks offer opportunities for new products and services.

Managing our environmental impact

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

A- CDP*

climate change score (2019: B)
C CDP water security score (2019: C)

41%**
59%

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

* CDP performance bands:
Leader (A/A-): implementing current best practice
Management (B/B-): taking action on climate change
Awareness (C/C-): knowledge of impact
Disclosure (D/D-): transparent

** Waste performance in weight not volume.

Sanlam is conscious of our use of limited natural resources. We 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.

Setting new environmental targets

We came to the end of the previous target cycle for Sanlam environmental indicators in 2020. To set new targets, we are engaging with different stakeholders internally to gain insights into Sanlam's future work space arrangements and strategy, given the changes brought by COVID-19. We also engaged with WWF-SA, on science-based targets to guide the target setting process towards 2025.

Learnings taken from the previous target setting and reporting process will be applied to identify relevant targets for Sanlam's business operations.

Lowering emissions

We are committed to measure and reduce the Group's carbon emissions and encourage responsible environmental practice in our sphere of influence.

Sanlam's carbon footprint is measured in line with the GHG Protocol Corporate Accounting and Reporting Standard (Revised Edition) and ISO 14064:2006 (first edition) Part 1: Specification with guidance at the organisation level for quantification and reporting of GHG emissions and removals.

All emissions are calculated by multiplying the underlying activity data (which is either monitored or calculated) with appropriate emission factors. All emissions are carbon dioxide equivalent (CO₂e) gases, as required by the GHG Protocol.

This year we achieved a CDP score of A- which placed Sanlam in the leadership band. Previously, scope 2 emissions were the biggest contributor to Sanlam's carbon emissions. In 2019 scope 3 was the biggest contributor, however in 2020 our scope 3 indirect emissions decreased due to less travel and lockdown restrictions. Scope 1 emissions increased compared to the baseline due to inclusion of Santam and high diesel consumption due to load shedding in 2020. Scope 2 continued to decrease and Sanlam would have met its target regardless of the lockdown on scope 2 (purchased electricity). Sanlam met most targets in 2020. This was mainly due to abnormal circumstances relating to the lockdown caused by the COVID-19 pandemic. This resulted in little to no travel being undertaken.

	2014*	2015	2016	2017	2018	2019 ^{LA}	2020	2020 target
Total carbon footprint (tCO₂e)	53 092	54 029	71 546	66 298	75 969	84 829,48	51 652,03	60 371
Total carbon footprint (tCO ₂ e/FTE)	9,710	9,540	8,550	8,320	8,893	7,857	4,510	7,710
GHG emissions per m ²	0,440	0,440	0,430	0,400	0,446	0,483	0,299	0,360
Scope 1 (direct GHG emissions (CO ₂ e))**	115	135	522	260	163	2 391	1 644	124
Scope 2 (indirect GHG emissions (CO ₂ e))	39 584	36 999	44 761	42 112	38 022	41 353	33 150	41 505
Scope 3 (other indirect GHG emissions (CO ₂ e)) [^]	13 311	16 850	26 681	23 925	37 784	41 086	16 858	-
Total electricity usage (million kWh)	38,4	36,6	44,2	43	40	39,76	32,50	40,2
Other non-Kyoto GHG emissions [#]	82	35	138	81	127	no data	no data	-
Business travel								
Air travel (km/FTE)	4 665.0	5 188.0	7 559.5	6 378	7 105	5 357	1 083	4 199
Car rental (km/FTE)	163	193	169	200	177	153	41	147
Hotel accommodation (bed nights/FTE)	3,2	3,98	3,5	3,6	4,99	3,78	0,90	2,88
FTE	5 468	5 661	8 368	7 967	8 543	10 797	11 454	
M2	123 160	122 599	167 833	167 833	170 246	175 533	172 488	

* Baseline year.

** Scope 1 basis of measurement: Greenhouse Gas (GHG) Protocol for Carbon Footprint for the following buildings: Sanlam: head office, Houghton, Sanlam Investment Management, Alice Lane, Glacier, Sanlynn; Santam: head office, Auckland Park, Garsfontein, Alice Lane, Glacier, West End - for the period 1 January 2020 to 31 December 2020.

[^] Scope 2 basis of measurement: GHG Protocol for Carbon Footprint for the following buildings: Sanlam: head office, Houghton, Sanlam Investment Management, Alice Lane, Glacier, Sanlynn; Santam: head office, Auckland Park, Garsfontein, Alice Lane, Glacier, West End - for the period 1 January 2020 to 31 December 2020.

[#] Non-Kyoto Protocol GHG emissions are reported separately according to GHG Protocol Corporate Standard.

• Represents kWh/m² of total office space included in the reporting boundary, including common areas but excluding consumption by external retail tenants.

^{LA} Limited Assurance (download Verify CO₂'s Verification Statement)

Protecting and preserving resources continued

The Sanlam 2020 GHG verification statement can be accessed via the downloads centre of the Sanlam investor relations website.

Sanlam submitted its GHG emissions report to the Department of Environment, Forestry and Fisheries (DEFF) and the South African Revenue Service (SARS). The DEFF gazetted regulations for mandatory reporting of GHG emissions under the National Environmental Management: Air Quality Act, 39 of 2004 (Air Quality Act). The purpose of the regulations is to introduce a single national reporting system for GHG emissions. SARS is the main implementing administrative authority on the tax liability assessment while DEFF assesses the data submitted, which will form the tax base.

All information feeds into the National Atmospheric Emissions Inventory System. Companies such as Sanlam do a self-assessment and submit their emissions to SARS.

Sanlam's carbon footprint is calculated in accordance with the international GHG Protocol's Corporate Accounting and Reporting Standard. Working with Sanlam Corporate facilities we are able to track and manage our operational footprint. The sustainability team and the Sanlam Energy Forum track emissions from energy use, travel, waste etc. In 2020, Sanlam triggered one of the listed activities within the Air Quality Act and accordingly submitted its first report.

Sanlam is dependent on energy for business operations and avoids the use of diesel generators whenever power is available. With future diesel generator procurement, the most environmentally friendly and highest standards in emissions are selected to mitigate Sanlam's impact on the environment.

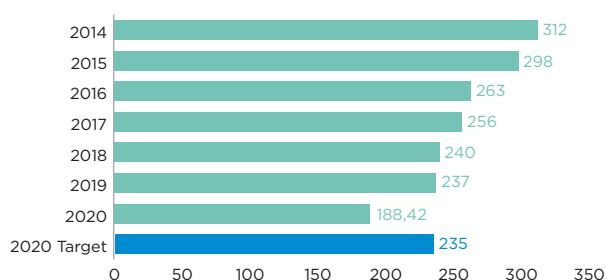
Managing our energy use

The Group environmental policy describes our intent to reduce energy consumption. We continue investigating options to use solar energy in our buildings. At our main offices we use generators to mitigate against the risk of power cuts and load shedding, which increase cost and impact our carbon footprint.

We embarked on a project in 2019 to replace the heating ventilation and air conditioning system in the data centre which will result in energy reduction and remove the use of R22 gas. Sanlam purchased the necessary equipment to remove the need for R22 gas. This will be installed in 2021 and old equipment removed.

We are actively replacing old T8 florescent fittings with more efficient T5 or LED light fittings where it makes economic sense. We also procure equipment that complies with the latest energy efficient regulations and are compliant with environmentally standards. All future projects are assessed for environmental and energy reduction best standards.

Total electricity use (kWh/m²)



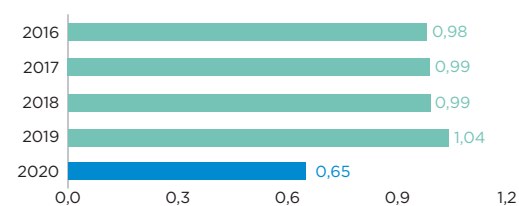
* From 2016 Sanlam included Santam in its electricity target for buildings.

Managing our water use

The Group environmental policy describes our intent to reduce water consumption. There are standard operating procedures in place that direct how we manage water in our buildings.

Due to COVID-19 and the drastic reduction of people in the office, the lower demand for water resulted in a significant saving. Further, after the installation of the rainwater tank in 2019, roughly 500kl of rainwater was captured and used instead of potable water. Indoor plants were removed from head office to further mitigate water use. We continue replacing vegetation at the Sanlam head office with water efficient plants and shrubs.

Total water use (kl/m²)



* Water use for 2016 was restated to assist with comparability. Previously, municipal bills were used to report water use from 2014 - 2016. This data was incorrect and was re-calculated in 2016 to the noted amount. Water data for 2014 and 2015 has been disregarded.

We also focused on supporting work relating to the water balance programme with WWF-SA in the George catchment area to help improve the health of the area and its communities. Sanlam's co-funding unlocked over R2,5 million in government funding for the programme, which provided jobs, facilitated alien clearing and donga rehabilitation. The project freed up water in the river on which communities depend and dangerous dongas were rehabilitated.

We participated in the CDP Water Security 2020 and achieved a score of C, which is in the awareness band. This is lower than the global, regional and financial services average score of B. Our areas of improvement are in identifying water-related opportunities and doing water accounting.

Sanlam, WWF-SA and water partnerships

Sanlam's partnership with WWF-SA, the world's largest and most experienced independent conservation organisation, is helping to safeguard the resilience of freshwater sources for generations to come. 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.

Sanlam has been working with WWF-SA on marine and freshwater projects since 2006. Now in its third phase, the current partnership's aim is to secure South Africa's water source areas, promote water stewardship and empower local governments to integrate freshwater protection into their policies and plans.

South Africa has 22 water source areas that are all facing a variety of threats in their catchment areas. We live in a water scarce country with concentrated rainfall, which means that millions of South Africans live without access to drinking water. The severity of this challenge was highlighted by the COVID-19 pandemic, as people were unable to follow safe sanitation guidelines.

The WWF-SA Freshwater programme focuses on securing the highest yielding water source areas in the country, on which the rest of our economy depends. The programme enables better practice of water stewardship in the sectors with the largest impacts. It realises more effective management by linking public-private and community partnerships and works with the finance sector which is at the heart of the economy.

Sanlam's long-term partnership with WWF-SA reflects a commitment to real systemic change. Highlights from Sanlam co-funded projects in 2020 include:

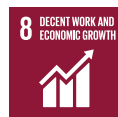
- Developed and presented a course to effectively convene and mobilise catchment partners for Water Source Partnerships (WSP) to strengthen skills in WWF-SA and key partners, and catalysing a core WSP community of practice.
- Developed a national Monitoring, Evaluation, and Learning framework for WSPs to improve the effectiveness of measuring impact.
- Launched the Danish-funded Table Mountain Water Source Partnership project on the sustainable use of groundwater in October.
- The Boland and Groot Winterhoek project is using WSPs to develop financing mechanisms for the maintenance of ecological infrastructure for water security.
- The Stellenbosch University Launch Lab, WWF-SA and Sanlam offered a competition for business ideas to improve disaster and agricultural risk management. The three winners developed:
 - A venture to sell wood vinegar at an affordable price to large-scale, commercial farms and local, community farmers in South Africa. Wood vinegar is a by-product of biochar production, used to improve crop yield and control pests
 - A solution using satellite technology and AI to map every burn scar of more than one hectare across South Africa on a weekly basis to generate a live database on fires
 - A dry, shelf-stable, plant-based meat analogue produced from upcycled mango seed kernels that can help alleviate hunger and malnutrition in South Africa

Sanlam funds the relevant WWF-SA programmes, whereas the Sanlam sustainability team leads in managing the relationship with WWF-SA.

This partnership contributes towards the following SDGs:



Clean water and sanitation



Decent work and economic growth



Climate action



Partnerships for the goals

Protecting and preserving resources continued

Improving how we deal with waste

Waste matters are addressed in the Sanlam environmental policy. Our environmental protocol defines standard operating procedures for how we recycle, supported by a head office waste plan. We are working on integrating all building initiatives and procedures in one document.

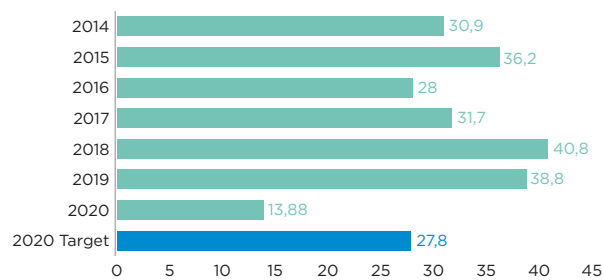
At head office our focus has been to optimise recycling – including all food packaging and coffee cups – while expanding the scope to smaller offices.

The percentage of waste diverted from landfills has been increasing since 2017. We are still working towards achieving zero waste to landfill. Our goal was initially set in 2014 and related only to head office as this was where most of our employees were situated. We will stretch our new waste target to include other significant buildings.

As a result of COVID-19 and employees working from home there was a significant reduction in waste generated. Many more transactions were paperless. Food waste also reduced significantly due to low occupancy and catering only serving limited meals to reduce waste.

(%/kg)	2014	2015	2016	2017	2018	2019	2020
Head office landfill waste	49	44	37	27	32	30	41
Head office recycled waste	51	56	63	73	68	53	59
Head office food waste	-	-	-	-	-	17	

Paper consumption (kg/FTE)



Environmental indicator boundaries

We measure our environmental impact for the financial year for the following office buildings in South Africa:

Electricity

- Sanlam head office in Bellville, Western Cape
- Houghton office in Houghton Estate, Gauteng
- Sanlam Investment Management office in Bellville, Western Cape
- Alice Lane office in Sandton, Gauteng
- Glacier office in Bellville, Western Cape
- Sanlynn office in Pretoria, Gauteng
- Santam head office in Bellville, Western Cape
- Auckland Park office in Johannesburg, Gauteng
- Garsfontein office in Pretoria, Gauteng

Water

- Sanlam head office in Bellville, Western Cape
- Houghton office in Houghton Estate, Gauteng
- Sanlam Investment Management office in Bellville, Western Cape
- Alice Lane office in Sandton, Gauteng
- Glacier office in Bellville, Western Cape
- Sanlynn office in Pretoria, Gauteng

Waste

- Sanlam head office in Bellville, Western Cape
- Houghton office in Houghton Estate, Gauteng
- Sanlam Investment Management office in Bellville, Western Cape
- Alice Lane office in Sandton, Gauteng
- Glacier office in Bellville, Western Cape
- Sanlynn office in Pretoria, Gauteng
- Santam head office in Bellville, Western Cape
- Auckland Park office in Johannesburg, Gauteng
- Garsfontein office in Pretoria, Gauteng

Ant colonies form socially resilient structures that can accommodate shock events. During a hurricane, clusters of thousands of fire ants create water-repellent lifeboats that can float for weeks without drowning the ants. Though they each have a particular position within a nest, they can quickly adapt to new positions and co-operate to find food sources when disaster strikes.

Our lesson from nature

While providing increased IT support to a network of employees and intermediaries that became highly fragmented and decentralised due to COVID-19 conditions, we had to secure data protection and ensure cyber-resilience. We are adapting to a fundamentally new digital way in which Sanlam's current and future clients, employees, business and distribution partners will live, work and relate. We are investing to shape this world responsibly.

Material resilience themes

- Serving our clients
- Empowering our people
- Supporting our communities
- Embedding an ethical culture
- Protecting and preserving resources

Recognising the value of sustainable investment

Recognising the value of sustainable investment

Sanlam invests money on behalf of clients and policyholders, and also invests its own discretionary capital. These investments are managed by Sanlam Investment Group (SIG).

SIG manages more than R800 billion in assets under management and offers a wide range of investment capabilities including active management, alternative investments, index tracking, multi-management and international investment. SIG's objective is to preserve and grow clients' wealth while making a meaningful contribution to transformation and the South African economy. We believe that the safeguarding of economic, environmental and social assets is a foundation for a healthy economy that generates sustainable returns for the future.



Responsible investment disclosures

Sanlam Investment Management is signatory to the United Nations-backed Principles for Responsible Investment and supports the Code for Responsible Investing in South Africa (CRISA). Annual disclosures include the following:

- Responsible Investment and Stewardship Report
- Relevant responsible investment policies
- Engagement and voting records

Sanlam supports transformation in the South African asset management industry

With the market share of black asset managers in South Africa at less than 10% of total estimated savings and investments, transformation of the financial sector is in the spotlight. Sanlam made a significant contribution by creating one of South Africa's biggest black-owned investment houses this year. Sanlam sold 25% of Sanlam Investment Holdings, our third-party asset management business, to African Rainbow Capital's financial services unit.

Subsequent to this transaction, Sanlam acquired 25% of a new subsidiary of African Rainbow Capital Financial Services (ARC FS). The subsidiary holds ARC FS's financial assets excluding banking-related investments.

African Rainbow Capital is a 100% subsidiary of Ubuntu-Botho Investments, which is Sanlam's main empowerment partner and Sanlam's single largest shareholder.

Read more about these transactions in the 2020 Sanlam Integrated Report.

The governance of investments at Sanlam

Sanlam's governing bodies have specific responsibilities regarding monitoring and oversight of investments and ensuring that the investment principles are achieved.

Sanlam makes investments in a wide variety of asset classes. Investment mandates dictate the nature of investment activities and are operationalised in the form of investment guidelines. The monitoring and reporting of compliance against these guidelines are key controls in Sanlam's internal control system.

The Sanlam Limited and Sanlam Life Boards of directors are ultimately responsible for ensuring compliance with investment management principles. The Boards achieve this through an appropriate management committee governance structure.

A range of committees in the Group are mandated to oversee, review, execute and ensure compliance with the relevant policies, guidelines and processes. These include:

- SIG Executive committee
- Estate committee
- Asset Liability committee
- Business Investment committees
- Operational Investment committees
- Sanlam non-listed asset controlling body
- Central Credit committee
- Sanlam Group treasury

Our investment approach

Sanlam wants to be part of the long-term solution in the markets that we operate in. This means empowering people to retire with dignity, providing access to financial services to underprivileged markets through affordable investment, and continuing to pursue opportunities in the real economy – especially those with a strong impact on society.

Investment decisions are based on thorough research, which informs our position as a value investor focused on the long term. In taking the long-term view, we promote the incorporation of ESG factors in investment decisions to better understand the risks and opportunities of our investments. The safeguarding of ESG assets is a foundation for a healthy economy that generates sustainable returns for the future.

We invest in companies, organisations, vehicles, and funds with the intent to contribute to measurable positive ESG impact alongside financial returns.

Impact investments provide alternative sources of return to reward investors for risk undertaken. Therefore, SIG has been building out the depth and breadth of its capability beyond traditional active management. We have an active manager and index tracking manager, which facilitates cost-effective solutions as part of a diversified portfolio. We are also building our alternative capability through real assets, with a focus on impact investing.

This year Sanlam Investments partnered with international asset manager Robeco to enhance and cement our commitment to sustainable investment practices and, in turn, revitalise our purpose to create fresh impact. Having access to Robeco's platform, research and experience, allows us to rapidly upskill our employees and helps to embed sustainable investing practices into our investment processes and into everything we do as a business.



Empowerment financing in 2020

At the end of 2020, asset balances for empowerment financing stood at R12,8 billion (2019: R7,8 billion). Empowerment financing incorporates the following sectors:

- Infrastructure and renewable energy
- Property
- General South African corporate lending and acquisition finance



Active ownership

Our active ownership programme is a key component of our ESG framework and encompasses two important areas:

- Engaging with companies on material ESG issues
- Exercising the right to vote on behalf of our clients

We consider shareholder engagement as a core driver of change where investors seek to improve investee companies' practices with a specific objective in mind. When engaging with companies, our purpose is to either seek additional understanding or, where necessary, to seek change that will protect and enhance the value of investments for which we are responsible.

Along with our engagement activity, we consider voting to be a crucial aspect of being an active shareholder. It is an important element of our ESG framework and an opportunity to influence the company. Our voting and engagement activities are closely aligned as we regularly engage with companies before and after the vote. Our voting process is governed by our internal proxy voting guidelines which provide our preferences on governance matters and expectations for companies on sustainability themes.

Recognising the value of sustainable investment continued

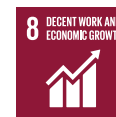
Responding to COVID-19 through our Investors' Legacy range

Sanlam provided large-scale support to enable the recovery of businesses, from small enterprises to corporates that employ a large number of people. Among a wide range of initiatives, spanning international markets, we committed R2,25 billion of own capital to seed three funds: the SME Debt, Private Equity and Corporate Debt Funds. Our core objective is to preserve and create jobs while mobilising further capital from like-minded investors with a commitment to reigniting economic growth.

The three impact funds, named the Investors' Legacy range, share the common goal of supporting businesses that were negatively affected by COVID-19 but which have a strong likelihood of producing sustainable cash flows after the pandemic should they receive the required financial support. Each fund focuses on a different part of the market - SMEs, mid-market and large corporates - and will provide financing in the most appropriate form, whether it be in the form of loans or equity investment.

Sanlam invested R250 million in the Investors' Legacy SME Debt Fund, R1 billion in the Investors' Legacy Corporate Debt Fund and R1 billion in the Investors' Legacy Private Equity Fund. The target size for the funds are R1 billion for the SME Debt Fund, R3 billion for the Corporate Debt Fund and R3 billion for the Private Equity Fund.

	SME Debt Fund	Corporate Debt Fund	Private Equity Fund
Target size	R1 billion	R3 billion	R3 billion
Committed capital	R432 million (over three closes)	R1 billion	R1,1 billion (first close 28 September 2020 at R1 billion)
Approved deals	>R110 million (5)	R300 million (1)	>R420 million (2)
Paid	>R85 million (4)	-	>R230 million (1)



	1 NO POVERTY	3 GOOD HEALTH AND WELL-BEING	8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES
Investors' Legacy SME Debt Fund	✓		✓	✓
Investors' Legacy Corporate Debt Fund	✓		✓	✓
Investors' Legacy Private Equity Fund	✓	✓	✓	✓

A commitment to invest for sustainable development

Sanlam Investments announced a revitalised purpose, fresh impact! in 2020. The new purpose statement defines our reason for being:

- We invest in people
- We are aligned with the United Nations SDGs
- Sustainable investing framework is anchored in our investment process
- We measure our success by the positive impact we have on people, communities and the planet

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. The index is designed to maximise exposure to positive ESG factors while reducing the carbon equivalent exposure to carbon dioxide (CO₂), other GHG 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 78 MW 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 substation and a 13,6 km overhead line connecting the project substation 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 businesses that are well positioned to address some of South Africa’s most pressing challenges. Positive social and environmental impact is pursued alongside a compelling financial return. The fund’s impact goals, which include economic growth, job creation, reduced inequalities and financial inclusion are pursued through four focus investment areas: SME financing, affordable housing, education and renewable energy. By 2020 the fund assisted 93 households, built 3 274 houses, created 472 jobs and supplied green energy to 64 homes.

The Sanlam Resilient Investment Fund contributes to the following SDGs:

	<p>No poverty</p>		<p>Quality education</p>
	<p>Affordable and clean energy</p>		<p>Decent work and economic growth</p>
	<p>Reduced inequalities</p>		<p>Sustainable cities and communities</p>

Recognising the value of sustainable investment continued

A global climate fund partnership

Climate Investor One was born from a desire to create a new way of deploying capital into emerging markets and projects. These markets are difficult to support due to risk profiles and lack of experience, as capital funding can be quite complex and sophisticated. Our aim was to create an innovative new financing model that combines capital from government and donors with that of institutions.

Climate Investor One created a three-fund architecture: a development fund, a construction equity fund and a re-financing fund, all offering different risk profiles to appeal to different investors. The partnership between FMO and Sanlam InfraWorks had a mandate to invest in clean energy projects in emerging markets. With the support of broad public and private sector commitment, Climate Investor One mobilised commercial funds to reach US\$850 million by June 2019 - 30% above target.

The funds are structured with a 15-year investment period with a mechanism to recycle capital. Cash flows received by the fund via repayment of development loans are re-invested in additional projects over the course of the 15-year investment period. This recycling of capital mechanism enables a greater number of projects to become operational, in a faster time and through the same commitment of capital by investors, resulting in a greater global societal and environmental impact.

Climate Investor One is invested in the development of a number of projects, with two having received construction financing: Cleantech Solar, currently a 116 MW Pan-Asia Corporate and Industrial rooftop solar platform, and Africa Hydro Holdings, a 42 MW run-of-river hydro platform in Uganda.

Climate Investor Two was launched in January 2020, focusing on two areas of impact:

- Water, sanitation and oceans
- Structure and focus

The initiative seeks greater impact efficiency in contributing to the SDGs with greater net positive social and development impact per dollar invested. With this approach we also experience an increasing overlap and combination between climate, impact and infrastructure.

Climate Investor One's contribution to the SDGs

 <p>5 GENDER EQUALITY</p>	<p>Gender equality</p>	 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>Affordable and clean energy</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Decent work and economic growth</p>	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>Industry, innovation and infrastructure</p>
 <p>13 CLIMATE ACTION</p>	<p>Climate action</p>	 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<p>Partnerships for the goals</p>

Climate Investor Two's contribution to the SDGs

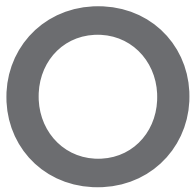
 <p>5 GENDER EQUALITY</p>	<p>Gender equality</p>	 <p>6 CLEAN WATER AND SANITATION</p>	<p>Clean water and sanitation</p>
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>Affordable and clean energy</p>	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>Industry, innovation and infrastructure</p>
 <p>10 REDUCED INEQUALITIES</p>	<p>Reduced inequalities</p>	 <p>13 CLIMATE ACTION</p>	<p>Climate action</p>
 <p>14 LIFE BELOW WATER</p>	<p>Life below water</p>	 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<p>Partnerships for the goals</p>

Resilience oversight and governance



70 Resilience oversight and governance

As the world evolves, we create new responses to changing economic, social and political environments in ways that balance different interests responsibly. We are also conscious that we have to be transparent in how we make these choices and allow stakeholders to shape our thinking.



Our sustainability management framework is based on the core concepts of resilience, sustainable development, sustainable finance and stakeholder inclusiveness and aims to:

- Provide strategic direction and inform decision-making, particularly where stakeholder trade-offs are evident
- Clarify governance and management structures to ensure sound oversight of material sustainability matters
- Structure the reporting focus areas per cluster and define the ways to measure progress
- Facilitate the flow of information to enable effective monitoring and reporting
- Guide the allocation of resources

Sanlam's values and Code of Ethical Conduct are at the core of our sustainability governance and risk management approach. Read more in the section on ethics from page 51.

How we govern sustainability

The SES committee monitors and advises on all 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 12.

All sustainability issues, including climate-related issues, are also channelled into Sanlam's enterprise risk management process. We describe the process and approach to identify our material resilience themes on page 7.

Appendices

Appendix A

Sanlam policies guiding our business

Sanlam has the following policies that align with our values:

- Anti-discrimination policy
- Employment equity policy
- HIV/AIDS policy
- Language policy
- Sexual harassment policy
- Disability policy
- Social media for individual policy

The policies below guide employee conduct:

- Substance abuse policy
- Retirement policy
- Office hours policy
- Promotion policy
- Overtime policy
- Relocation policy
- Job evaluation policy
- Dress code guidelines

We have the following policies to guide our conduct on effective environmental management

- Group environmental policy
- Group procurement policy

Refer to the Sanlam 2020 Corporate Governance Report, available in the downloads centre of the Sanlam investor relations website at www.sanlam.com/investorrelations/downloadscentre/, for further Sanlam policies and policy statements.

Appendix B

SASB Index

SASB is an independent, private sector standards-setting organisation dedicated to enhancing the efficiency of the capital markets by fostering high-quality disclosure of material sustainability information that meets investor needs. Sanlam is reporting to the Sustainability Accounting Standards Board (SASB) Standards to bring industry-specific rigor to our sustainability disclosure. The Table represents topics and metrics that are aligned to our business.

Descriptors	Topic	Accounting metric	SASB Code	Unit Measure
Business model and innovation	Product design and lifecycle management	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies	FN-IN-410a.2	Qualitative
	Transparent Information and Fair Advice for customers	Description of approach to informing customers about products	FN-IN-270a.2	Qualitative
Human Capital	Employee Diversity and Inclusion	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	FN-AC-330a.1	Percentage
		The entity shall categorise the gender of its employees as female, male, or not disclosed/available.	FN-AC-330a.1	#
		Relevant policies may include maintaining transparency of hiring, promotion, and wage practices, ensuring equal employment opportunity, developing and disseminating diversity policies, and ensuring management accountability for equitable representation.	FN-AC-330a.1	
	Training and Development	Relevant programs may include trainings on diversity, mentorship and sponsorship programs, partnership with employee resource and advisory groups, and provision of flexible work schedules to accommodate the varying needs of employees.	FN-AC-330a.1	Qualitative
Environment	Energy Consumption	The entity shall disclose (1) the total amount of energy it consumed as an aggregate figure, in Kilowatts/hour (kwh)	EM-CM-130a.1	kwh

Data Response	Reference	Resilience Theme
<p>Investment decisions are based on thorough research, which informs our position as a value investor focused on the long term. In taking the long-term view, we promote the incorporation of ESG factors in investment decisions to better understand the risks and opportunities of our investments. The safeguarding of ESG assets is a foundation for a healthy economy that generates sustainable returns for the future.</p>	<p>See Report section: Page 65</p>	<p>Recognising the value of Sustainable investment</p>
<p>Intermediaries have strong client relationships, and we value these as the basis for client engagement and financial planning over a client's lifetime. In collaboration with intermediaries we guide clients towards financial resilience: we help them to create security and wealth, to reach their financial goals.</p>	<p>See Report section: Page 20</p>	<p>Serving our Clients</p>
<p>Female Top Management (19%), Male Top Management (81%)</p>	<p>See Report section: Page 29</p>	<p>Empowering our people</p>
<p></p>	<p>See Report section: Page 29</p>	<p>Empowering our people</p>
<p>Sanlam has the following policies that align with our values and employee conduct</p>	<p>See Report section: Page 73</p>	<p>Empowering our people</p>
<p></p>	<p>See Report section: Page 37</p>	<p>Empowering our people</p>
<p>The total energy consumption for the buildings in scope for 2020 was 32500376.94 kwh</p>	<p>See Report section: Page 60</p>	<p>Protecting and Preserving Resources</p>

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