

Live with confidence



Resilience
Report

2021



Financial Planning | Investments | Insurance | Health | Retirement | Wealth

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Our purpose **drives** **everything we do**

Our purpose: Empowering generations to be financially confident, secure and prosperous

We are empowering our clients

- 1 We paid gross mortality claims of **R34 billion** since the start of 2020
- 2 Santam paid contingent business interruption claims of **R3,2 billion** as at December 2021
- 3 We are protecting and growing client assets of over **R1 trillion**

We are empowering broader society

- 1 Sanlam administered more than 33 695 vaccinations at our two sites in Johannesburg and Cape Town
- 2 Our strategic alliance with the MTN Group will drive financial inclusion across Africa

WE WANT PEOPLE TO LIVE WITH CONFIDENCE

At Sanlam, we believe that the way people feel about their finances drives how they behave. That is why we want to empower generations to live with the kind of financial confidence that makes a real and lasting difference. By gaining confidence, people are more resilient and prepared for the challenges and uncertainties that life may bring.

We believe confidence is the game-changer that can greatly increase the chance of success. It unlocks possibility, motivates people to reach their full potential, and allows them to live their best lives.

This is our brand promise: to empower millions of people to live with confidence where we operate.

Sanlam can unlock confidence because we are committed to being a sustainable and resilient business. This means caring about our clients, employees, communities and resources, while making sure our money, and that of our clients, are secure and growing. Our investment principles support the Sustainable Development Goals: a plan of action for people, the planet and prosperity.

At Sanlam, we believe in the importance of giving back, because it's not how much money you have, but what you do with it that counts.



02

Message from
the SES Chair

Confidence Rule 56:

**IF YOU CARE ABOUT
IT, CHOOSE SOMEONE
YOU TRUST TO
PROTECT IT.**

Sanlam is alive to the fluid challenges humanity is facing. That is why we believe in creating shared value as a way to collectively find effective and lasting solutions to embrace answers to problems such as hunger, climate change, biodiversity loss, inequality, and more.

Shared value is at the core of our new sustainability strategy, which the SES committee approved this year. We did a lot of work to understand our sustainability risks, our areas of greatest impact, and how to best align with the UN Sustainable Development Goals (SDGs). Based on this work, and the guiding light of our purpose, we are now connecting our sustainability focus areas across our value chain and the clusters, and can tell a more coherent story about Sanlam and our resilience.

Sustainability is a key business imperative and enabler to achieve our revitalised strategy. As a committee, we realised how important it is to take the Board with us, to elevate issues and to ensure we all understand what the challenges mean for Sanlam and our stakeholders. We want to base these conversations on reliable data that informs debate while being linked to remuneration and incentives.

2021 RETROSPECTIVE

COVID-19 was a lowlight and a catalyst. We started each Social, Ethics and Sustainability (SES) committee meeting this year by acknowledging the family members, loved ones, friends and colleagues we had lost since our previous meeting. By sharing the grief, we were better able to support each other as Sanlam family and community. Sanlam made great strides in exploring new ways of work, investing in holistic employee wellness programmes and reaching communities, schools and teachers to alleviate the pandemic's impact.

Sanlam took a leadership position in South Africa on **vaccination**. We were among the leading companies to set up vaccination sites and start vaccinating employees, their families and members of the public. I personally had such a positive and caring experience at Sanlam's Houghton site. Although we recognise individual rights and beliefs, we want to protect all Sanlam employees and ensure a safe and protected working environment. Vaccination became mandatory for employees on 1 January 2022.

Sanlam will be publishing a beginner report according to the **Task Force for Climate-related Financial Disclosures (TCFD)** and has a coordinated plan and priorities. There is increased impetus from the Board in terms of stewardship and controls, and we are working towards a more holistic view of what is happening across the Group. This includes using an environmental, social and governance (ESG) lens when assessing material risks and opportunities across the clusters. By embedding this view in our internal reporting, we are driving greater collaboration and insight across governance structures.

Partnerships remained a key strength. Together with Empowerdex and Intellidex, we published the inaugural Sanlam Gauge report to reignite conversations about transformation in South Africa. This enabled us to bring collective introspection on B-BBEE for government, industry and business. We are proud to have led these important conversations.

Our partnership with Ubuntu-Botho is an incredible empowerment initiative that has brought financial confidence to more than a million South Africans. We are also committing to new partnerships through the Sanlam Foundation as we put their strategy into action, while nurturing long-standing relationships for example with the Association for Savings and Investment South Africa (ASISA).

2022 INTENT

The ESG agenda directed by our new sustainability strategy will drive meaningful engagement on Board, cluster and team levels. This will help us improve our reporting to be more representative and impactful.

If you look at Sanlam's history, we have always been rooted in community. Even though the Group expanded into the rest of Africa, India, and some parts of Europe, the essence of our purpose remained the same: we want to empower people to be financially confident, secure and prosperous. For more than 100 years, we have achieved this in many ways. Our challenge is to instil this confidence even wider and bring our legacy as a good corporate citizen to life for even more people in 2022.



● **Karabo Nondumo**

*Chair: Sanlam
SES committee*

All crises have a beginning, a middle and an end. We are still grappling with the COVID-19 crisis and it's too early to have firm conclusions about the end. But what COVID-19 has taught us is that we don't have the luxury of waiting for complete information before acting. COVID-19 also reminded us that while efficiency is valuable, so is confidence in our brand and Sanlam's resilience.



Message from the
Group Chief Executive

Confidence Rule 60:

**IF YOU BELIEVE
IN IT, INVEST IN IT.**

For more than 100 years, Sanlam has been on standby to help clients in their moments of need. Behind every claim, there is a personal story of loss. We don't always know the full story, but Sanlam has been there to enable some form of recovery. However, what we also need to recognise is that there are many more hidden stories of loss, where people did not have a Sanlam to fall back on because they have never been in a position to take out insurance or save for their retirement.

We want to reach those people who need us most and put them in a position of confidence. Because we can.

Traditionally a conservative business, Sanlam has built up strong reserves over many years. This meant that we were able to pay out gross mortality claims of R22 billion this year.

We were among the first companies to open public vaccination sites in South Africa and lead the industry as a level 1 B-BBEE contributor. We launched a new healthcare offering with Afrocentric and created a Wealth Bonus offering to reward clients for their loyalty while helping them save.

Volumes

Life insurance volumes increased by 28%

General insurance volumes were up by 3%

Investment volumes increased by 13%

Value of new business

R356 billion of new business (2020: R311 billion) indicates healthy growth and strong performance to support our long-term ambitions for the continent.

Our success comes from being able to rapidly absorb emerging new information, make swift decisions, and by being proactive in our risk management. The risk environment has become exceptionally fast-paced and intense, and demands a continuous balancing act between efficiency, resilience and sustainability.

In a highly-connected world, we know that the only effective response is an integrated one where business, government and communities tackle issues together, for example through the SDGs. This is particularly important for Africa, as climate change will exacerbate existing challenges related to human health and safety, food and water security and socio-economic development. As a business committed to becoming an African champion, we therefore support the global drive for climate action.

Our Climate Fund Managers partnership with the Dutch development bank, FMO, is a great example. With support from the public and private sectors, Climate Investor One mobilised US\$850 million of commercial funds that have been allocated to renewable energy infrastructure projects. These projects include, for example, a river-run-off hydro project in Uganda, an offshore wind project in India and a near-shore wind project in Vietnam.

Climate Investor Two was launched in January 2020 and announced a conditional first close at US\$675 million during COP26 in November 2021. The fund focuses on water, sanitation, and oceans infrastructure, as these are fundamental to human life and economic development.



● Paul Hanratty
Group Chief Executive

The facts speak for themselves: we looked after our clients, improved and strengthened our competitive market position and attracted exceptionally high levels of new business this year.



These funds have a huge impact in bringing change and moving the world towards a more sustainable future.

As a financial services Group, our priority and most significant potential impact is in providing financial access and inclusion. As we invest in becoming a client-centric, digitally-enabled business, we are solving problems that limited us in the past. For example, we now offer insurance for informal housing as we base this on a mobile phone picture and coordinates, leapfrogging an ineffective bureaucratic process of establishing proof of ownership. This means that we can reduce risk and loss and help reduce the devastation of pervasive fires in informal settlements while working with municipalities to improve their ability to respond effectively.

To drive financial inclusion we focus on:

- Affordable solutions such as investments with no minimum requirements through EasyEquities
- Wider availability of insurance and investment products through our partnership with the MTN Group (MTN) for people who currently don't have access to financial services
- Job creation by allocating R2,25 billion to the Investor's Legacy Range. Through the Sanlam Investments Sustainable Infrastructure Fund we also invested R7 billion across more than 25 infrastructure assets and have committed a further R5 billion to new assets. Sanlam Corporate has also committed an additional R500 million to the Fund.

We also support financial inclusion through the Sanlam Foundation's financial education programmes, which are important for managing information asymmetry that exists, especially in the entry level market.

The world is in transition, with societies adapting to issues such as endemic disease and climate change at the same time. Sanlam believes in planned transitions, helping people to adjust and supporting them responsibly. We debate our role and position on issues as wide as diversity and inclusion to the insurance of coal plants and policy repricing for pandemics. These topics are complex, and in most cases require a gradual response and careful trade-offs, rather than an abrupt U-turn.

Sanlam's Board, Exco and employees do not shy away from difficult conversations. We see this from the many opportunities that employees have to give feedback, including on how and where they want to work. Our culture survey results this year also showed increased engagement from our employees.

CONFIDENCE IN THE FUTURE

We expect pandemics to remain part of human existence, and will therefore maintain prudent reserves and adjust our risk profiles.

We remain committed to ethics and compliance as the building blocks of trust. We refocused our governance model this year, knowing that it sets the tone for the little things that we do right every day to keep us all safe.

Scale and depth of resources are critical factors for success and sustainability in our industry. As the largest black-owned asset manager in South Africa, we plan to attract new flows from institutional clients, bring in new ownership and drive cost-effective solutions. This will contribute to much needed transformation within the industry.

We are confident about the future, and will continue investing in our business, our employees, clients and the African continent.

THE ACTIONS WE TOOK THIS YEAR CONFIRM THAT OUR CLIENTS CAN CONTINUE TO HAVE FAITH AND TRUST IN OUR BRAND AND THAT WE'LL BE THERE FOR THEM WHEN THEY NEED US. WE DEMONSTRATED OUR SOLVENCY THIS YEAR AND OUR RESULTS PROVED THAT ALL OUR STAKEHOLDERS CAN INDEED LIVE WITH CONFIDENCE.



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About our resilience reporting

Confidence Rule 20:

**PREPARATION IS
ALWAYS THE BEST
PREPARATION.**

RESILIENCE REPORTING MILESTONES FOR 2021

- 1 Completed stakeholder, culture and client surveys
- 2 Prioritised the key SDGs for the Sanlam Group
- 3 Gained approval for a new sustainability strategy to align with business strategy and enablers
- 4 Prepared to publish the Sanlam Climate Change Resilience Report as a TCFD beginner report
- 5 Prepared for new ways of working
- 6 Refined our values
- 7 Simplified and refocused our governance structures

Our Resilience Report is a reflection on the past year and a statement of purpose-driven future intent. Even though Sanlam has been creating value for more than 100 years, our business is ever-changing in response to the world and our stakeholders. This means that we continue to explore what sustainability means and demands from us –without assumptions or preconceived ideas.

This report focuses on six material themes that explain how Sanlam operates in its ecological, social and economic environment. The six themes are the same as in 2020, as they remained material and informed the process to develop our new strategy.

Our 2022 report will be prepared according to the focus areas of the new strategy.

We identified the six material themes based on what is important to our stakeholders, and what is regarded as material by global sustainability standards such as the Sustainability Accounting Standards Board (SASB), which now forms part of the Value Reporting Foundation. These themes include financial and non-financial risks and opportunities to ensure that the networks within which Sanlam operates are resilient and ready to manage unexpected change. They also demonstrate Sanlam’s commitment to being a good corporate citizen.

Our six material themes



Serving our clients



Empowering our people



Supporting our communities



Embedding an ethical culture



Protecting and preserving resources



Recognising the value of sustainable investment



Sanlam wants to be the leading insurer in reaching new clients through digital ecosystems. Digital transformation is therefore a key strategic focus, with two main goals: simplifying and modernising our existing business operations and rapidly developing and growing digital products and platforms. We use this icon to highlight examples of digital transformation that contribute to our resilience, and that of our stakeholders.

MORE THAN JUST WORDS

Shared value

For Sanlam, shared value is demonstrated through non-financial performance activities that play a key role in uplifting the quality of lives of people in Africa and India. Shared value is achieved through our contribution to the SDGs, economic growth and social investment activities and practices.

Sustainability and resilience

In our world, resilience means that organisations, environments and economies can 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.

Planning periods

- **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 capital allocation.
- **A long-term view** considers a timeframe of five to 10 years and takes a strategic view.

* Please note that we define timeframes differently in the Sanlam Climate Change Resilience Report.

This year Sanlam introduced a new brand promise that guides everything we do and every decision we make. We want to do everything in our power to help people live with confidence. Our confidence rulebook contains 10 chapters with 67 rules to guide people towards financial confidence. We selected a sample of rules for this report to show how financial confidence supports resilience.

RELATIONSHIPS THAT MATTER

We operate in an extended universe of stakeholders that includes the following groups, referenced throughout this report:



Clients



Employees



Shareholders and the investment community



Business partners and suppliers



Distribution partners



Media



Civil society



Organised business and industry



Government



Regulators

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.

WHAT ELSE TO READ

This Resilience Report (the report) is one of the elements of Sanlam’s year-end reporting suite for the financial year from 1 January 2021 to 31 December 2021. More information on financial results, governance and remuneration are available in the other 2021 reporting suite elements that can be accessed via the Sanlam website and includes:

- Sanlam Integrated Report
- Sanlam Annual Financial Statements
- Sanlam results presentation
- Sanlam results announcement
- Sanlam Corporate Governance Report
- King IV Report
- Sanlam Remuneration Report
- Sanlam Climate Change Resilience Report

We also reference the following:

- Sanlam Responsible Investment and Stewardship Report available at www.sanlaminvestments.com
- Santam Integrated Report available on the Santam website

INCLUDED AND EXCLUDED

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.

HOW THE NUMBERS ARE VERIFIED

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.

We are also 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 2021.

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 2021 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 2021 verification statement is available on the website.

A STAMP OF APPROVAL

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 regarding the long-term sustainability of Sanlam in 2021. The content development process was coordinated by the sustainability team, with input and approval from Sanlam subject matter experts, line management and Exco.



05

A resilience
snapshot



Confidence Rule 55:

**YOU DON'T HAVE TO
BE A FINANCIAL EXPERT.
YOU JUST HAVE TO
PARTNER WITH ONE.**

KEY INDICATORS

	Sanlam is included in the FTSE/JSE Responsible Investment Index
Level 1	Sanlam is a level 1 B-BBEE contributor
A-	CDP climate change score (2020: A-)
7th consecutive year	Sanlam was awarded Top Employers certification for South Africa
R12,8 million	consumer financial education spend (2020: R12,6 million)
R82 million	invested in corporate social investment (CSI) through the Sanlam Foundation in 2021 (2020: R47 million)
20 100	beneficiaries reached through the consumer financial education programmes
	The enterprise development programme helped create 502 sustainable new jobs while supporting 2 964 jobs in total since its inception in 2013
187,18 (kWh/m²/year)	in 2021: lowest electricity consumption in the past five years
0,49 (kl/m²/year)	in 2021: lowest water consumption in the past five years
	Climate Investor One mobilised US\$850 million of commercial funds that have been allocated to renewable energy infrastructure projects
	Climate Investor Two announced a conditional first close at US\$675 million during COP26 in November 2021
83%	Overall client satisfaction score
More than 2,8 million	retail and institutional clients across South Africa
154 675	employees globally
95%	of permanent South African employees are generation X, Y and Z
62%	female employees globally
61	culture score (2020: 58) against an industry average of 50
	Supplier procurement spend to small- and medium-sized enterprises of R3,26 billion



100 Sanlam scholarships for 2022

Sanlam enabled 100 scholars from historically disadvantaged backgrounds to join the UCT Online High School. The scholarships were awarded to 100 academically strong learners and cover 80% of their high school tuition over five years – an investment of R11,6 million from Sanlam.

The UCT Online High School was launched in July 2021 in partnership with Cape Town-based education technology company Valentre Institute. The new school aims to make use of its proprietary learning technology, analytics and learner support model at the forefront of online and blended learning.

This is part of Sanlam's efforts to establish a diverse and transformed talent pipeline of future skills.



Sanlam at a glance

Confidence Rule 30:

**TO PROTECT WHAT
MATTERS, YOU NEED TO
KNOW WHAT MATTERS.**



Who **we** are

Sanlam is a diversified financial services company founded in South Africa, with a strong presence in 33 countries on the African continent, India, Malaysia and selected developed markets. We have a proven track record of delivering superior value to clients, employees, shareholders and broader society.

We offer a large and diversified range of solutions including the following products:

- Life Insurance
- General Insurance
- Savings and Investments
- Corporate
- Asset and Wealth Management
- Retail Credit
- Financial Planning and Advice
- Healthcare

We are driven by our purpose to empower generations to be financially confident, secure and prosperous.

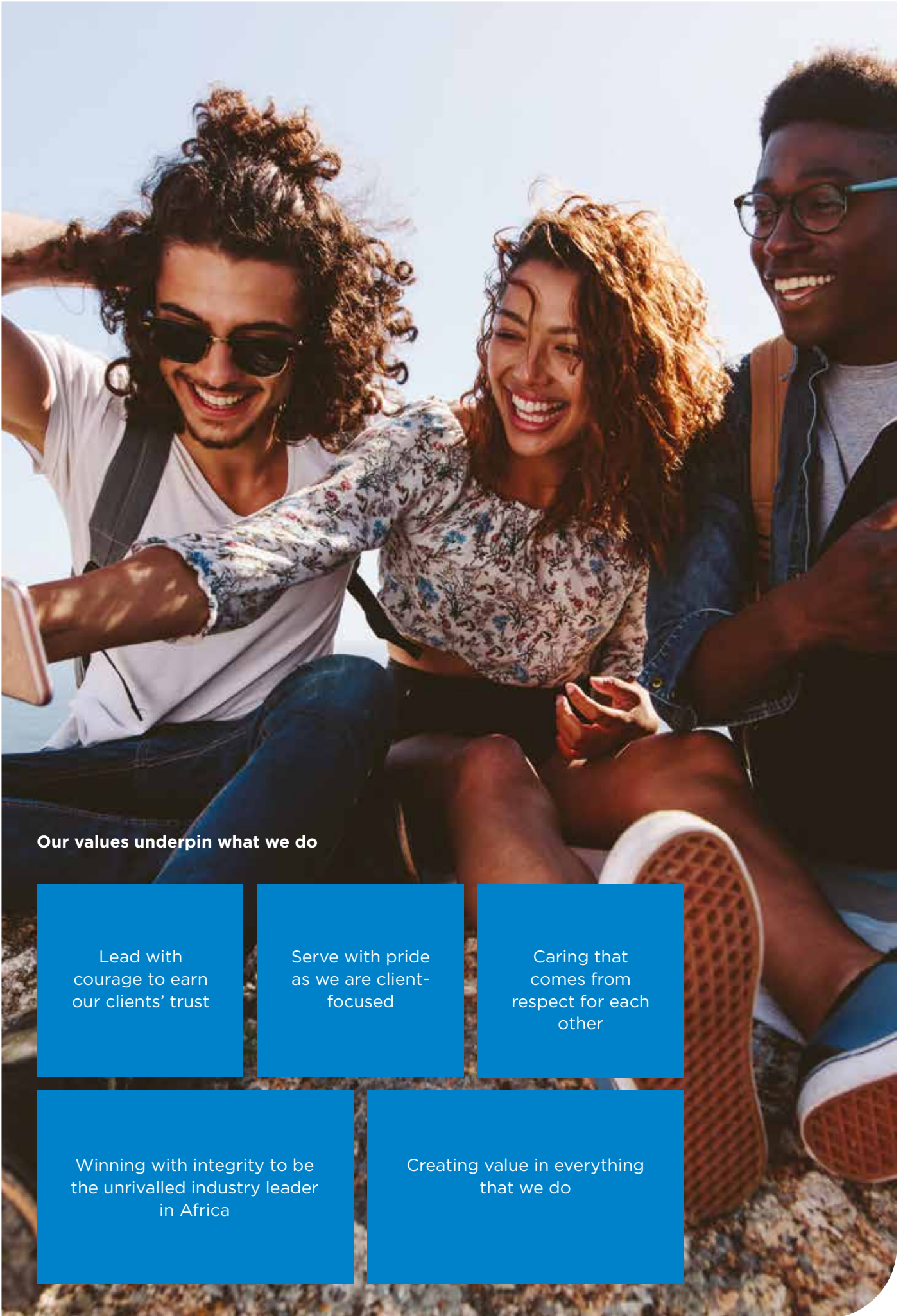
Sanlam has a 104-year history of empowering South Africans and is a trusted adviser to retail and institutional clients across the country. We are focused on protecting our clients' wealth and peace of mind while enabling them to live with confidence. While our business is founded in South Africa, we have extended our footprint across Africa and have a leading niche presence in India.

Regardless of where we operate, our clients are the starting point for our business activities. We develop tailored, appropriate solutions and enable our

clients to make sound financial choices through advice-led offerings. Omni-channel presence ensures that clients are reached and serviced through their preferred channel. We are developing our digital capabilities to serve our clients better and extract greater efficiencies from our business. We are committed to service excellence at a fair cost and upholding the highest standards across our business.

Our impact is also felt in how we support innovation, digital transformation and skills development and give rise to new supply chains that create financial prosperity. Ultimately, we are a purpose-led business, focused on working across our value chain to create an enabling environment for accelerated economic recovery and sustainable, inclusive economic growth that brings meaningful social change and ensures a resilient future for all.

Sanlam has a **104-year** history of empowering South Africans and is a trusted adviser to retail and institutional clients across the country.



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

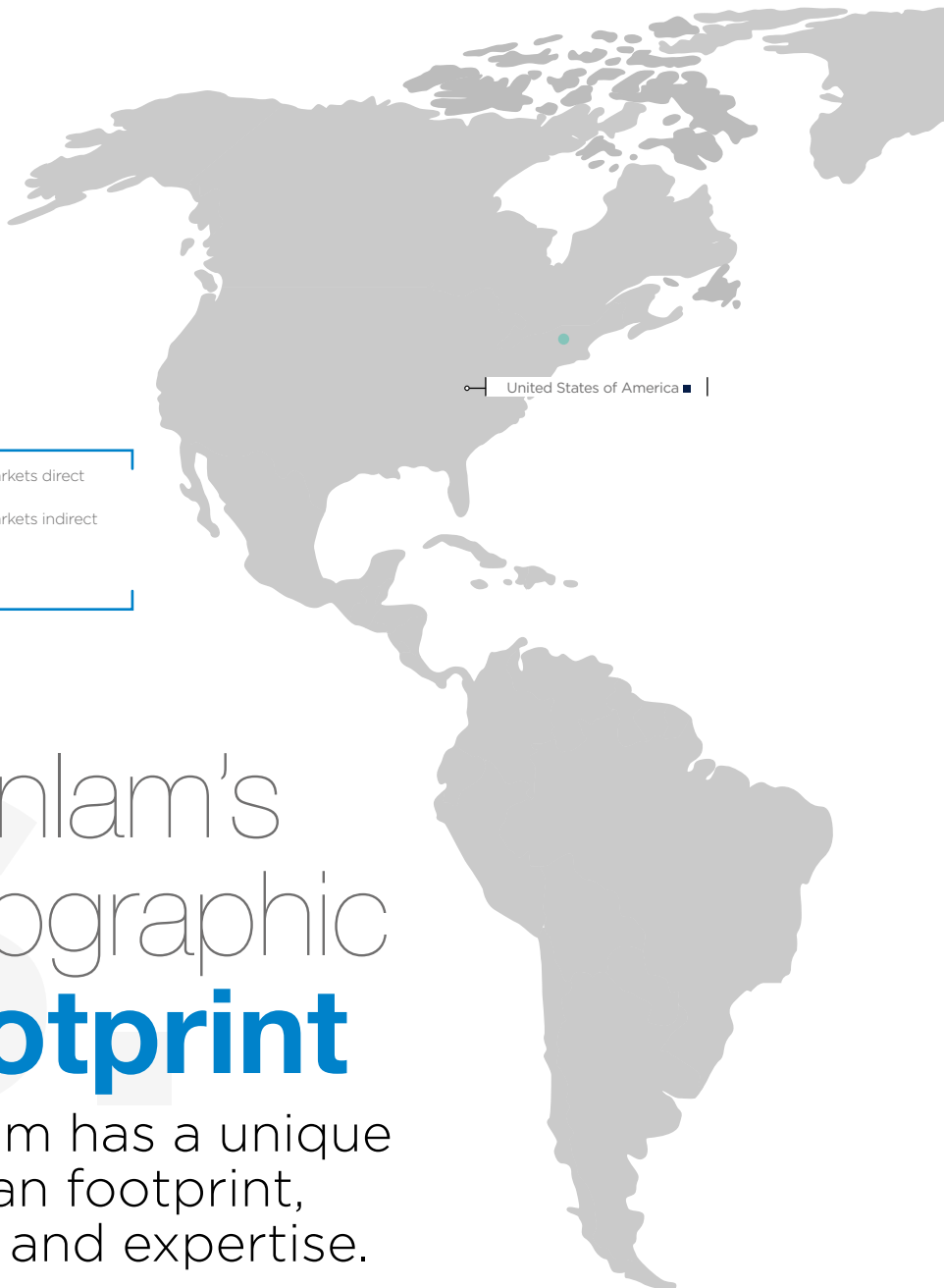
Creating value in everything that we do



GLOBAL

- Ireland
- United Kingdom
- Australia
- USA
- Burundi
- Lesotho
- Angola
- Zambia
- Kenya
- Uganda
- Lebanon
- Tanzania
- Tunisia
- Malawi
- Algeria
- Mozambique
- Morocco
- Zimbabwe
- Mali
- Namibia
- Niger
- Botswana
- Burkina Faso
- South Africa
- Senegal
- Guinea Conakry
- Madagascar
- Côte d'Ivoire
- Mauritius
- Ghana
- India
- Nigeria
- Malaysia
- Cameroon
- Philippines
- Gabon
- Congo-Brazzaville
- Togo
- Benin
- Rwanda
- eSwatini

- Emerging markets direct presence
- Emerging markets indirect presence
- Developed markets

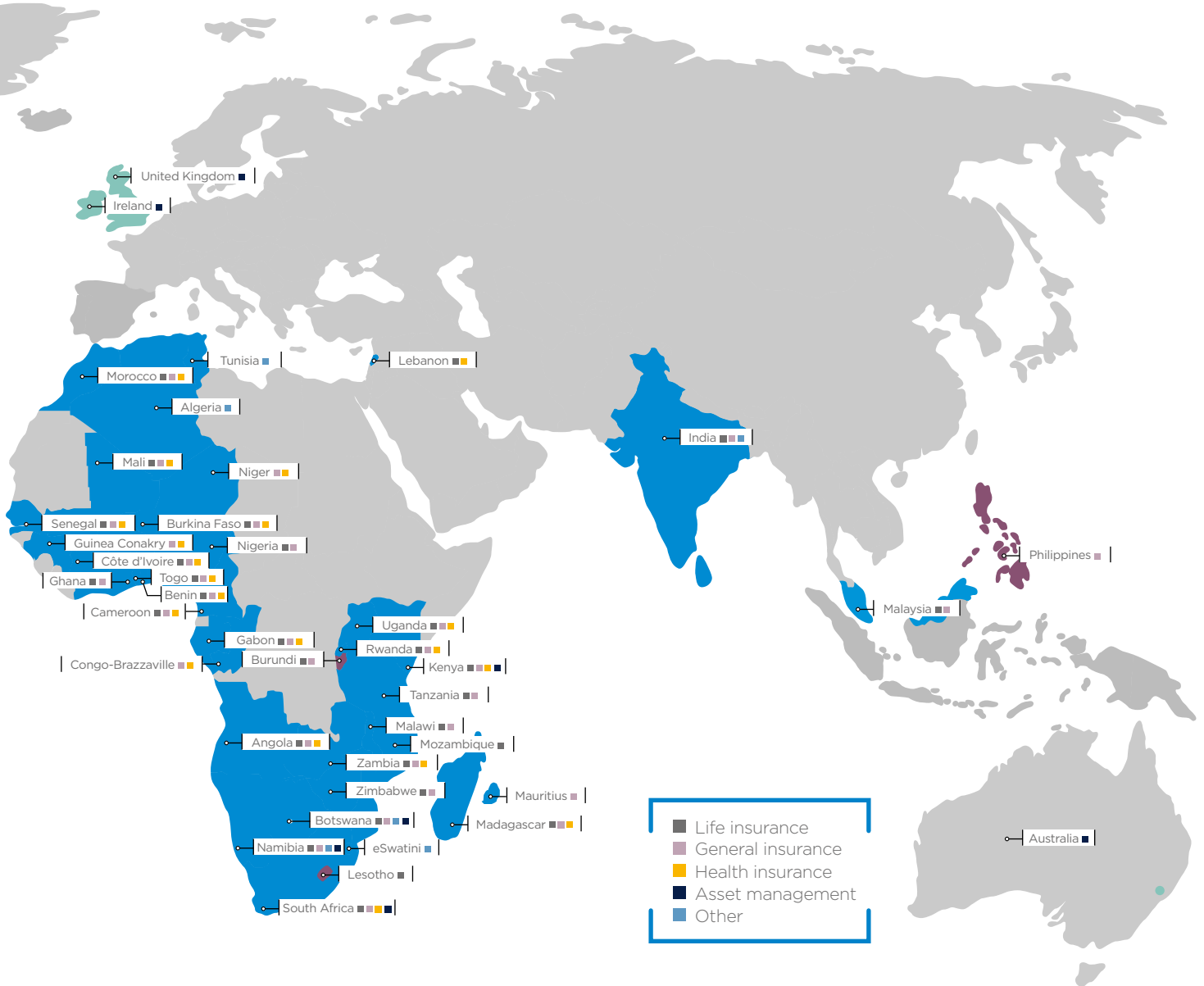


Sanlam's geographic footprint

Sanlam has a unique African footprint, scale and expertise.

We are the largest insurance group in Africa as measured by market capitalisation. We are one of the largest internationally active insurance groups in the world, as measured by in-country presence, with a direct and indirect presence in 41 countries excluding South Africa. We have the most extensive insurance footprint on the African

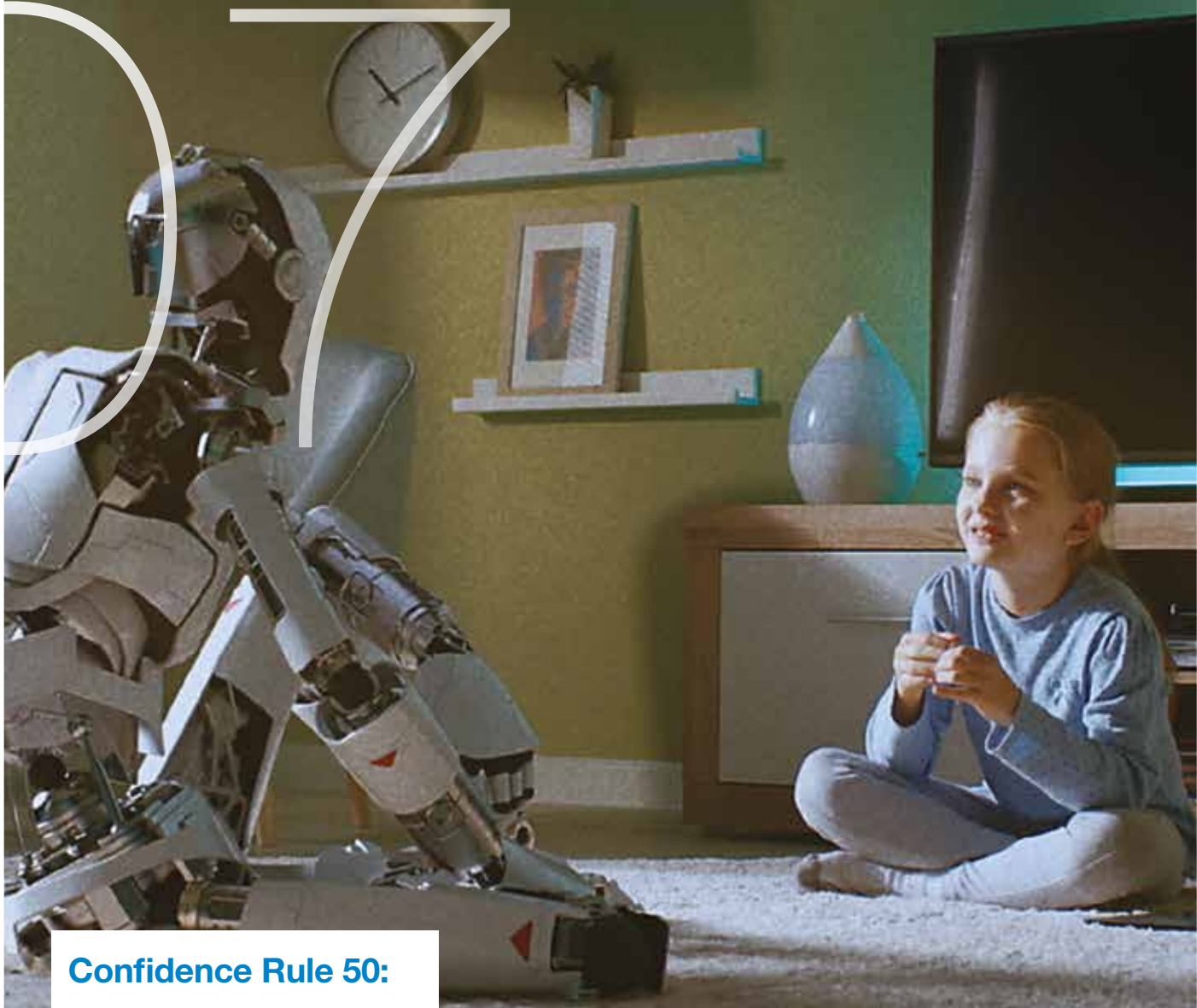
continent through SEM, and we have a direct presence in 33 countries in Africa. Our holistic approach ensures ease of doing business, aimed at international insurance brokers and developed market insurers that need to provide their client base with insurance and employee benefits solutions across Africa.



Sanlam is one of the top three market leaders in 10 African countries for life and 13 for general insurance.



A strategy for shared value



Confidence Rule 50:

THE BEST THINKING IS FUTURE THINKING.

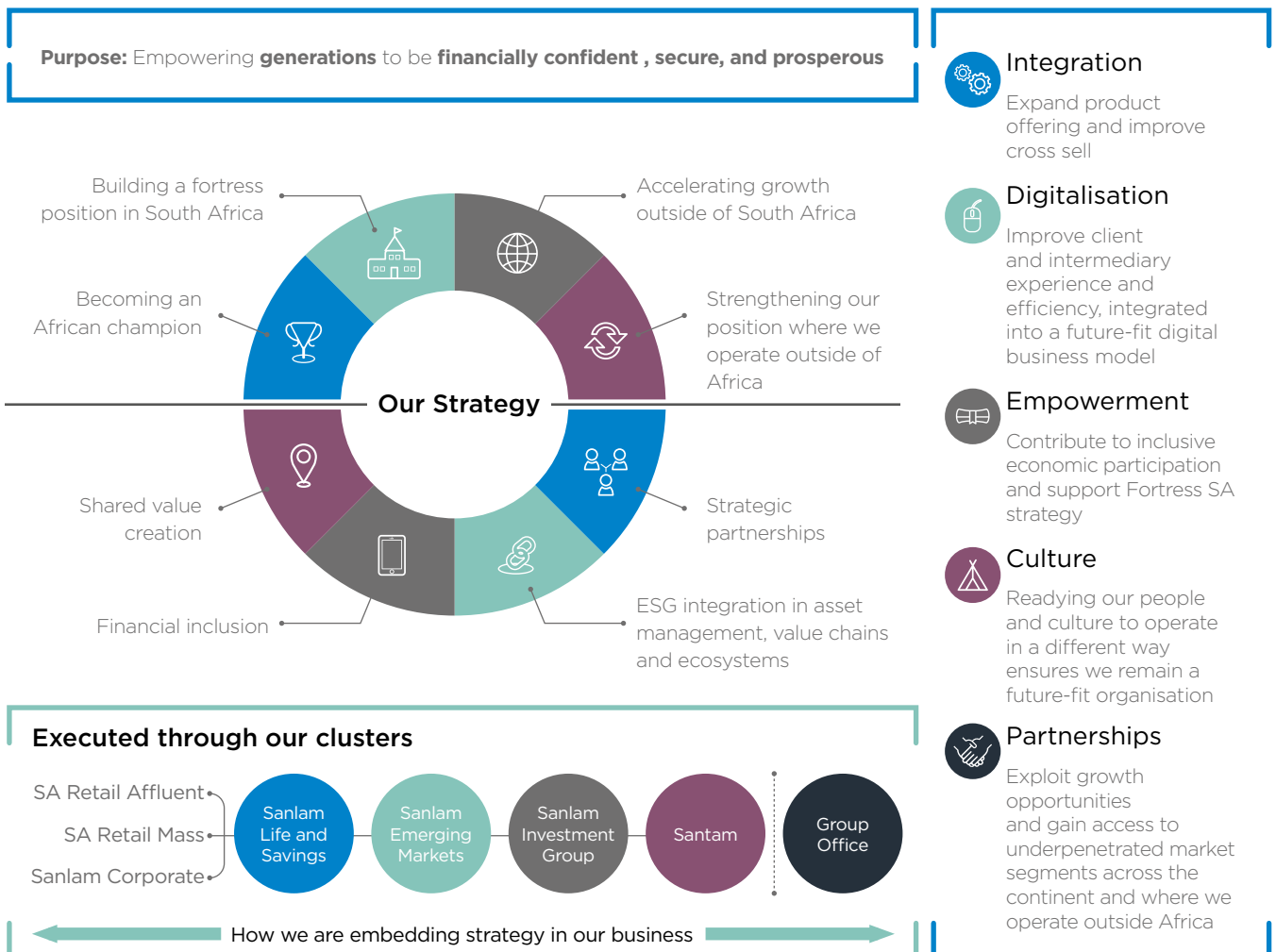
A purpose-led sustainability strategy

The Sanlam sustainability team facilitates internal collaboration to create, maintain and protect social and environmental capital across stakeholder groups.

In 2021, we developed a new ESG and sustainability strategy for the Group, aligned to the new strategy launched in 2020.

We wanted to create a coordinated approach that integrates and embeds an ESG and sustainability ethos into business activities and decision-making. Given the transversal nature of ESG matters as well as the heightened external focus on non-financial performance, it was essential to transform and reposition the current ESG and sustainability approach.

STRATEGY AT A GLANCE



Our four strategic sustainability pillars

Shared value creation

Due to Sanlam's scale and presence we can play a critical role in socio-economic development. Our potential impact goes beyond client relationships, extending to sustainable investments where we operate.

Financial inclusion

Sanlam has an opportunity to create a reputation as a champion of inclusion and upliftment of the previously disadvantaged and excluded members of society, enabling access and participation in financial services.

ESG integration in asset management, value chains and ecosystems

There is an opportunity to integrate sustainability in value creation activities across the organisation, such as asset management, partnerships, frameworks and decision-making.

Strategic partnerships

Partnerships can enable and/or facilitate the large-scale achievement of Sanlam's social and economic impact objectives in communities and societies within which we operate.

Our purpose is to empower generations to be financially confident, secure and prosperous by making ourselves accessible, promoting financial education, financial inclusion and providing superior financial advice to protect and grow wealth.

Resilience is the capacity for our core business to endure and respond to disruption in a way that either resists or limits damage and enables swift recovery. Resilient systems are characterised as adaptable, flexible, agile and able to deal with change and uncertainty.

Our sustainability context

There is an increased emphasis on sustainability matters by a variety of stakeholders, including investors, regulators and policy makers. There is an increased focus on expanded sustainability governance across the ecosystem, including collaboration with third parties, suppliers and value chain participants.

Disclosure is increasing, aligned with calls for global standardisation and assurance to address pressing environmental and societal issues. The global movement towards setting international standards for non-financial reporting, combined with the commitment from world leaders to address climate change, resulted in significant developments this year. With the formation of the International Sustainability Standards Board (ISSB),

we can expect acceleration towards regulation and alignment in decision-useful sustainability disclosures. Sanlam is monitoring and aligning our reporting to these standards, acknowledging that the Value Reporting Foundation with SASB Standards are set to be part of what develops in terms of future reporting.

According to the United Nations' Sustainable Development Goals Report 2021, a growing number of countries and communities recognise the need to increase collaboration to achieve the SDGs – particularly in light of the toll COVID-19 has taken. Industry collaboration is essential to fully understand sustainability needs and how they are being measured and disclosed.

Key sustainability risks and trend

- COVID-19 pandemic 
- Poor economic growth 
- Human resource scarcity and stretched resources 
- Transformation, diversity and inclusion 
- Political and social instability 
- Extreme weather/climate change 

Impact opportunities

- Economic recovery and growth
- Increase inclusive economic participation outcomes
- Future-fit talent and workforce
- Extreme weather and climate change mitigation
- Agile technology and innovation-driven ecosystems

Read more about our mitigation of these risks and identification of strategic and emerging risks in the integrated report from page 40.



Aligning with the Sustainable Development Goals

As a blueprint for peace and prosperity for people and the planet, now and into the future, the SDGs are attuned to Sanlam's purpose.

While all SDGs are important and we can provide anecdotal evidence of how Sanlam initiatives contribute to outcomes within each goal, our focus is on tangible outcomes. We want to be intentional in prioritising SDGs that provide the biggest opportunity for shared value creation.

Core Sanlam SDGs






Sanlam's seven core SDGs are highlighted in blue.

Resilient stakeholder relationships

Our stakeholder engagements are aimed at helping us blaze a trail of financial confidence and for the creation, maintenance and protection of social capital for Sanlam across the various stakeholder groups and client segments.


OUR STAKEHOLDER PROFILES, TOUCHPOINTS AND ENGAGEMENT OUTCOMES

Who	Why	How	Outcome
 <p>Clients use Sanlam's products and services to build financial confidence and protect what is important to them. 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.</p>	<p>We want to be the trusted adviser to retail and institutional clients to support them in achieving wealth and peace of mind. This will deliver on our purpose to empower generations to be financially confident, secure and prosperous.</p>	<p>Clients engage with us for advice and solutions to achieve financial resilience and to be confident about their finances at various life cycle stages. Clients can access advice, information, products and submit claims through a variety of channels, including websites, call centres, SMS and social media platforms.</p>	<p>Clients gain long-term financial confidence, security and prosperity: people can retire with dignity and are protected from the financial impact of unforeseen events.</p> <p>Clients experience that they are being treated fairly through our application of the principles of the Treating Customers Fairly (TCF) regulatory framework.</p> <p>Client satisfaction surveys and feedback are used to improve our offering and service.</p> <p>Clients are rewarded for their loyalty and perseverance through the Sanlam Wealth Bonus.</p>

Who	Why	How	Outcome
<p> Our 154 675 permanent employees constitute a diverse workforce where individual talent contracts with Sanlam in a variety of roles according to agreed individual key performance indicators. They provide the Group with the skills and capabilities to deliver products, services and client-centric experiences.</p>	<p>We want to attract the best people in the market, empower them to learn, lead and live our shared purpose. This means fostering a high performance and agile culture that drives accountability and an exceptional employee experience.</p>	<p>Employees are invested in Sanlam' performance to ensure future personal development opportunities, fair remuneration and career growth. 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.</p>	<p>Employees are retained as part of a skilled and experienced workforce with appropriate incentives to drive high performance.</p> <p>Employees are supported through future-fit leadership and financial, emotional and health-related wellbeing initiatives. Read more on page 58.</p> <p>Employee mobility within the Group is enabled as we redefine operating models and provide extensive online learning sources. Read more from page 58.</p> <p>Sanlam can deliver innovative solutions for our clients by harnessing the power of our workforce. Read more from page 58.</p> <p>R15 billion was paid in remuneration this year.</p> <p>Sanlam was certified as a Top Employer in 2021 in South Africa.</p>
<p> Shareholders and the investment community are our primary providers of financial capital, with analysts guiding their decision-making.</p>	<p>We want to achieve consistently superior returns for shareholders relative to returns achieved by competitors in the insurance sector of the Johannesburg Stock Exchange (JSE). We want them to understand and support the trade-off decisions we have to make to ensure the long-term sustainability of Sanlam.</p>	<p>Shareholders require access to decision-useful information on Sanlam's performance. We provide this via the Sanlam website, annual reporting elements and SENS announcements.</p> <p>Information sharing with shareholders and investors is also facilitated through biannual results presentations, operational updates, the Sanlam investor conference, the annual general meeting and ad hoc meetings.</p>	<p>The value of Sanlam shares continues to grow thereby maximising the return on shareholders' investments. Read more in the integrated report.</p> <p>Sanlam shareholders trust the ability of the Board and Exco to make the right decisions in the interest of Sanlam's long-term sustainability.</p> <p>Shareholders received a dividend that continued to increase in real terms with a target shareholder value (return on Group Equity Value) real growth of 3% to 10% and a target real dividend growth of 1% to 4%. Dividend payments of R6 billion were made in respect of the 2021 financial year. Read more in the integrated report.</p>

Who	Why	How	Outcome
<p> Business partners and suppliers include for example banks, telecommunication companies, affinity groups, international brokers, and other business entities that enable us to improve access to financial services. These partnerships enable market access in a variety of geographies to support our growth and transformation ambitions.</p>	<p>Business partners and suppliers are essential in achieving our vision to distinguish ourselves as the most admired financial services group in Africa. Where there are mutual opportunities to create value, they provide us with products and services that enable Sanlam to conduct business. Our business model relies on these partnerships and collaboration as they often provide local knowledge and infrastructure.</p>	<p>Engagement with business partners and suppliers is supportive and not intrusive. We pay suppliers according to service level agreements and contracts. Engagement is formalised through governance structures, reporting requirements and personal engagement.</p>	<p>Business partners and suppliers benefit from Sanlam's investment in the economies of Africa in a manner that is responsible and impactful for the development of those economies.</p> <p>They are first in line to benefit from Sanlam's intent to diversify the benefits of company ownership to local participants.</p> <p>Our suppliers benefit from our sizable procurement of goods and services as well as SME support initiatives.</p> <p>Supplier procurement spend of R13,3 billion.</p> <p>Supplier procurement spend to SMME's of R3,26 billion.</p>
<p> 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.</p>	<p>Distribution partners provide us with distribution capability, an understanding of the local market conditions, culture and existing relationships with regulators, independent brokers and institutional clients. We want to empower intermediaries to confidently, seamlessly and from a single place, provide consistent initial and ongoing advice across various client financial needs and goals.</p>	<p>Distribution partners are supported by dedicated broker support units, tools and learning platforms. Sanlam invested in an automated advice solution to help intermediaries increase productivity.</p>	<p>Distribution partners benefit from fees generated through products and services distribution.</p> <p>Innovation and financial inclusion efforts support the creation of new and enhanced distribution opportunities across all our markets.</p> <p>R15 billion was paid in sales remuneration in 2021.</p>
<p> Media constitutes decision-makers, content curators and media houses, editors, sub-editors, journalists, freelancers and columnists in all countries where we operate.</p>	<p>The media can impact and influence our reputation and brand value. They can also be valuable partners in driving financial inclusion and building financial confidence.</p>	<p>We engage with the media through campaigns and brand events. Engagements are facilitated by the central Group communications function and authorised spokespersons according to the guidelines set out in the Sanlam Group communication policy. We provide transparent and reliable information on our websites and social media platforms.</p>	<p>The media has access to trusted and reliable information on Sanlam, including authorised spokespersons.</p> <p>The media provides a balanced view on stakeholder issues that involve the Sanlam brand.</p>

Who	Why	How	Outcome
 <p>Civil society includes trade union federations, political parties and non-governmental organisations.</p>	<p>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. We want to be proactively responsive to societal issues and have a distinct voice in the societal discourse by participating in initiatives that position us as a responsible corporate citizen.</p>	<p>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.</p>	<p>Communities and organisations develop financial confidence, resilience and prosperity. They can plan for the long term, protect and secure their assets.</p> <p>Communities experience the benefits of increased entrepreneurship, consumer financial education and investments in skills development.</p> <p>Sanlam invested R82 million in CSI in 2021.</p>
 <p>Organised business and industry take the form of associations and organisations that form across sectors and/or in the financial services industry. These include the National Business Initiative, Business Unity South Africa, Business for South Africa (B4SA) and the Black Management Forum.</p>	<p>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 provide an invaluable platform for access to key decision-makers in government, the private sector, and other sectors of society.</p>	<p>Engagements are focused on areas of mutual interest such as COVID-19 support, transformation, proposed legislation and climate change. Through corporate membership structures, we drive fundamental change to enable a more transformed economy. Sanlam also joined the “Every Action Counts” coalition that connects experts in nature conservation and climate change with leading digital platforms, financial institutions and consumer goods firms.</p>	<p>Multiple stakeholder engagement platforms create more value for Sanlam than one-on-one engagements.</p> <p>Public interest initiatives benefit from collective support and can ensure a bigger impact. As such, they are better able to stimulate economic growth and stability.</p>
 <p>Government constitutes the host governments in the countries where Sanlam operates.</p>	<p>Government policy and plans provide the parameters for socio-economic development.</p>	<p>Sanlam engages with government through national and all spheres of government as well as industry associations and various business chambers.</p> <p>We engage with local government through dialogue, for example by hosting post-election thought leadership conversations in partnership with the National Business Initiative.</p> <p>Santam collaborates with municipalities through the Partnerships for Risk and Resilience Programme (P4RR).</p>	<p>Sanlam contributes to the execution of government’s social agenda of job creation and empowerment.</p> <p>Sanlam and tax authorities maintain a proactive, open and constructive relationship to protect and manage tax responsibly. R5 billion was paid in taxes this year.</p> <p>Sanlam does not make any contributions to political parties.</p>

Who	Why	How	Outcome
 <p>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.</p>	<p>Collaboration with regulators is essential to mitigate financial risk.</p>	<p>We engage regularly with industry regulators to assist in creating a trusted and stable financial services environment.</p>	<p>There is trust in the financial sector as ethical and fully functional.</p> <p>Sanlam complies with all relevant regulations and standards.</p>

COVID-19 support

The COVID-19 crisis presented a unique opportunity to tangibly demonstrate Sanlam’s purpose. We built on extensive support initiatives launched in 2020. Many of our stakeholders extended our personal protective equipment (PPE) donations to people we would not have been able to reach. For example, trade unions provided their members with PPE donations from Sanlam, and masks given to clinics were passed on to outpatients.

COVID-19 support included PPE donations to the value of R9,5 million targeting education, health, unions and federations, universities, municipalities, and more.

Through our partnerships and ongoing involvement, we are confident that we supported and made a difference to vulnerable stakeholders, communities and institutions. In doing so, we continue to imprint “live with confidence” in the DNA of every aspect of our business, while entrenching Sanlam’s good corporate citizenship credentials.

RESPONSIBLE AND RESPONSIVE ENGAGEMENT

With a wide range of stakeholders with nuanced priorities, Sanlam acknowledges the need for different stakeholder management practices across its footprint. We therefore allow business entities relative autonomy in their positioning and responses. However, we expect all to adhere to the principles outlined in the Group stakeholder management policy.

The policy sets out 10 principles for how stakeholder management should be approached across the Group, including minimum requirements for planning, engagement conduct and reporting on stakeholder management.

Our intent with stakeholder engagement is to:

- Proactively unlock growth
- Respond to stakeholder issues
- Demonstrate good governance
- Display leadership and foresight as a good corporate citizen

We have a common understanding that sustainable performance and growth are inextricably linked to a reliable and healthy relationship with our stakeholders.

Milestones for 2021

- The adoption of StakeTracker, designed to assist with implementing and complying with the stakeholder management policy, is progressing well and different businesses are using the system for quarterly stakeholder engagement reporting. Relationship use the system to capture and manage their stakeholder management information, coordinate events or engagement, share information, assign tasks and schedule follow-ups for action from a central and secure database.
- A stakeholder management training programme, aimed at upskilling all stakeholder relationships owners, was rolled out for the Group office and business clusters. This intervention capacitated relationship owners to be able to:
 - Annually identify, prioritise and map those stakeholders who hold a material stake in the business.
 - Plan, record and monitor ongoing stakeholder engagement.
 - Monitor and evaluate the effectiveness of engagements, and the impact on the desired governance outcomes, such as reputation, healthy relationships, legitimacy and support.
 - Report quarterly to Exco and the Sanlam Board.
- The purpose of the stakeholder management policy is to ensure legitimate stakeholder expectations are effectively considered and met to secure and protect the Group's reputation. To achieve this, we conducted a study to get a baseline understanding and assessment of stakeholders' perceptions, expectations and the quality of our material relationships. The findings shared insights on how our stakeholders perceive us and highlighted areas of focus to improve the health of our stakeholder relationships.

Key findings from our stakeholder perception survey

The fieldwork, which was conducted with a sample of 2 247 stakeholders, aimed to help us build trusted relationships with all our stakeholders. It took place between 26 January and 26 March 2021 and entailed online and telephonic interviews.

We gained external opinions from government, regulators, media, investors and civil society. We also engaged with employees. We did not target clients separately for the baseline survey.

From the findings it is evident that stakeholders hold a positive view of Sanlam. Overall sentiment is healthy and from a trust perspective, Sanlam outperformed peers. The feedback indicated that we should consider providing stakeholders with a more tangible demonstration of our purpose through client centricity, good governance and ethical business leadership. Stakeholders also required Sanlam to develop more of an active voice and point of view on key issues and be more influential in policy development and related activities.

External stakeholders want Sanlam to:

- Be more responsive to client needs
- Practice good governance
- Ensure fair dealings with stakeholders
- Place clients and stakeholders at the centre of what we do
- Have accessible and approachable leaders
- Maximise positive impact

Employees, in particular, want Sanlam to:

- Place clients and stakeholders at the centre of what we do
- Be more responsive to client needs
- Respect employees and their contribution
- Support the wellbeing of employees

STAKEHOLDER PRIORITIES GOING FORWARD

- To best deliver on stakeholder expectations, we plan to review Sanlam's stakeholder relations strategy to align with the outcomes of the stakeholder perception survey.
- COVID-19 continues to limit our engagement with stakeholders. We hope to see easing pandemic restrictions in 2022 which will result in the resumption of our annual provincial stakeholder engagement events.
- We will continue to be proactively responsive to stakeholder issues and have a distinct voice in the societal discourse by participating in initiatives that position us as a good corporate citizen.

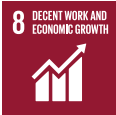


Serving our clients

Confidence Rule 8:

**TRUST IS LIKE MONEY.
ONLY GIVE IT TO PEOPLE
WHO HAVE PROVEN
THEY KNOW HOW TO
HANDLE IT.**

Contributing to the following SDGs



As we guide our clients towards their financial aspirations, we create engagements and experiences that inspire them and help them live with confidence.

To give clients that confidence, and deliver on our purpose, we have three strategic ambitions:

For our clients, financial confidence comes from the peace of mind rooted in knowing that they are financially prepared for the unexpected as they work towards a better future. It is the kind of confidence that opens doors to new possibilities and unlocks dreams.

1 To provide **access to our products and services** for more than **50 million** clients across Africa by 2025

Providing financial **access**

2 To be rated as having the **best client experience** in markets where we operate

3 To be rated as the **most trusted and secure insurer** in each African market in which we operate

We want to give more people the opportunity to live with confidence. This means using our expertise, infrastructure and partnerships to develop affordable solutions that can work for people anywhere, even if they don't have a regular income or fixed assets. Through financial inclusion, we can help achieve the global goals of eliminating poverty, unemployment and reducing inequality. This speaks to our brand essence of pioneering inclusive financial confidence.

We use differentiated digital solution partnerships to drive financial inclusion:

Bringing financial confidence to life

Confidence Coaches	We put purpose into practice with the launch of an inspirational team of Confidence Coaches in South Africa. The initiative aims to empower consumers to live with the kind of financial confidence that makes a real and lasting difference. The coaches are a diverse mix of five well-known personalities and influential voices who shared personal insights and practical tips on how to live with confidence through a series of online conversations. To keep it human, personal and authentic, Sanlam has set out to inspire a better relationship with finances by first unpacking the significance of greater confidence in all aspects of life. The Confidence Coaches are not financial experts, but rather real people with real stories and life lessons to share. Read more on livewithconfidence.co.za .
Sanlam Moola-Money	We launched South Africa's first ever financial education family game show to improve financial literacy and empower South Africans to live with confidence. The show makes financially complex topics fun in an engaging and accessible way. It addresses typical financial issues such as debt and credit card concerns, paying off a bond, an inability to save and no emergency fund, and also explains concepts such as interest rates and retirement funds. The show also featured local celebrities who competed on behalf of their favourite charities. The 13 episode TV series was broadcasted on eTV from April to June 2021
Sanlam Savings Jar educational app for children	To inspire a new generation of savers, Sanlam launched an app designed for kids to use with their parents. It teaches kids about the value of saving through a quest in which they act as dragon masters protecting a treasure. By using play and reward, children can develop the habit of managing their money with confidence. The app builds on Sanlam's 21-year sponsorship of the children's multimedia programme, Takalani Sesame.
Confidence tools	To pioneer inclusive financial confidence, Sanlam developed a set of tools including: <ul style="list-style-type: none"> • Confidence Rules to help guide and support people in living with more financial confidence. These rules have been brought to life on outdoor, social and digital executions and have been integrated into product campaigns and sponsorships. The rules have been collated into a Rulebook that can be downloaded online. • Financial Check is a tool to assist people in doing a quick check to see where they are with their finances in a simple and easy way. The tool helps people understand which areas they might need to give more attention to. • The Financial Confidence Index is a 6 min weekly segment on the eTV morning show that covers a wide range of topics from investing to retirement, festive season spending and savings tips



A mobile partnership into Africa

We have a unique opportunity to drive financial inclusion by leveraging MTN's fintech market experience that provides access to a larger client base in Africa.

Our proposed alliance with the multinational mobile telecommunications operator, MTN, will enable a new business model through which clients can access insurance and investment products. MTN's mobile financial services target sectors across Africa that have previously been unable to access such products via traditional channels. While approximately 46% of Africa's population has access to and uses mobile phones, insurance penetration remains low at less than 5% in most markets.

Using MTN's brand and reach, Sanlam will be able to leverage our licence, geographic footprint, broad offering and expertise to reach more people. The alliance will aspire to have more than 30 million policyholders by 2026, building on MTN's current active policyholder base of about six million.

The partnership has the potential to grow beyond micro-insurance to more comprehensive life, non-life

and retail investment solutions. There is an extensive opportunity to build on both parties' existing footprints across Africa and to expand into non-shared markets.

A partnership for funeral cover in South Africa

Sanlam has been in partnership with South African bank, Capitec, since 2018 to offer the most affordable and flexible insurance product of its kind in South Africa. The partnership leverages Sanlam's capabilities, including our cell-captive insurer, Centriq, to offer Capitec branded funeral insurance to the bank's clients. Featuring a paperless process, it delivers active cover within 10 minutes and most claims are paid within four hours.

Easy investing for everyone

Sanlam has a 30% shareholding in EasyEquities, an innovative, affordable investment platform. With quick registration, low fees and no minimum investment requirement, EasyEquities has been able to remove the barriers to entry in local and international stock markets. Online video tutorials, blogs and podcasts ensure that new investors have resources and tools to improve their financial literacy.

CAPITEC KEY INDICATORS

1,67 million

active Capitec Funeral Plans at 31 December 2021

7,5 million¹

lives covered at 31 December 2021

R3,2 billion

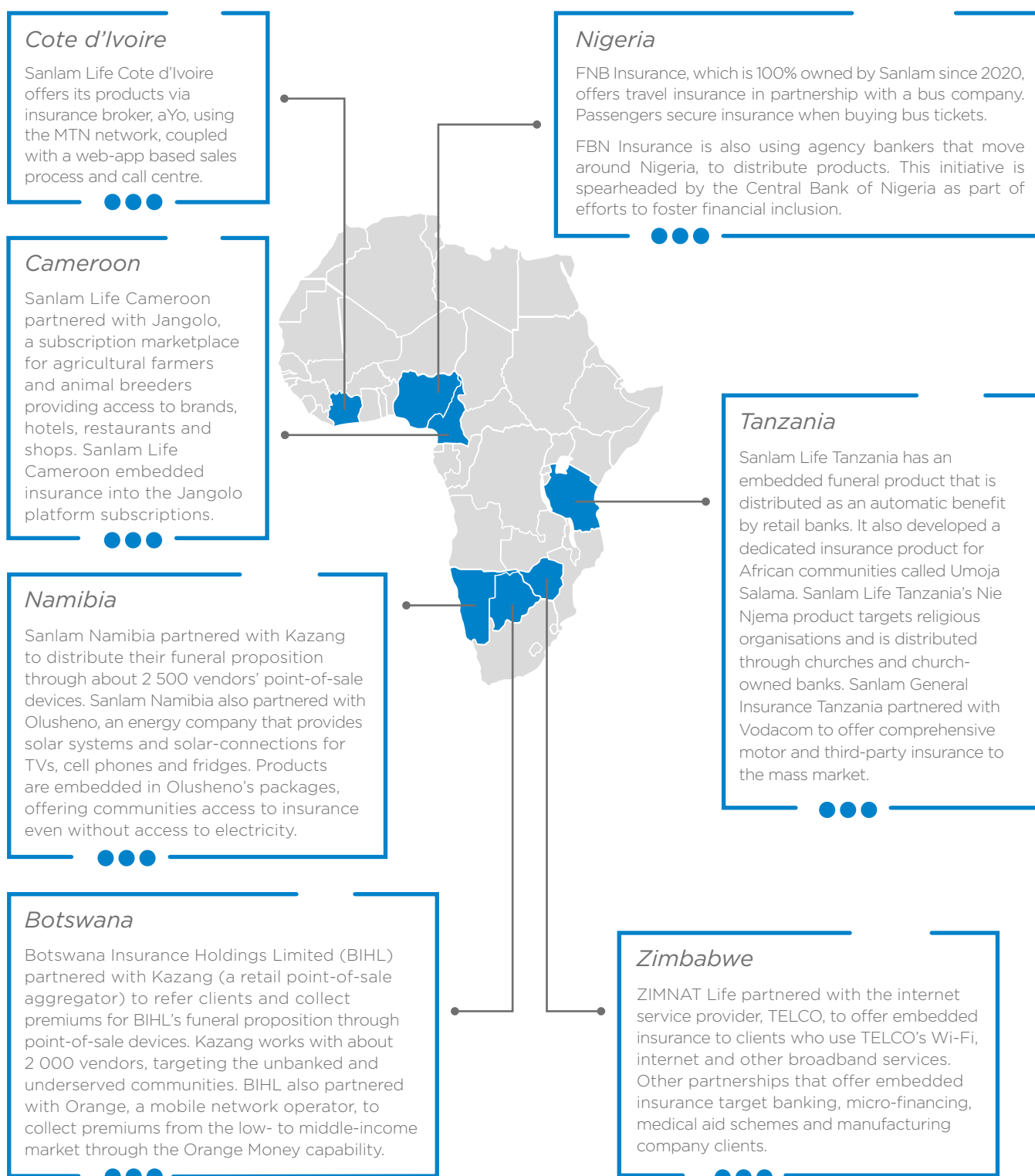
funeral claims paid since inception in 2017 (R1.9 billion paid in 2021)

¹ Approximate number.

Taking financial confidence into Africa

Sanlam is the largest non-banking financial services group on the African continent, with a presence in 33 countries including South Africa. One of our strategic ambitions is to invest more than R1 trillion in the economies of Africa in a manner that is responsible and impactful for the development of those economies.

Our investment in financial inclusion in key markets included:



Creating better client experiences

We aim to deliver a single, consistent and integrated Sanlam client experience while making it personal for each stakeholder. This means creating digital future-fit experiences built on superior data and analytics platforms. We aim to create one single Sanlam client access point.



Sanlam's digital transformation is designed to deliver a proposition that meets the needs of current and future clients:

- **Offering clients a holistic value proposition** across products, and engaging them on the questions they have through advice, guidance and rewards
- **Presenting solutions in a way that brings clarity**, builds confidence and enable them to address their need seamlessly
- **Allowing clients to engage with us in the channel of their choice** when gathering information, purchasing and servicing a product
- **Ensuring seamless engagement** based on level of authentication
- **Removing repetitive requests** for client information by creating standard journeys across different product lines and business units
- **Enabling self-service** so clients can have more control over their finances

For Sanlam, such a client experience will:

- **Improve competitiveness** and drive sales growth
- **Improved client satisfaction** to ensure retention
- **Reduce cost** to service due to increased self-service
- **Enable future digital business models**
- **Improve intermediary efficiency** and productivity

Current client risks include:

- **Despite clients' ability to pay premiums remaining under pressure**, Sanlam is experiencing good persistency following collection efforts and premium holiday reinstatements.
- **While we have seen strong growth in new investments**, our traditional recurring business is taking longer to recover from COVID-19.
- **We have strong governance to ensure fairness to clients**, and address any compliance challenges.
- **There has been pressure on service levels** during peak claims periods due to a combination of volumes and employee illness and bereavement. Sanlam has interventions in place to ensure resource availability and to support claims handling staff.

Since January 2021, Santam has paid gross CBI claim payments of **R3,2 billion** to end of December 2021, inclusive of the relief payments of **R1 billion** made in August 2020.

A CLIENT EXPERIENCE STUDY OF SANLAM BENEFIT CLAIMS

At Sanlam, we are in the business of paying valid claims. We understand that filling out forms, although a necessary part of the process, is the last thing on a client's mind. We aim to make the administration and paperwork easier, and test our client's satisfaction with the process, the attention received, whether we met expectations, engendered trust and showed that we care.

We completed an SLS client experience study on living benefit and sickness claims this year. Living benefits include, for example, disability income benefits, spouse/child protector and retrenchment benefits. 200 clients and 120 intermediaries participated.

Both clients and intermediaries report high satisfaction with Sanlam as a company and also report a very positive experience when claiming. Results indicated that clients'

satisfaction remains on par when compared to the previous year whereas intermediary results continue to show improvement.

Although clients' overall satisfaction with the claims experience is on par with 2020, their satisfaction with a number of individual elements of the claims process improved. Most improved were "Sanlam doing what they said they would do" and the "knowledge and expertise of claims consultants".

Intermediaries indicated a marked improvement in their satisfaction with particularly the claims consultants' handling of telephonic enquiries, their knowledge and expertise as well as consultants really making an effort to assist.

The majority of clients and intermediaries indicated that they are very likely to recommend Sanlam to others.

KEY INDICATORS

83%	overall satisfaction with Sanlam as a company (2020: 84%)
84%	rating from clients on the claims journey (2020: 83%)
82%	client rating for the claims department (2020: 82%)
81%	intermediary rating for the claims department (2020: 77%)

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 its annual report. This information is available on their website at www.ombud.co.za.

The latest available information is for 2020 when 311 (2019: 291) complaints were received about Sanlam Life Insurance, constituting 4,61% (2019: 4,77%) of total complaints. 264 (2019: 248) cases were considered, 206 (2019: 184) were finalised and 16% (2019: 23,8%) were found in favour of the complainant.

MEASURING CLIENT SATISFACTION IN AFRICA

SEM launched a project this year to develop and launch a standardised client satisfaction survey methodology for different products across seven countries in Africa.

The target countries are Angola, Botswana, Cote d'Ivoire, Kenya, Morocco, Namibia and Nigeria.

Key criteria included:

- Overall satisfaction relating to a product or service
- Net promoter score, measuring client loyalty
- Client effort, measured by ease of interaction
- Likely repurchase rate
- Perceived evolution of product quality or service
- Key drivers, testing performance attributes vs. their importance for clients

The results will be used to generate actionable improvements and further standardisation across SEM countries.

REWARDING AND ENCOURAGING CLIENT LOYALTY

We want our rewards mechanism to link to our purpose and what we stand for, so we can help people make the right decisions today to unlock value in the future and make them financially confident. Wealth Bonus automatically rewards clients with a built-in, wealth-building benefit that acts as an investment to create wealth.

Our role is to help clients understand the value of saving and delayed gratification. All clients aspire to wealth, but it means something different for each person. However, whatever their goals, the key is to stay the course over the long term. Because we know this can be challenging, we also ensure that there are elements of reward that unlock periodically to keep clients motivated.

Wealth Bonus is the new Sanlam loyalty offering launched at the end of March 2021. It collates rewards over a range of Sanlam products from life, disability, severe illness and income protection to retirement plans and health offerings. All these Sanlam products come with benefits that include either compounding returns, a retirement boost, regular cash-back pay-outs and free lifestyle benefits.

Whenever a client pays a premium, adds to their savings, or makes an investment, Sanlam contributes towards the built-in benefit that automatically creates even more wealth for their future. The Wealth Bonus pays out at guaranteed future points. Even where a product's contribution is small, the power of the benefit lies in the long-term earning potential for a client's entire product portfolio. The more participating products a client has, the bigger their overall Wealth Bonus.

Behind the scenes, we merged Sanlam Reality and the Wealth Bonus teams to form a new Rewards Centre of Excellence that now manages all Sanlam's loyalty and rewards initiatives.

RESPONSIBLE CREDIT

Although South Africa's national savings rate increased since the onset of COVID-19, driven by cautious spending behaviour, the ratio of household debt to disposable income remains high at about 75%. With Sanlam already in a position to give clients advice to build their financial confidence and resilience, we identified an opportunity to support our clients more in managing their debt.

Sanlam Credit Solutions was launched in May 2020 as a platform that gives clients access to their credit score and profile. It also enables access to consultations with credit management coaches and tailor-made credit products.

For this solution, we partnered with Intelligent Debt Management Group, which offers comprehensive advice and a host of highly relevant financial and effective debt relief solutions to South African consumers.

WE USE A RANGE OF FEEDBACK MECHANISMS TO TEST CLIENT SATISFACTION IN THE DIFFERENT CLUSTERS AND BUSINESSES, RATHER THAN USING ONE GROUP-WIDE TOOL. WE USE FOR EXAMPLE VOICE OF CLIENT (VOC), BRAND SURVEYS AND CONDUCT CLIENT AND INTERMEDIARY EXPERIENCE TRACKING STUDIES AT VARIOUS CLIENT TOUCHPOINTS.

Over 200 000 clients joined the platform since the launch in May 2020, with over a third of these clients without existing Sanlam product holdings. Good conversion rates mean that clients are following the advice they receive, taking up more Sanlam solutions and moving into a better financial position.

PREPARING FOR THE FUTURE OF ADVICE

To help clients live with confidence, we ensure that they receive holistic financial guidance and appropriate product solutions. Clients typically need advice to make their money go further, to select the right protection, to plan for their financial future and make provision for known expenses.

Sanlam Retail Mass is developing an automated advice solution from a client experience perspective called the iManage platform. However, the solution is not only targeted at clients but will also increase intermediary productivity. It is a tool for newcomer advisers and can be used by an adviser to work with a client through their needs process.

We want to empower intermediaries to confidently, seamlessly and from a single place, provide consistent initial and ongoing advice across various client financial needs and goals – all while meaningfully connecting with clients.

The future of advice will be about delivering an integrated client and intermediary experience, allowing for a seamless transition from self-directed to intermediated settings. This means that clients will receive consistent initial and ongoing advice across various financial needs.

A NEW LOW-COST HEALTHCARE OFFERING

There is a gap in the South African market for affordable and flexible solutions that offer a low-cost alternative to traditional medical scheme cover. Only 15% of the South African population are members of medical schemes.

At Sanlam, we believe our clients' health is vital to their ability to live with confidence and resiliently build wealth. We have therefore significantly amplified our health focus.

The new Sanlam Health Solutions builds on our existing partnerships with medical schemes Bonitas and Fedhealth, and gives clients the flexibility to move between medical scheme options. New products include a low-cost primary health insurance plan called Sanlam Primary Care as well as Sanlam Gap, Sanlam Primary Care Clinics, Sanlam Occupational Health Services, Sanlam Employee Assistance Programme and Sanlam Executive Care.

Sanlam Corporate, through its partnership with Afrocentric, offers virtual health consultations to Sanlam umbrella fund members.

Sanlam Chief Actuary Lotz Mahlangu on sustainable product development and design:

Sanlam's purpose and new strategy led us to relook the substance of our products and how we develop and distribute these, including assessing how clients access our solutions. The nature of our business is to provide risk protection and to help people save for their goals, and eventually their retirement. This year we also launched Sanlam Health Solutions, a new proposition around healthcare.

To ensure that clients can live with confidence beyond the short term, we design products that create value if clients stay with us, and encourage them to develop a long-term relationship with Sanlam. An example of this is the Wealth Bonus. By delivering an integrated and holistic offering, we deliver on our purpose.

Our client-centric approach means that we identify a client need and value proposition before developing a product. In our mind, offering a client a financial solution is not just a contract but should be an experience based on engagement and value. That is also why we are investing significantly to create a single view of a client. Our commitment is to have the right products developed for the right clients in the right way and at the right price.

B Building relationships and **systems of trust**

GOVERNANCE TO PROTECT CLIENT INTERESTS

Sanlam incorporates the client view as core to product development and governance structures. The Board's Customer Interest committee was established in 1998. It has since broadened its mandate in support of Treating Customers Fairly (TCF), the South African regulations to deliver specific, clearly set out fairness outcomes for our financial clients.

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 committee meets at least four times per annum and is chaired by an independent non-executive director.

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 fair treatment to customers throughout the life cycle of our relationship with them and continues to embed TCF into our culture. Our approach and processes are designed around three questions:

- Did we explain what was bought to the customer?
- Were 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.

INNOVATING FOR CLIENT FAIRNESS OUTCOMES

- **Sanlam Corporate created a Chief Client Officer** role this year as part of its efforts to further embed TCF. We continue to focus on improving transparency and clients' access to information. By providing accessible educational material to insurance members and retirement fund members, we can improve their understanding of their benefits as well as the implication of their decisions on retirement outcomes.
- Since the launch of **free counselling services** to members of qualifying retirement funds in 2018, Sanlam Corporate has made this available to more than 450 000 members across 49 funds which includes the Sanlam umbrella and stand-alone funds.
- **A cluster-level performance score** has been developed for client experience and TCF. This incorporates TCF into remuneration via incentive bonuses and constitutes one of the non-financial KPIs. Measurements are done consistently and affect all employee levels.

PROTECTING CLIENTS' INFORMATION

Clients have to be able to trust Sanlam with their information, including their goals and aspirations. Trust builds confidence and gives clients peace of mind.

The Protection of Personal Information Act 4 of 2013 (POPIA) came into full effect on 1 July 2021. POPIA gives effect to the right to privacy as set out in the Constitution of the Republic of South Africa and aims to protect the personal information of data subjects, striking a balance between the rights to privacy, access and flow of information.

POPIA requires that Sanlam has the required controls and governance for lawful data protection and processing practices, and can facilitate the effective management of client consent and processing while aiding compliance with the requirements for direct electronic marketing.

Our POPIA timeline

2013

The Group Compliance Office (GCO) initiated a Group Privacy Project to prepare for POPIA. The GCO developed a methodology to analyse existing data processing to determine gaps between current practices and new requirements.

2014 and 2015

GCO conducted a series of workshops to assist these different functions with their gaps and provide guidance on remedial actions. Detailed reports included recommended actions to be implemented by management.

2019

GCO appointed a legal adviser with specific legal expertise in data privacy laws to assist with the implementation of POPIA and specifically oversee that the requirements of POPIA are addressed.

2021

POPIA came into effect.

Sanlam is the trusted custodian of the personal information of many retirement funds, employers, members, policyholders and clients. Sanlam processes personal information in line with the following eight conditions set out in POPIA:

Accountability: Sanlam complies with and adheres to POPIA.

Processing limitation: Sanlam processes personal information only where a legitimate basis exists, in a fair, lawful, and non-excessive manner.

Purpose specification: Sanlam only processes personal information for a specific, explicitly defined and lawful purpose. Records of personal information are not retained any longer than is necessary for achieving this purpose.

Further processing limitation: Sanlam does not process personal information for a secondary purpose unless that secondary purpose is in accordance with or compatible with the original purpose or authorised by POPIA.

Information quality: Sanlam makes every reasonable effort to ensure that the personal information processed is complete, accurate, up to date and not misleading. Sanlam relies on other role players to do the same when submitting personal information to Sanlam.

Openness: Sanlam ensures that data subjects are aware of the processing of their personal information, including the source and purpose of its collection.

Security safeguards: The integrity and confidentiality of personal information are protected by taking appropriate, reasonable technical and organisational measures.

Data subject participation: Sanlam ensures that data subjects have access to their personal information (and may request the deletion or correction of their personal information).

Sanlam is committed to:

- Ensuring that all personal information is processed in a responsible manner that does not unjustifiably infringe the privacy of any data subjects.
- Securing the integrity and confidentiality of personal information in our possession or under our control.
- Complying with legislation, including but not limited to data protection laws.

As at 1 December 2021, 82% of Sanlam employees completed the online POPIA awareness course.

According to the POPI act each Group legal entity has to appoint an Information Officer and where necessary, a Deputy Information Officer. The nominations to fill these roles across the Group have been made and their registrations with the Information Regulator are in progress. Although initial regulatory requirements for compliance have been met, there is still a need to define and further strengthen governance structures for data privacy across the Group. Steps are underway to revise and extend the current mandates of existing governance structures and/or establish additional governance structures where required.

Data privacy in Africa

POPIA is a South African legislation and there are similar regulatory initiatives in Africa. SEM undertook research to assess and understand in-country data privacy regulatory frameworks in the countries where Sanlam operates. The first step was to ensure full compliance with existing legislation. The Sanlam Group data privacy policy was communicated to the SEM risk and compliance community. In-country teams are responsible for the implementation and compliance with the policy, and receive regular communication around the topic. To assist in-country teams to better understand data privacy risks, the central risk and compliance team provides guidance on how to conduct privacy impact assessments and data inventory guides.

SECURING DATA AND DIGITAL ASSETS

Our clients, employees and distribution partners rely on Sanlam to act with care and responsibility in how we use and store data, in a world where the risk of malicious cyberactivity and attacks is increasing.



The Board and the Risk and Compliance committee have oversight responsibility for cybersecurity. The Group Chief Information Security Officer (CISO) provides the committee with a report in the fourth quarter annually on the status of the cyber and information security management system in the Group.

To support the new Sanlam Group strategy, a new IT target operating model was adopted, leading to the establishment of Sanlam Group Technology (SGT) in 2020, and the introduction of two new supporting councils:

- Group Technology Council
- Digital council

Additionally, in Q4 2021 the Sanlam Board through the Risk and Compliance Committee also introduced the Digital and IT forum chaired by an aptly qualified independent director of the Board.

The Group Technology Council consists of business and cluster IT Executives and plays an oversight role in the implementation of the IT Strategy, Digital technology strategy, as well as the Sanlam Cyber resilience programme. The council assesses and approves cybersecurity and IT governance policies and standards before these are submitted to the Board for approval. The policies and standards contribute towards protecting Sanlam assets against cyberattacks and are tested through planned cyber-resilience exercises. The Group Technology Council's oversight scope includes IT risks and associated mitigation.

The management of IT controls was enhanced by the establishment of a governance, risk and continuity department which is responsible for the development and maintenance of IT policies and standards as well as playing a second-line role in the monitoring and evaluation of policy compliance.

The above assisted in improving and maturing the Group's cyber defence profile.

Group IT policies

Sanlam has four Group IT policies:

- The Sanlam Group IT policy
- The Sanlam Group cybersecurity policy
- The Sanlam Group information and data policy
- The Sanlam Group digital behaviour (user) policy

All four were revised this year as per their defined maintenance schedule. Changes were approved by the Board and constituted minor, non-material adjustments primarily in relation and due to:

- Group-wide organisational changes
- Revisions to the system of governance
- Alignment with other new Group policies (for example the hybrid work-from-home policy)
- Progress regarding the development enabling Group Standards and Guidelines that give effect to the principles espoused in the policies.

New Group standards and guidelines were developed to strengthen the internal controls environment, thereby maturing the compliance function and overall policy framework. We present mandatory annual policy awareness campaigns and socialise the Group standards with the Group Information Governance Working Group and the Group IT Governance Working Group. The Board is provided with assurance on the effectiveness of the Information Security Management System and cyber-resilience arrangements in the Group.

Data privacy policy

A Group data privacy policy was approved by the Board in 2020 and fully implemented in 2021. This policy ensures that we responsibly process personal information and that we demonstrate our commitment to upholding the right to privacy of data subjects.

The policy sets standards to formulate, document and implement detailed procedures, processes and systems to proactively ensure compliance. It also considers the specific business environments and relevant applicable laws or regulations of the jurisdiction in which employees are located or operate. The policy covers privacy principles, duties of the Information Officer, employee obligations, intra-Group sharing, cross-border transfers, data storage and

retention, direct marketing, and numerous other data privacy protection safeguards.

Information privacy data breaches

Data privacy breaches of a non-cyber nature 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.

Formal data privacy breach management processes ensure that we have structures and responsibilities in place to manage any breaches consistently and effectively. Although data privacy breaches were recorded this year, no client data was exposed.

KEY DATA PRIVACY INDICATORS

- 15** data privacy breaches recorded
- 3** data privacy breaches were deemed major after risk severity assessments
- 12** data privacy breaches reported to the information regulator

All data privacy breaches that were reported to the regulator, were reported by the relevant cluster information officer.

Information security (cyber) incidents and/or data breaches

The types of incidents that we experienced, correlate well with the incidents observed within ASISA, the South African Insurance Association (SAIA) and the Financial Services Information Sharing and Analysis Centre (FS-ISAC) communities.

Incidents of malware and advanced malware were detected and addressed, while phishing for credentials remained common.

Online scams were observed in the form of Chief Executive Officer (CEO)/Chief Financial Officer (CFO) scams, where the email of the CEO or CFO was spoofed and requests for urgent payments were submitted to employees who usually transfer funds. These scam attempts were successfully blocked.

Cyber control self-assessments

Sanlam assessed our response to a focused independent third party cyber simulation attack this year. The attacks included focused phishing campaigns targeting high-risk employees, attacks on external websites and work-from-home technology like virtual private network (VPN) interfaces. The outcome showed strong detection and response capabilities, and strong security on external-facing technologies.

Sanlam is a member of the Information Security Forum (ISF) which provides access to tools, research and content including a security health check (SHC). The latter is aligned to the ISF Standard of Good Practice for Information Security 2020 and best practice frameworks such as ISO27002, COBIT, NIST and the Centre for Internet Security.

A Group-wide SHC was performed during 1 July – 30 September 2021 and included all clusters excluding SEM. The results showed an overall improvement in all categories, especially in previous areas of weakness. Sanlam also compared well against a selected peer group. The output of this assessment will be incorporated in the Group Information Security programme for 2022 and beyond.

Work area recovery sites

The lived experience of COVID-19 and ongoing cost pressures led to a call for a full revision of work area recovery (WAR) solutions this year. Different disaster scenarios require different WAR solutions. Current solutions include remote work (from home or anywhere), reciprocal seating arrangements between businesses in the Group, and/or pop-up work sites in lodges or conference facilities. As we develop a long-term WAR strategy, this will be informed by and is dependent on the outcomes of the hybrid work initiative. Work is currently underway in various streams to assist and guide the business with decisions and inputs to inform the long-term WAR strategy.

Read more about IT governance processes and structures in the Governance Report on the Sanlam website.



Empowering our people

Confidence Rule 52:

**YOU ARE ONLY AS
SUCCESSFUL AS
THE TEAM YOU HAVE
SUPPORTING YOU.**



● **Jeanett Modise**
Group HR director

Contributing to the following SDGs



IF WE CONTINUE TO WORK THE SAME WAY AND DON'T BRING EFFICIENCIES AND OPTIMISATION, THEN THE FOCUS IS JUST ON DELIVERY. THIS MEANS ENGAGEMENT AND HUMAN CONNECTION WILL SUFFER.

Message from our HR director

When people at work can understand why they are doing something, they are more confident about their contribution, irrespective of their role.

This year was about creating one winning Sanlam in an environment where the global pandemic has amplified complexity and accelerated the transition to new ways of work. In response, we initiated a Great Reset for Sanlam. Through deliberate alignment between purpose, vision, strategy and values, we are creating a new

employment deal with our people. We are setting them up for success so they can live with confidence and Sanlam can continue to be more sustainable and resilient in the long term.

Our human capital strategy continues to be centered around people being at the heart of our organisation.

Sanlam human capital focus areas

- 1 Talent and succession with emphasis on future-fit capabilities
- 2 Shaping a culture that embraces diversity, equity and inclusion to suit our business context
- 3 People and leadership development
- 4 Organisational effectiveness and employee experience

The strategy has four focus areas that help us to build the cultural elements across the Group while contributing to our business strategy and value creation. In order to set ourselves up for success, we are reviewing our human capital operating model. We intend to define a new people governance structure that clarifies the right level of accountability, eliminates duplication and guides and informs our investment in technology to be even more efficient and able to leverage synergies. Digital processing and data on their own will not bring the level of success we aspire to; we need technology to connect even better on a human level, for exceptional employee experience.

In our process to define a new people governance structure, we specified the capabilities that we require now and in the future. We clarified the accountabilities and decision-making at Group and at cluster level. This is a phased approach focused on optimising our human capital capability and services.

Parallel to this, we are running a cross-functional “new ways of work” project to facilitate our transition to hybrid working. Office spaces and work arrangements are designed to balance the need for employee wellbeing, work preferences, connectivity and productivity. This needs to align with the bigger picture of attracting talent, progressing careers and empowering people to lead in new ways.

For example, we want our leaders to show more empathy and be more approachable. Therefore, programmes like the SA Retail Mass leadership development programme with the University of Pretoria’s Gordon Institute of Business Science (GIBS) address capabilities such as digital dexterity and wellbeing. This will build an environment of trust and accountability – trusting each other without seeing each other.

We have also amplified our physical, financial and emotional wellbeing programmes to help facilitate lifestyle changes and we will continue to do so as the wellbeing of our people is a high priority for them to thrive. Investing in employee wellbeing can lead to increased resilience, better employee engagement, reduced sickness absence and higher performance and productivity. Ultimately, we want our employees to be confident to take control of their wellbeing and move from being exhausted to building resilience for themselves and those around them.

In 2020 and 2021, for example, we gave employees throughout the Group an

additional five days of leave to recognise their exceptional hard work and demonstrate that we care about their wellbeing.

To foster healthy human connections and link these to our purpose, we encourage employee volunteering in collaboration with the Sanlam Foundation.

Our vaccination programme is part of building resilience for our employees and their communities. We intend to minimise the impact of the pandemic and create safe spaces for our employees and clients. We have a mandatory vaccination policy, but our approach is to encourage vaccination and to engage with employees on a case-by-case basis with clear principles.

Beyond South Africa, we continue to support the human resource teams in different countries. For most of our initiatives, we pilot these in South Africa and then take the learnings into our operations in other countries. This includes investing in a human resource platform that can integrate with our data and other platforms, our new ways of work and benefits.

Our priorities for 2022 will focus heavily on talent management and strategic workforce planning to ensure that we have the required capability for the future. We will embed the new ways of work and sustain our culture of diversity, equity and inclusion through various initiatives. We know that a culture is shaped over the longer term, and we will continue to be deliberate in creating a high-performance and agile workforce underpinned by our purpose and values.

We are introducing new business scorecards to support a revised remuneration policy. Strategic measures comprise up to 50% of business bonus assessments and include, for example, client satisfaction, growth and diversification, strategic partnerships and culture measures.

We are confident that we are setting the Group up for future success by creating one winning Sanlam.



We put key Group initiatives in place, complemented by specific cluster-focused initiatives to cater for unique differences. We aligned all under the “Winning as One” motto by applying four principles:

- 1 Start with leadership commitment and maximise their impact as role models.
- 2 Employee involvement is a key ingredient as we aim to fully understand their experience, needs and priorities.
- 3 Aligning our day-to-day practices makes all the difference in shaping the desired culture.
- 4 We need to be purposeful about evolving and embracing the desired culture and living our values.

A high-performance, agile, **diverse and inclusive culture**

Sanlam’s culture journey, “Winning as One” signals our commitment to collaboration and leveraging synergies in executing against the Group strategy. The culture journey started in 2020, with the review of the strategy, changes to the top management leadership team and the reorganisation of the business. This was the opportune time to assess our values and practices against our desired culture.

Our culture journey brings leadership to life, involving employees in crafting solutions, being intentional about what we do and how we do things. The Barret culture survey and its outcomes allowed for dialogue on how to move in a synchronised way across the Group.

CULTURE-BUILDING INITIATIVES

<p>Culture starts with leadership</p>	<p>Our leaders need to understand how they are showing up and the impact they have on the culture. The Group Executives and their direct reports participated in a leadership development assessment based on the Barrett leadership model. Leaders were rated by colleagues and peers and received an assessment of their own leadership style.</p>
<p>A new set of core values</p>	<p>To drive the One Sanlam culture, we did a values analysis and alignment exercise. The different value sets within the clusters and the Group were reviewed through a consultative process for possible overlaps, synergies, areas of disconnect as well as opportunities for alignment to the desired culture. Ultimately the aim was to agree on key values based on the Group's purpose, strategy and desired culture while keeping the Barrett model in mind. Find the new core values, as agreed with Group Exco on page 75.</p>
<p>A culture of agility</p>	<p>We launched a strategic agility leadership programme for the top three management tiers, consisting of self-directed digital content and eight monthly masterclasses. Positive feedback confirmed impact through thinking shifts, practical applications and improvements.</p> <p>Six strategic initiatives were identified as part of the programme. These were aligned to strategic outcomes and considered the results of the culture survey. Teams had to define the real problem and deliver a proposed solution. The six workstreams were supported with ongoing coaching and all proposals were presented to the Culture steerco and executive sponsors. Final proposals were approved for implementation in 2022.</p>
<p>Employee experiences unpacked</p>	<p>40 diverse employee focus groups assisted in understanding, validating and identifying employees' experience, needs and satisfaction levels. We also asked them for input on solutions to improve the culture and enhance the hybrid work environment.</p> <p>Overall feedback confirmed the need to continue improving recognition, focus on employee development, leadership visibility and support the wellbeing of our workforce. Based on this, we can enhance our employee value proposition.</p>
<p>New Ways of Work project</p>	<p>We want to ensure that our people are ready to reset and thrive while balancing their wellbeing, productivity and transition to a hybrid way of working. This includes higher levels of flexibility, line manager enablement, employee wellbeing, people practices, technology/connectivity, workspace planning and culture impact.</p> <p>To align employees' preferences with operational requirements, we completed an analysis and mapping of each role in terms of the type of work, connectivity requirements and productivity, to plan for a phased return to the office. Cluster leadership teams are actively managing the specific return-to-office plans while providing input to space planning.</p> <p>The number of employees that will work on-site varies across the Group given the variation in our business and the types of roles allocated to work on site.</p>

In 2022 and beyond we need to move from implementation to sustain the journey. This means embedding practical applications and continuing to measure our progress.

GOVERNING NEW WAYS OF WORK

We are committed to enabling our employees to live with confidence using a holistic and integrated wellness offering accessible through modern digital mediums, as well as face to face.

To contract with employees on arrangements for new ways of work, the following was approved this year.

Sanlam's new occupational health and safety policy statement

It is important to Sanlam that safe working conditions be maintained in its offices countrywide for its employees, contractors and clients. Sanlam is committed to promoting positive mental, physical and social wellbeing within the organisation. The statement sets out Sanlam's intent and approach while recognising that it will only achieve its health and safety objectives through consultation and cooperation by all stakeholders.

Remote work policy

The new ways of work arrangements extend the workplace to employees' homes. It is therefore critical to confirm the Group's and employees' responsibilities regarding occupational health and safety legislation.

The remote work policy applies to all employees including advisers and tied agents. It sets out that employees have to ensure that their home-work environment adheres to the health and safety guidelines and recommendations. Management is responsible to ensure that employees working from home receive critical and relevant information about health and safety. It further sets out responsibilities in terms of equipment and technology provided by Sanlam, as well as information on the requirements for remote office risk assessments.

Group hybrid work framework

The framework defines hybrid work principles, guidelines and practices for employees, acknowledging that in certain instances the nature of some roles requires that work is executed within the bounds of dedicated Sanlam offices. The hybrid way of work is therefore implemented in line with business continuity and operational requirements. Hybrid work principles encourage empathetic leadership, work flexibility, equitable opportunities, collaboration and aim to enable an outcome-based performance culture.

We expect our employees to honour and deliver their work objectives exceptionally and within the timelines agreed with their line managers, recognising that some roles might require employees to work different hours and at different locations.

Line manager responsibilities include, for example, being available and accessible, scheduling regular check-ins and ensuring efficient and continuous delivery of client service and other business outputs.

MEASURING OUR CULTURE PROGRESS

We use the Barrett Values Centre framework and methodology to understand and measure the Sanlam culture. The first Group-wide assessment was conducted in September 2020, followed by a second survey in September 2021. 69% of employees participated (2020: 71%).

Sanlam's culture score improved from 58 in 2020 to 61 in 2021 - a score that is significantly higher than the industry average of 50. We also observed more behaviour/values matches in the personal and current culture behaviours in 2021 compared to 2020. The Group entropy score improved slightly from 15% in 2020 to 14% in 2021 moving in the right direction. It indicates that some attention is still required to reduce employee energy consumed in doing unproductive or unnecessary work.

Salient results:

- Continuous improvement emerged as a new culture match indicating openness to change.
- The most significant improvement was in employee recognition which increased by 3%, indicating that employees acknowledge there is a culture of recognition, and they would like that to continue.
- Long hours increased by 5% and indicated an area of concern.
- Top and senior management results improved, and cost reduction eased as a concern.

DIVERSITY, EQUITY AND INCLUSION

Sanlam is committed to the creation of an equitable work culture where the diversity of all employees is valued, and the dignity of individuals is respected.

Diversity, equity and inclusion are imperative as Sanlam builds a modern workforce that can work at its best. To deliver on our purpose, we have to be deliberate about creating a workforce that reflects the diversity of the communities in which we operate. Although Sanlam's workforce comprises multiple generations, the majority of the workforce is younger than 35.

A culture that embraces diversity and inclusion plays a huge role in creating confidence as it allows employees to work in a safe place where they can produce their best work.

As there is increased and diverse competition for talent in the digital economy, embracing diverse backgrounds and a generational mix in skills, is a recruitment advantage.

To drive a diversity agenda, we held engagement sessions with employees on key issues, including privilege, unconscious bias, microaggressions, persons with disabilities, and more.

This year, 92% of all appointments in South Africa were from designated groups. Overall, we are showing good progress towards addressing underrepresentation gaps. Progress in management levels and transformation categories continued, although some gaps remain in overall black employees at senior management and African black at both senior and junior management levels.

56 senior black leaders were appointed since January 2021 and 19 (13 women and 6 men) were funded from the Project Tx programme.

Dedication to driving transformation across the Group lifted the Group's Financial Sector Code (FSC) overall employment equity (EE) score from 7,34 to 7,86 against the 2021 target of 7,66.

At 62%, female employees continue to be the majority against the financial sector's average of 60%. Despite this, male employees occupy the highest percentage of management roles. This trend is also observed with the appointment of young professionals. Focus on diversity of the management levels remains a priority and dialogues on possible unconscious bias at recruitment will be addressed as part of the new diversity framework rollout.

The Group continued to increase numbers of people with disabilities (PWD), who constitute 1,8% of our workforce and exceed the financial sector average of 1,5% and the total South African workforce average of 1,3%.

Board level diversity

Sanlam's Board sets the direction and approves the process to attain an appropriate balance of knowledge, skills, experience, diversity and independence among members. The Nominations committee follows a formal transparent process to review the balance, effectiveness and diversity of the Board and its committees.

The Board (supported by the Nominations committee) annually reviews the Group's policy and targets regarding the promotion of diversity at Board level. At the end of the financial year, the Board comprised 19 members of which 53% were black and 37% were female. Our target is to have 59% black and 35% female members.

New appointments to the Board this year contributed to racial diversity, including skills and experience:

- Ebenezer (Ebby) Essoka was appointed as an independent non-executive director effective 18 June 2021. He brings experience in economic development and financial services in Africa.
- Ndivhuwo Manyonga was appointed as an independent non-executive director effective 6 December 2021. She is the first black African female actuary to qualify in South Africa and has a wealth of experience in the financial services industry across a broad range of disciplines.
- Willem van Biljon was appointed as an independent non-executive director effective 13 August 2021. He brings entrepreneurial experience in technology businesses across financial services and fintech.

Read more about Board diversity, and individual director profiles, in the governance report available on the Sanlam website.

A new diversity framework

A new diversity, equity and inclusion framework was approved this year. It supports our intention to attract, develop and retain employees from different backgrounds by creating an environment that promotes a culture of inclusion where individuals, regardless of their differences, are engaged, able to perform, can access equal opportunities and thrive.

The framework has three pillars:

<p>In our workforce, we want to close gaps in the representation of black (especially African) and female employees at senior leadership levels.</p>	<p>We are gradually making progress in addressing the underrepresentation of black and female talent at senior management levels by developing and advancing black employees from junior management.</p> <p>Development programmes are creating diverse leadership pipelines, e.g. mentoring, leadership development programmes, career development and succession.</p> <p>We are targeting recruitment outside traditional financial services pools and are creating opportunities to appoint black (especially African) and female employees in meaningful and engaging roles at senior management levels.</p> <p>These initiatives are assisting in diversifying succession pools.</p>
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<p>We want to create an inclusive workplace where our diverse employees feel valued and that they belong.</p>	<p>As part of the framework implementation, we audited policies and practices to ensure they meet the needs of diverse and hybrid workplaces. This includes addressing unconscious or latent bias, for example in hiring, development and rewards. Our intent was also to include reasonable accommodation for people with disabilities.</p> <p>We created employee resource groups to advance transformation through issues of interest to them and Sanlam. These are employee-driven networking groups where those with shared characteristics come together, engage, share and learn from each other. Examples include the Women's Forum, the Disability Forum and the Young Professionals Network.</p> <p>We will also continue to conduct annual remuneration equity reviews to prevent any inequalities base on arbitrary grounds like race or gender.</p>
<p>We want to be a responsible corporate citizen in all the jurisdictions in which we operate.</p>	<p>We want to reflect our clients' demographics in our employee profile across multiple geographies. This includes cooperating with authorities by complying with applicable laws and policies of the jurisdictions in which we operate, for example, transformation legislation.</p> <p>As a responsible corporate citizen, we also want to do business ethically and in a socially conscious way to protect both the societies and environments in which we operate.</p>

The GHRRC and SES committees receive a quarterly report on diversity, equity and inclusion, tracking progress against transformation commitments. Diversity, equity and inclusion are also included in the Group's strategic risk register, focusing primarily on the diversity of the workforce, the leadership bench strength and diversity of the talent and succession pools.

In South Africa, the Sanlam Group EE Consultative forum together with the Business EE forums monitor progress against Sanlam's EE plan and provide insight and guidance where necessary.



Sanlam partnered with the University of the Western Cape (UWC) and the global organisation Women in Tech (WIT) to launch the "this is me" programme in March 2021. 25 UWC third-year students were partnered with 10 Sanlam employees in the first such programme to be launched in the South African chapter of WIT. The pilot was a resounding success with partners working well together and evident individual growth over the period. There is an opportunity to extend the offer and the reach of the programme while addressing virtual and data issues. The programme focused on building confidence, presentation skills, workplace and job readiness.

Transformation in action

The following initiatives support existing plans that drive transformation:

- By **tracking the appointments and promotions ratio**, we ensure targeted appointment of the relevant designated groups in order of priority at management levels, with the emphasis on addressing the under-representation of African black talent.
- We **implemented an approval process to minimise exceptions**. Cluster Chief Executives and HR Executives are accountable for the diversity of their Executive committees and the Exco direct reports. Appointments at senior and middle management levels, which are not African, have to be approved by Cluster Chief Executives and HR Executives based on motivation.
- We are **building partnerships with entities that focus on disabilities** for improved sourcing of suitable candidates and continue with the learnership programme for PWDs.
- We are **improving awareness and understanding of various forms of disability** to encourage disclosure and provide the required reasonable accommodation.
- We continue to **focus on diversifying talent and potential successors** in the review and planning process. By identifying enterprise and emerging talent at junior and middle management levels, we can establish development plans and fast-track progress towards middle and senior levels.
- **Gender diversity-focused interventions are aimed at inclusion** and increasing the number of women in leadership, especially at senior management level.

- **Development initiatives are intensified** to build diverse talent pools across various management levels. These include graduate and internship programmes to address critical capabilities in actuarial, finance and digital.
- We are investing in **targeted leadership development** through global business schools to build critical capabilities with diverse delegates.

For 2022 there will be a specific drive to recruit, appoint and vest African advisers for the South African middle and affluent market, based on an attractive remuneration model.

We also want to improve the understanding of the remuneration and benefits philosophy as it relates to diversity, equity and inclusion. In addition, we plan to review Sanlam’s communication channels and platforms to optimise the communication of diversity matters, including the EE plan.

South Africa employee diversity profile

Gender - Female

33%	Top management (2020: 19%)
35%	Senior management (2020: 33%)
48%	Middle management (2020: 49%)
61%	Junior management (2020: 61%)
71%	Semi-skilled (2020: 69%)
68%	Unskilled (2020: 69%)
62%	Combined (2020: 61%)

Gender - Male

67%	Top management (2020: 81%)
65%	Senior management (2020: 67%)
52%	Middle management (2020: 51%)
39%	Junior management (2020: 39%)
29%	Semi-skilled (2020: 31%)
32%	Unskilled (2020: 31%)
38%	Combined (2020: 39%)

Race - Black

49%	Top management (2020: 38%)
43%	Senior management (2020: 39%)
54%	Middle management (2020: 53%)
73%	Junior management (2020: 70%)
95%	Semi-skilled (2020: 95%)
96%	Unskilled (2020: 98%)
77%	Combined (2020: 75%)

Race - White

51%	Top management (2020: 62%)
57%	Senior management (2020: 61%)
46%	Middle management (2020: 47%)
27%	Junior management (2020: 30%)
5%	Semi-skilled (2020: 5%)
4%	Unskilled (2020: 2%)
23%	Combined (2020: 25%)

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

Employment levels and categories are defined in the Employment Equity Regulations of the Employment Equity Act 55 of 1998.

People and leadership development

We believe that the greatest competitive advantage of the future will be people. Investment in our people is therefore an investment in a key strategic business enabler that fundamentally drives the achievement of our purpose.

Our commitment to continuously invest in relevant and future-oriented skillsets for our employees ensures that they can live with confidence. It enables them to adapt and innovate to create organisational success.

A new Group learning and development strategy was approved by Exco in July 2021 to guide the integration and delivery of development initiatives in line with the strategy and new ways of work.

The Sanlam leadership competency framework was also reviewed to ensure that leaders can successfully execute organisational strategy in the context of the evolving macro and business contexts. Capabilities have been broadened to include three new competencies that are critical for business success.

Core competencies	Digital leadership	Agile leadership	Human-centred leadership
Complementary competencies	<ul style="list-style-type: none"> • Cultivates innovation • Client focus 	<ul style="list-style-type: none"> • Being resilient 	<ul style="list-style-type: none"> • Collaborates • Drive results



A digital learning platform was launched in September 2021 with a campaign titled “Future Fit Me”, supported by a world-leading e-learning content solution for Sanlam in South Africa and SEM Namibia. This will be extended to the rest of the SEM businesses in Africa as Phase 2 of the project. Marking a key milestone in the human resource digital transformation

journey, the implementation was pivotal for supporting three strategic priorities:

- Creating a continuous learning environment
- Creating a learning culture
- Building core and critical skills

LEARNING AND DEVELOPMENT FRAMEWORK OBJECTIVES

- Create a learning culture for exceptional talent, characterised by super learning in the flow of work, supported by super jobs and super teams
- Create a continuous learning environment (supported by the learning technology strategy)
- Build capability for performance and growth (supported by the critical capability development strategy)
- Build a capability building ecosystem (supported by the content and curriculum strategy)
- Build leadership capability (supported by the leadership development strategy)
- Build an adaptive learning organisation (supported by the learning, transformation strategy)

LEADERSHIP FOR A DIGITAL FUTURE WORLD



We rolled out a Group leadership enablement initiative, aimed at empowering leaders to successfully lead and engage high-performing teams in a hybrid work environment.

Approximately 2 000 managers participated, rating the content and educators on average at 8,2 out of 10.

The Catalyst and Ignite senior and middle management programmes, which focus on building transitional leadership capability as leaders transition to more senior levels of leadership, were completed in December 2021. The introduction of transformational leadership programmes has been explored and proposed to assist in transforming the business to support the organisational strategy. These will replace the Executive Leadership Programme (run in partnership with GIBS) and extend the opportunity for a transformational leadership experience to a wider audience.

A mentorship programme was launched with 32 mentors trained and assigned to graduates across the clusters. In addition, leaders who require mentoring have been identified through the talent review process.

GROUP LEADERSHIP DEVELOPMENT SUMMARY

Sanlam Group leadership programmes

- Catalyst Programme (senior management)
- Ignite Programme (middle management)
- Winning As One – Building Strategic Agility (primarily top and senior management)

Cluster leadership programmes

SA Retail Affluent:

- Line Manager Leadership Development Programme (new managers)
- Advanced Leadership Certificate in Design Thinking

SA Retail Mass:

- Leadership Acceleration Programme II (junior manager)
- Leadership Acceleration Programme III (middle manager)
- Leadership Acceleration Programme IV (senior manager)

SEM:

- Senior Leadership Programme
- Emerging Leadership Programme (new manager)

SIG:

- Leadership In Action (line manager)

Santam:

- Frontline Leader Programme (new manager)

Individual

Personal development plans



Delivering on design thinking

Over the past three years, the Advanced Leadership Certificate in Design Thinking programme has taken 87 of Sanlam's senior leaders on an inspirational leadership journey to seek African solutions for the Sanlam context. The programme is a three-way collaboration between Sanlam, the University of Cape Town (UCT) Graduate School of Business and the Hasso Plattner School of Design Thinking at UCT. It has delivered a change in organisational culture and resulted in traditional hierarchies being broken down, project costs cut and teams functioning more collaboratively and innovatively.

“DESIGN THINKING HAS ASSISTED SANLAM IN THE JOURNEY TO REINVENT ITSELF ACCORDING TO CURRENT PRACTICES TO BECOME MORE AGILE AND RESILIENT IN A FAST-PACED AND COMPETITIVE INDUSTRY. THE PROGRAMME HAS FURTHER ENCOURAGED EMPLOYEES NOT TO WORK WITH PRECONCEIVED IDEAS, BUT TO EXPLORE SOLUTIONS RELEVANT TO THEIR ENVIRONMENT AND THE LOCAL CONTEXT OF OUR CLIENTS.” – JEANETT MODISE, SANLAM GROUP HUMAN RESOURCES DIRECTOR

Examples of Sanlam implementing design thinking include a complete relaunch of our brand online. Digital engagement tools developed for clients and intermediaries included:

- **Goal manager:** a tool to help Sanlam clients understand their savings requirements and savings goals and track their progress, similar to a fitness tracker. This tool is an important example of how we are empowering clients to become more involved in their financial planning by providing them with direct, digital access to their financial information.
- **Standardised advice tool:** a digital tool to make the advice process, which was previously hosted on a technical and complicated system, easier online.
- **iManage platform:** a product aimed at the mass market segment, which enables individuals to use a digital tool to contact and consult intermediaries. It makes processes much easier for clients, for instance, when they are looking at buying a funeral policy. This demonstrates an understanding that certain decisions are stressful for clients, especially around traumatic events like deaths and funeral planning. Client empathy is a pillar of design thinking and very much in evidence in the design of new tools like these.



KEY LEARNING AND DEVELOPMENT INDICATORS

54	senior managers attended the Group senior management development programme (160 from 2019 – 2021)
57	managers and specialists attended the Group middle management programme (179 from 2019 – 2021)
60	senior executives completed the executive leadership programme (2019 – 2021)
58	first time managers attended one of three SA Retail Affluent line manager leadership development programmes (152 attended from 2019 – 2021)
24	junior managers attended the SA Retail Mass leadership acceleration programme II
22	middle managers attended the SA Retail Mass leadership acceleration programme III
14	senior managers attended the SA Retail Mass leadership acceleration programme IV
38	line managers attended the SIG leadership in action programme (49 attended since the programme commenced in 2020)
30	senior leaders attended the SEM ROA leadership programmes (58 between 2019 and 2021)
11	graduates attended the SIG graduate development programme
22	new graduates joined the Sanlam Data and Digital Academy
25	managers and specialists completed the advanced leadership certificate in design thinking (87 between 2019 and 2021)
16	trainees were on the Sanlam TOPP programme for CAs to gain three years of practical experience (six in year one, five in year two and five in year three)
21	actuarial students were sponsored in 2021 (43 between 2019 and 2021)

The Learning and Development strategy serves as our compass and journey map for driving key priorities over the next few years. Key focus areas include:

1

Drive and support a learning culture

3

Continue enabling leaders and employees to successfully navigate the hybrid landscape

2

Augment the leadership development landscape with transformational programmes

4

Focus on the content and curriculum strategy as the way forward

Human capital transformation

We are transforming our Human Capital function to set ourselves up for success, improve effectiveness and efficiency across the Group while delivering a superior employee experience in the context of a new world of work.

We initiated a project to review and redesign our future human capital operating model. Called the Human Capital Future Shift, it entails a re-organisation of key human capital services, capabilities, ways of working, processes and our governance framework.

There are four constructs included in the new model:

- **Leadership**, guiding the ecosystem to ensure consistent value creation by setting Group-wide human capital priorities, vision, initiatives and governance to deliver the business strategy.
- **Business human capital**, where we need to collaborate with line leaders and employees to architect and deploy workforce solutions that support a people-centred business philosophy and results.
- **Communities of Expertise** to connect teams to initiate and develop high-impact workforce solutions.
- **Operations** which has to enable contact, enquiry, technology, analytics and specialised services in support of the human capital ecosystem.

The future shift will enable the human capital function to be a more collaborative, consistent function across the Group with higher levels of alignment in employment practices. Although we remain service-orientated, we intend to be more strategic, efficient, data-driven and digitally enabled.

We made progress in defining future capabilities, assessing current team capabilities, documenting process maps as well as the governance framework and model. We plan to complete the project in 2022.

HUMAN CAPITAL DIGITISATION

We empower employees to confidently take charge of all aspects of their career, finances and wellbeing by providing simplified digital solutions. The insights we gain from data help us ensure we have the right skills, talent and succession in place.



We focus on self-help and easy-to-access development tools, including digital performance reviews, development opportunities and digital mentorship. The digital experience covers each of the lifecycle stages that are important to the employee and enables employees to work from anywhere and anytime. Our employee app, which was launched on 26 November 2021, brings seamless engagement and minimal hassle through a single sign-on and access to a range of solutions, including wellness, learning, recognition and rewards.

Digitisation initiatives are currently implemented in South Africa and Namibia. Analysis to include the other Africa and international entities will kick off in 2022.

Digital adoption, data integrity, validation, analysis and effective change management are necessary aspects of successful implementation. Costs and data security are the main risks.

<p>All talent modules have been implemented for MyWorkSpace and the learning management module was launched. Improvements to the performance and goals module made these more intuitive and seamless to support continuous performance management from 2022. The employee global benefits solution is delivering real-time insights and access to reports on employee reimbursements.</p>	<p>A pilot for the shared services efficiency initiatives was launched. To create a positive employee experience, we designed an intuitive self-help platform for logging service requests which is much more advanced than the current "email" solution. It further offers more progress transparency and has an option to evaluate service delivery. We also replaced paper-based onboarding forms with digital smart templates. Data from these forms are uploaded directly into the payroll and fund administration system.</p>
<p>The Voice of the Employee pilot survey was done with results indicating that our line managers pre-dominantly seem to be well prepared to manage in the remote environment. In the next, more widespread survey, certain lifecycles of the human resource value chain will be measured, including career site, recruitment application, recruitment experience, and on and offboarding experience.</p>	<p>We use data visualisation tools to generate reports, dashboards and analytics for the Quarterly Business Reviews, regulatory submissions, learning insights, and all other areas of the employee value chain, reducing the time spent on manual preparation. The source data for these reports is now automated and scheduled to be available when required.</p> <p>The implementation of the FieldGlass solution for independent contractors commenced, moving closer to total workforce management and reporting.</p>

We continue working to create a consistent employee experience, tailor-made to the different target populations. We plan to expand our focus into Africa and other international entities and investigate moving payroll to the cloud. We need to standardise leave policies across the Group after which we plan to implement a time and attendance module, as well as operational and strategic workforce planning. We also plan to deliver more features in the employee app to enhance functionality and provide value-added services.



KEY HUMAN CAPITAL INDICATORS

Employees Globally

154 675 Total

Sanlam South Africa (employees)

12 687 Sanlam Life and Savings
969 Sanlam Investment Group **+31**
 Sanlam Investments international
315 Group Office
133 SEM South Africa
5 907 Santam **+24** Vum
20 066 Total

Sanlam International Investments (employees)

422 Sanlam UK Group
418 SGIS
46 SPW Africa
866 Total

Sanlam Emerging Markets African Regions (employees)

126 Casablanca
219 Sub-central region
1 393 Sub-Northern region
4 690 Sub-Western region
3 026 Sub-Southern region
 (includes SEM Namibia **327**)
3 388 Sub-Eastern region
12 842 Total

Sanlam Emerging Markets (employees)

2 883 Malaysia
117 648 India
232 Lebanon
120 763 Total

Santam Emerging Markets Namibia (employees)

118 Total

KEY HUMAN CAPITAL INDICATORS

95%	of permanent South African employees are generation X, Y and Z (2020: 95%)
57%	of permanent South African employees are of permanent South African employees are millennials/Generation Y (2020: 50%)
5	years average tenure for black employees in South Africa (2020: 5)
15	years average tenure for white employees in South Africa (2020: 14)
7	years combined average tenure for permanent employees in South Africa (2020: 7)
62%	(12 227) of permanent employees are female (2020: 61% and 11 873)
1,8%	(348) of permanent employees in South Africa are PWDs (2020: 1,6% and 314)
1,3%	(261) of permanent employees that are PWDs in South Africa are black (2020: 1,2% and 232)
39	years is the overall average age of permanent employees in South Africa (2020: 39 years)
37	years is the overall average age for permanent black employees in South Africa (2020: 37 years)
47	years is the overall average age for permanent white employees in South Africa (2020: 48 years)
1,73%	absenteeism rate (2020: 1,06%)
8	injury on duty claims (2020: 19)
0	permanent disabilities (2020: 0)

Notes:

- Permanent employees as employed full-time for more than three months as per the definition of the South African department of labour.
- Overall Group headcount: there has been a 4.8% increase in global employees.
- Appointments in South Africa saw a notable decline. 75% of external appointments were African black.
- There has been an 107% increase in promotions in South Africa, reflecting the ratios we aspire to. 49% promotions were African black. Abundant black talent at junior management is targeted for development and prepared for promotion opportunities to bolster the succession pool for senior management roles.
- People with disabilities employed in South Africa saw a negligible increase. Learnerships especially targeting PWDs are used as a recruitment vehicle and yield good results. Plans have been formulated to retain them post the completion of the learnerships. Our diversity, equity and inclusion strategy should also raise disability awareness and improve disclosure.

Future-fit talent, succession, retention and wellbeing

We attract the best people in the market, empower them to learn, lead and live our shared purpose.

The quality of our talent, wellbeing and leadership bench strength determine the Group’s future success in delivering on our strategic objectives. To create an inclusive and differentiated pool of talent, we focus on attracting the best people while developing internal talent to address evolving skills requirements and succession pipelines.

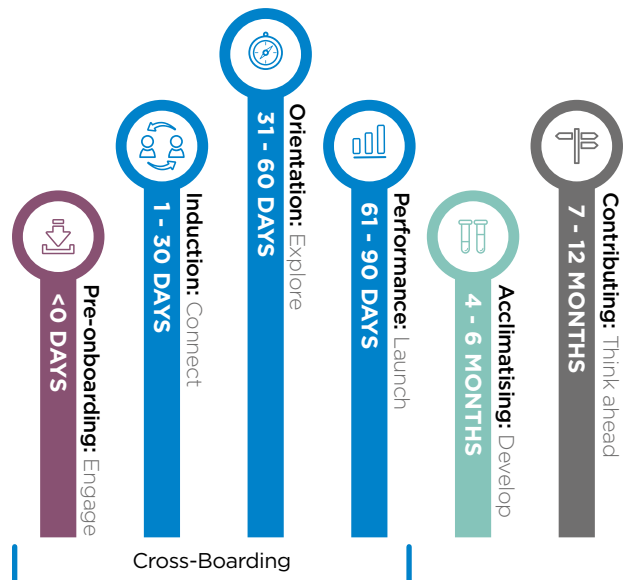
As a certified Top Employer, Sanlam’s EVP has to keep pace with what people value when it comes to culture, connectivity, flexibility, growth and reward, with the focus on our workforce experience. We recently concluded employee experience focus group discussions with randomly selected employees across the Group to obtain insights on how we can enhance our EVP, develop differentiated solutions and improve their experiences in the moments that matter. We believe that an enhanced employee experience will position us more strongly in the market to attract top talent.

LEADERSHIP TALENT AND SUCCESSION

This year we completed our annual extensive talent review for executive and senior leadership to determine succession for critical roles, identify enterprise and emerging talent and development needs.

We want to create solid bench strength and targeted development initiatives are in place to ensure we have access to future skills and competencies. Talent development initiatives include management and executive leadership programmes, mentoring, coaching, and exposure to strategic projects. Our overall succession coverage is healthy, and more is being done to strengthen successor diversity.

We are enhancing our talent acquisition practice through a new onboarding framework. We designed this as a journey from pre-start to the end of year one, to ensure a consistent experience across the Group and throughout the employee lifecycle. This is critical in a hybrid work environment to enable effective integration and retention of new employees so that they can add value faster.



Sanlam takes a pipeline management approach to create greater diversity in the available succession pool. We updated our succession plan this year, which features approximately 7% of ready-now successors. We are working towards a global average benchmark of 10 to 15%.

Development plans for the potential successors indicate a strong need for mentorship and coaching. As a result, some identified successors will be matched with suitable Board members as mentors. Parallel to the formal mentorship approach, an open mentorship initiative was initiated. Leaders are encouraged to volunteer as mentors for Sanlam to build a learning and coaching culture.

Talent reviews are an essential component of succession management and the outcome informs leadership development and talent mobility focus areas while reducing Sanlam's talent risks. More than 70% of identified successors are actively developed through multiple channels.

The GHRRC reviews succession plans for the Group Chief Executive and executive management and ensures that our plans provide for succession in both emergency situations and over the long term.



The MyWorkSpace platform enables line managers to be actively involved in their people's career growth and development. We used the platform to review our current talent acquisition framework and continue to use it to facilitate recruitment, recruitment marketing and onboarding

KEY TALENT RETENTION AND SUCCESSION INDICATORS*

4 497	new external appointments (2020: 3 286)
92%	of new external appointments were black (2020: 89%)
60%	of new external appointments were female (2020: 58%)
897	internal promotions (2020: 433)
79%	of internal promotions were black (2020: 84%)
55%	of internal promotions were female (2020: 57%)
22,2%	employee turnover rate** (2020: 19,4%)
75,3%	employee retention rate (2020: 85,8%)

* South Africa only

** 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 Employment and Labour), including office employees and advisers.

TALENT REWARD AND REMUNERATION

We design rewards and remuneration to support long-term value creation and to empower our employees to live with confidence.

Our total reward offering consists of guaranteed remuneration, benefits, cash performance bonus and long-term incentives. Guaranteed remuneration is benchmarked for market competitiveness.

All bonuses are based on business scorecards, which align 100% with the scorecards of cluster Chief Executives, the Group Chief Executive and the Board-approved Sanlam business strategy. Bonus pools are self-funded and formed based on financial and strategic metrics to ensure sustainability. Deferral of cash bonuses apply where relevant for the role. For senior employees, remuneration design is long-term focused, with incentives vesting up to five years. Malus and clawback provisions apply and senior management pledge to hold a percentage of their guaranteed pay in Sanlam shares without selling them.

Employees also have access to financial coaching (one-on-one) to ensure that they use their resources wisely and steer away from wasteful expenditure. Benefit workshops (for retirement and medical) are conducted throughout the year as well as workshops on “knowing my payslip”.

Our remuneration policy seeks to:

- attract, motivate, reward and retain key talent
- promote Sanlam’s strategic objectives, within its risk appetite
- promote positive outcomes across the capitals which the Group uses or affects
- promote an ethical culture and behaviours which are consistent with our values and which encourage responsible corporate citizenship

This year we focused on:

- Driving outcomes in terms of diversity, inclusion and transformation through remuneration-linked performance indicators. These relate, for example, to B-BBEE, Equal Pay for Work of Equal value, fair remuneration practices in terms of governance standards in South Africa and fair remuneration policies in other countries.
- Conducting detailed analysis on cluster level to ensure compliance with Equal Pay for Work of Equal Value legislation. Income differentials are addressed annually for all employees.
- Implementing bonus deferral into Sanlam shares for Group executive roles for a period of three years to support good remuneration governance and to increase retention.
- Designing future long-term incentive conditions which are simple, align to the Sanlam business strategy, create value for stakeholders and motivate participants.

- Further investing in the Applause digital recognition solution, a cloud-based rewards tool that allows employees across Sanlam and Santam to recognise each other with e-points, redeemable for retail, shopping, data and Satrix vouchers. R10 476 517 worth of e-points were encashed for digital vouchers, and more than 98 176 recognition messages were sent across the Group.
- Avoiding mass retrenchments.

Read more about our remuneration approach, policy and implementation in the Remuneration Report available on the Sanlam website.

For 2022 we are expanding the MyWorkSpace remuneration capability to enable employees and managers to have a total reward view as well as market benchmarks readily available. We are also continuing to ensure that long-term incentive hurdles support the business strategy, are market competitive, create value and that the structure is simplified as far as possible.

WELLNESS SUSTAINS TALENT

While we aim to excel as a business, we know that balance is crucial to the wellbeing of our employees. We are fair and flexible in our expectations and offer a range of ways to manage the balance of work and life for our employees. Our focus on wellness is testimony to this commitment.

Sanlam’s integrated, digitally-enabled employee wellness solution provides mental, physical, lifestyle and financial wellness offerings to employees across Sanlam and Santam. Offered in partnership with Afrocentric, it is modern, easy to use and seamlessly integrates with our Employee Assistance Programme (EAP). It includes a wellness website, weekly e-mailers, annual health screenings, financial education, psycho-social counselling, legal guidance, bespoke employee training sessions (e.g. living with purpose, resilience training and dealing with grief in a practical manner) and more.

10,9% of all employees engaged with EAP services, while on average 5% received financial coaching on budgeting, benefits, and debt management. Visits to our six corporate clinics exceeded 18 000 for the year. Lifestyle programmes, including aspects such as movement, nutrition, and positive thinking, attracted just under 800 participants. We are confident that our wellness offering is positioned to support employees in their work-life integration as well as with their hybrid working lifestyles.

All offerings include Sanlam and Santam in Namibia. In July 2021, Namibia has been provided with a toll-free number for EAP support as well as a newly launched wellness website.

By providing all employees with access to health risk assessments and solutions for them to understand their health and lifestyle risks, and then providing them with all the tools to actively improve on these, we ensure they can live with confidence.

KEY WELLNESS INDICATORS*

Top three wellness issues for 2021:

- 1
Stress
- 2
Bereavement
- 3
Anxiety

8,54% of all employees use monthly clinical counselling by counsellors and psychologists

5% of all employees received active financial coaching every month in 2021

202 employees participated in a Live with Purpose programme which focuses on mental resilience

24 403 primary health and virtual clinic visits were made by employees

281 employees completed the Ignite lifestyle intervention (nutrition, exercise and weight loss)

790 employees completed extensive wellness screenings at pharmacies and clinics

* South Africa only

To note:

Due to COVID-19 and the fact that the majority of employees were required to work from home, wellness participation rates were lower for on-site wellness days and drives this year. However, with the new ways of work, and a phased approach to returning to work in 2022, participation rates are likely to increase. The hybrid wellness offering, which includes digital consultations with nurses and health specialists, in addition to in-person services, will also gain traction as employees embrace new ways of working.

COVID-19 AND VACCINATION SUPPORT

We are committed to providing safe workplaces to all our employees so that there is minimal risk of contracting the virus. A vaccinated workforce will be able to maintain personal interactions with clients without exposing them or themselves to serious health and safety risks. The intent is also to improve employee morale through the Group's institutional culture of teamwork.

Sanlam has two workplace vaccination sites that have received the requisite accreditation and certification and strictly adhere to the stipulated health and safety protocols. These sites are open at the Sanlam Belville and Sanlam Houghton offices for the convenience of our employees and family. Our vaccination sites are well used.

A mandatory Group vaccination policy was approved, effective 1 January 2022, and applies to all South Africa-

based employees, financial advisers and financial adviser practices operating from Sanlam offices. We aim to ensure workplace health and safety in line with the South African Occupational Health and Safety Act.

Where employees do not accept COVID-19 vaccines when they are made available, the rights and reasons of the employee will be balanced against the health and safety considerations of other employees and third parties and the Group's operational needs.

Exceptions will be handled on a case-by-case basis. In addition to the policy, a detailed communication and engagement plan is underway to encourage vaccination. The holistic employee app allows us to track vaccination status in real time. 11 824 (85%) of our office employees, were fully vaccinated (validated via vaccination certificates) at the time of reporting. We envisage full compliance in this regard in 2022.

HEALTH AND SAFETY IN ALL WORKSPACES

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 promote the same commitment in a hybrid work environment. Read more about our new policies to protect employee health and safety at home on page 46.

We trust our managers at Sanlam and its related companies to do everything reasonably possible to ensure 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.

In South Africa, 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)

Our process in terms of local offices managed by Sanlam corporate facilities entails two categories of buildings:

- Large offices with 100 or more employees: 24 buildings with weekly/monthly/quarterly inspections
- Small to medium offices with 100 or fewer employees: 188 buildings with self-assessments

Sanlam's independent adviser and inspector conduct on-site visual building inspections for larger offices. Self-assessments are conducted quarterly via our electronic system-based platform.

We recorded eight injuries on duty (2020: 19) in South Africa this year, all minor. In SEM, no minor injuries were recorded. Sanlam experienced zero work-related fatalities. A total of 56 employees passed away due to COVID-19, of which 46 were South Africans.

In compliance with the Companies Act Regulation 43, the SES committee monitors Sanlam's activities concerning health and public safety every quarter and reports to the Board on any material concerns. SEM relies on local management and in-country boards to ensure implementation and compliance with in-country health and safety requirements.



Protecting and nurturing human rights

All Sanlam employees have the right to work with confidence 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.

OVERSIGHT AND RESPONSIBILITY FOR HUMAN RIGHTS

Our approach to Group human rights is overseen by the Group Chief Executive with the support of the SES committee. The committee has the responsibility to oversee issues related to human rights compliance for the group. 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 acting on any human rights issues.

No human rights incidents were reported during 2021. For 2022 we plan work on due diligence processes, assessments and remediation actions related to human rights.

OUR HUMAN RIGHTS STATEMENT

Respecting and promoting human rights aligns with our purpose. Our commitment encompasses our different activities as an employer, sourcing business partner, financial service provider and investor.

We recognise the identity of each of the businesses in the Group, the unique circumstances concerning the jurisdictions in which they operate and the diverse nature of the stakeholders of each of these businesses.

Our commitment to upholding our values and ethical behaviour to respect human rights in business operations is embedded in our Code of Ethical Conduct. Read more on page 75.

Sanlam believes that business can only flourish in societies where human rights are protected and respected. We adhere to the International Bill of Human Rights and are committed to respecting all internationally recognised human rights, as they are relevant to our operations.

We understand that not every country where we have business interests adheres to the International Bill of Rights in all respects. In these countries, we shall, insofar as we are able to, participate constructively in industry and other forums, which seek to increase alignment to the International Bill of Human Rights and do so while respecting the rule of law. Sanlam is a signatory to the UN Principles of Responsible Investment (PRI), both as asset owner and as asset manager. We also comply with national laws while respecting these international rights principles. We take great care to ensure that we do not cause or contribute to adverse human rights impacts directly and indirectly.

Our full human rights statement is available on our website.

Sanlam respects the rights of all employees, including the right to form or join trade unions. The Group engages with five trade unions in South Africa although union membership remains relatively low at 1 101 active members (7.7% of permanent employees in South Africa). Only Santam has a recognition agreement with one trade union, SASBO, the finance union, representing 981 employees in the defined bargaining unit. No man-days were lost due to collective action against the Group during 2021.



10

Supporting our communities

Confidence Rule 62:

MAKE THE GOAL MORE THAN A REPORT CARD. MAKE IT A FUTURE.

Everyone deserves an equal chance to live a better life, and to have confidence in their financial future.

The Sanlam Foundation

Established in 2011, the Sanlam Foundation is our primary corporate responsibility vehicle and provides a coordinated approach to community investment across the Group. The Sanlam Foundation is an independently registered trust, non-profit organisation (NPO) and public benefit organisation (PBO) with oversight by a Board of Trustees. This year, Dr Siphokazi Koyana and Adv Ndumiso Ngcobo were appointed as two independent trustees. Sanlam Group Chief Executive, Paul Hanratty, took over as Chair of the Sanlam Foundation Board of Trustees.

The Foundation contributes to the enterprise and supplier development, socio-economic development and consumer financial education elements of the Sanlam B-BBEE scorecard.

Contributing to the following SDGs



THE SANLAM FOUNDATION'S MANDATE IS TO BE THE CUSTODIAN OF SANLAM'S LEGITIMACY AS A RESPONSIBLE CORPORATE CITIZEN. TO CREATE SHARED VALUE, THE FOUNDATION DRIVES INCREASED POSITIVE SOCIAL IMPACT AND HELPS PROTECT SANLAM'S REPUTATION AS A TRUSTED, RELEVANT ORGANISATION, THAT IS PART OF THE FABRIC OF THE SOCIETIES WITHIN WHICH THE GROUP OPERATES.

Purpose

The purpose of the Sanlam Foundation is to bring about sustainable and meaningful impact and change in communities in which we operate through programmes that contribute to alleviate inequity, stimulate job creation, drive financial inclusion, build social development and protect the environment.

Vision

The most admired, caring foundation that makes a difference to the lives of stakeholders wherever it operates.

Key outcomes

- Integrate “doing good” with core business, strategic intent and core value system
- Reinforce Sanlam's active and responsible corporate citizenship
- Improve commercial and social return on investment
- Rejuvenate employee volunteerism and measure investment and impact of doing good
- Entrench the Sanlam Foundation as a fit-for-purpose implementing agent of Sanlam's shared value model and CSI initiatives

The Sanlam Foundation’s primary objectives:

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.

Our strategy is informed by the Foundation’s founding mandate while aligning with the Sanlam Group strategy and supporting the respective clusters and business units.

AN EVOLUTIONARY FOUNDATION STRATEGY

The Foundation is focusing on scaling up efforts to do good by creating greater and far-reaching impact and better socio-economic outcomes.

The Sanlam Foundation Strategy was approved in June 2020 followed by the launch of six workstreams. After the appointment of Paul Hanratty in July 2020, a new Group strategy was approved. In 2021, the Foundation Strategy was aligned more closely to the new Group strategy, and approved by the Sanlam Foundation Board of Trustees in December 2021.

The strategy provides clarity about the Foundation’s role in enabling Sanlam’s shared value ecosystem. The Foundation will continue its role as a grant-making organisation. However, it has been given a mandate to transform its role to support all entities as a functional leader of CSI across all clusters, including SEM, so that the Group CSI is better coordinated and the collective impact can be aggregated. While the Foundation has a healthy funding mechanism, we are considering ways to support new geographies and collaborate with potential new partners.

Key programmatic pillars

Socio-economic development	Consumer financial education	Enterprise and supplier development	Sanlam Emerging Markets	Staff volunteerism
including numeracy, literacy support, and sports development at quintile one to three schools	including workplace and community-based programmes	consists of business development support with a view to diversifying Sanlam’s supply chain	focusing on education initiatives and digital enablement of learners, teachers and schools	giving staff the opportunity to give back to communities in a measurable and impactful way

PROGRESS WITH IMPLEMENTING OUR STRATEGY

The key to the Foundation’s success is measuring the social return on our investment. This year we launched an independent evaluation of current partners to measure the impact they had made over the past three year funding cycle. Almost 95% of the Foundation’s existing three-year partnerships across programmes ended in December 2021.

This presented us with an opportunity to publish a call for expressions of interest for new implementing partners that aligns with our new strategy. This will enable us to improve the alignment of our interventions with both the social impact we want to see, as well as our desire to indirectly support Sanlam’s business.

An evaluation was done according to international best practice and criteria set out by the Organisation for Economic Co-operation and Development (OECD). We assessed relevance, performance (effectiveness and efficiency), impact and sustainability.

From the results, we developed criteria for expressions of interest to inform our partner selection process for the next three-year funding cycle.

A new Grant Management Framework was approved by the Board and sets out the process and standards for grantmaking, ensuring quality control, accountability and oversight. As part of the digitalisation of the Sanlam Foundation, we also started building a grant management system, which will integrate monitoring, evaluation and learning tools. We also plan to have a digital operations tool to replace current manual planning and tracking.

A new education strategy was developed and approved in September. We are shifting our focus to achieving impact throughout the education pipeline, from early childhood development through to foundation phases and ultimately high schools, using a phased approach. Early childhood development and the foundation phase will be included in the first phase.

Read more in the Sanlam Foundation annual report, available on the Sanlam website.

FOUNDATION PROGRAMMES UPDATE

Socio-economic development

The Foundation’s programmes have two focus areas: education and key partnerships. Read more about these partnerships on page 69.

The Foundation’s education programme provides holistic education interventions that include academic, personal leadership development and physical wellness programmes for educators and learners through our Blue Ladder Schools (BLS) Programme.

Accessing learners has been the biggest challenge in 2021 due to the Department of Basic Education’s (DBE) scheduling system to ensure COVID-19 regulations are adhered to. Implementing partners had to spend more time to reach the same number of learners, as they have to restrict numbers per session and increase the number of sessions to reach all targeted learners. As a result, we have seen an increase in operational costs in these programmes. Online platforms are used to supplement school days missed where this is possible.

Five-year reflection on the Blue Ladder Schools (BLS) Programme

As we concluded the Blue Ladder Schools Programme in 2021, we reflected on the intent, impact and learnings the past five years.

The programme was conceptualised in 2016 to drive social change. While placing strong value on preparing tertiary-focused learners, Sanlam recognised that the economy also required economically active members of society. It also required collaboration. Sanlam’s Blue Ladder Schools Programme was an ambitious plan to create a blueprint to be shared with other organisations and industries across the country to contribute toward the growth and development of South Africa.

The flagship project had five main focus areas:

- Infrastructure, water and sanitation (critical in supporting learning and development)
- Nutrition (critical to enabling children to grow, learn and develop)
- Leadership development (to support behaviour change)
- Playgrounds (critical areas of social interaction and learning)
- Volunteerism (to support and complement the other focus areas)

The programme was aligned with South Africa’s National Development Plan as a holistic initiative to address the challenge of poor maths results. The rationale behind identifying maths was the link back to scarce skills in our industry, the link between numeracy and savings rates and the bigger correlation between numeracy levels and poverty, unemployment and inequality. Part of the holistic approach was to help address some of the barriers to effective teaching and learning.

What we did: We partnered with schools, educators and communities across the country to improve the teaching and learning of maths, upgrade key facilities, support leadership development, and find sustainable solutions to address nutrition challenges.

Why we did it: Every child educated has a compound effect on the environment and economy for generations to come.

Who benefited: The learners and educators, their communities and South Africa’s environment and economy.

What we learnt

- Aspects of the programme were too far removed from Sanlam’s core business, with the Foundation not having the skills and capacity to manage and control, for example, construction projects.
- A lack of indicators to measure effectiveness meant that impact was not tracked or data-based.
- Decisions to partner with service providers were not always informed by objective criteria.

KEY INDICATORS

75 BLS schools supported over five years

3 provinces covered

More than R120 million invested through the BLS programme since 2016

Consumer financial education

The Foundation's consumer financial education (CFE) programmes promotes basic knowledge and awareness on financial matters targeting beneficiaries in compliance with FSC requirements. We use facilitated training that focuses on money management, savings, debt and credit, and insurance. We contract with national service providers, with 2021 marking our second-year partnership with Avocado Vision, and the final year of our current three-year partnership with ASISA Foundation for the WageWise programme.

The Avocado Vision project provides consumer financial education targeted at beneficiaries who are based in urban, peri-urban and rural communities SA Retail Mass collaborates with the Foundation on this project.

The ASISA Foundation's WageWise programme is targeted at workers who are accessed through their employers. We collaborate with Sanlam Corporate to empower workers through effective financial education and healthy financial practices such as planning, product choices, financial control, financial knowledge and understanding.

Gaining financial confidence

One of our WageWise participants was a 24-year-old father with a two-year-old son, employed at a learning centre. He struggled with budgeting and saving while managing expenses such as groceries, child support, travel costs and electricity. He also had financial responsibility for his extended family, including unplanned expenses such as funeral contributions during COVID-19.

WageWise gave him tools and learnings to be confident in managing his own finances. The module on payslips is what stood out for him, as he is now able to differentiate between gross and net salary when budgeting. Some of his behaviour changes include checking his credit score and saving proactively as his employment contract is ending soon. Overall it was an enjoyable learning experience on the WhatsApp for Business platform as he could work at his own pace.

Other participants said:

"I was struggling to budget and I used to overspend. Now I know to focus on needs first and I can stay away from credit."

"I learned how to save and budget more in order to spend wisely. I also closed off most of my clothing accounts."

"Now I can see growth in my business because I can budget and track my money. I can take calculated risks now so my business is growing (I am buying more stock and diversifying it)."

"The workshop gave employees a better understanding of how money works and how to handle it responsibly. It also helped them reach financial goals through reduction of expenses and better planning. More importantly, this workshop also reduced some of the employees' anxiety and stress levels."

KEY INDICATORS

20 100

beneficiaries reached through the consumer financial education programmes

Enterprise and supplier development

The enterprise and supplier development (ESD) programme seeks to provide impactful business development support to high potential black-owned businesses to bolster their financial confidence, resilience and catalyse sustainable growth. This is done to boost job creation, create economic value and ensure equitable participation of black-owned SMEs in the Group's supply chain.

Since its inception in 2013, the ESD programme has helped 267 South African small and medium businesses and financial planning practices grow their average revenue by 26% and create 502 sustainable new jobs, while supporting 2 964 jobs in total.

This year, we adapted the programme to offer extended grant funding and additional business development support from coaches and mentors. This helped participating SMEs, of which 100% are majority black-owned, to stay afloat and strengthen their offerings. Programme beneficiaries were able to access loan funding of R23,5 million from the ASISA ESD Fund.

We have three main projects:

- **Project Elevate** aims to increase the growth and sustainability of selected Sanlam-tied, black-owned enterprises, and the financial planners that operate in them, in partnership with SanlamConnect.
- **Project Accelerator** seeks to create a pipeline of black-owned enterprises through the Accelerator mentorship, which focuses on business development support.
- **Project Migrate** aims to develop and transform the franchise capability of the SA Retail Mass cluster by providing specialist business development support to financial planning practices, using an intensive coaching-based methodology, in combination with workshops.

Our projects typically run for two years, with subject-specific masterclasses, boot camps and one-on-one coaching with assigned professional business mentors. Year one focuses on setting groundwork in good governance and year two focuses on growth.

The Foundation has been intentional about getting closer to the beneficiaries of the programmes we support. We hosted engagement sessions with ESD beneficiaries and service providers this year.

The Sanlam Foundation's key partners include:

- Sanlam's partnership with **WWF-SA**, one of the world's largest and most experienced independent conservation organisations, is helping to safeguard the resilience of freshwater sources in South Africa.
- **The University of Stellenbosch World of Words (WOW) Spelling Competition** is South Africa's largest spelling bee of its kind. It takes place across all nine provinces and encourages learners to interact with language in a fun manner, thereby increasing literacy levels.
- **The Kay Motsepe Schools Cup** is the Foundation's partnership with the Motsepe Foundation and the Sanlam/Ubuntu-Botho Community Development Trust, in association with the South African Football Association (SAFA), and the Department of Basic Education. The tournament is open to all soccer-playing high schools in the country.
- Sanlam has been supporting **Takalani Sesame** for more than 20 years with the Foundation joining the partnership in 2020 for the last two years of this partnership. Takalani Sesame is designed to meet the developmental needs of South African children in an entertaining manner and is broadcast on SABC 2 in five languages

KEY INDICATORS

308	small and medium businesses and financial planning businesses supported since 2013
58	jobs created in 2021
11	Bluestar businesses onboarded for Project Elevate of which 3 is owned by black females
26	businesses onboarded for Project Accelerator of which 13 are owned by black females
4	businesses have been re-engaged for Project Migrate

Key learnings to guide future priorities for our ESD programme

- 1 There is a strong need for financial management upskilling among beneficiaries.
- 2 Beneficiary success stories should be widely celebrated.
- 3 Programmes should remain agile and flexible to absorb unexpected external changes, such as COVID-19.
- 4 Access to markets remains a beneficiary priority.

Sanlam Emerging Markets

The Sanlam Foundation provides strategic CSI direction for SEM, its subregions and countries where appropriate. This means that we are flexible and allow discretion for SEM to focus on local priorities.

In Africa, the Foundation sees its role as being the functional leader for CSI in terms of:

- Being a centre of excellence for governance and impact measurement
- Providing strategic capability for core CSI activities
- Providing strategic oversight for resource allocation in line with Group impact objectives and non-financial performance ambition
- Facilitate and oversee Sanlam-wide staff volunteerism

We are committed to reporting across all regions on CSI impact and performance against set SDGs and non-financial performance metrics in future.

Major projects this year included the construction of a school in Uganda under the Pader cluster northern region office. Construction work started in October 2021 with excavation, material delivery as well as laying of the foundation. The school will support 729 pupils (369 boys and 360 girls) at Lamogi Omeny Ki Mac primary school and work is expected to be completed early in 2022.

The Foundation has identified the development of a SEM social investment strategy as a strategic initiative for 2022.

Staff volunteerism

The staff volunteerism programme strategy was approved following a consultative process that included structured interviews with members of the Sanlam Group Exco. These conversations explored purpose, outcomes, ideas for the types of initiatives, developmental focus areas and potential risks and challenges. Staff will have the option to volunteer for:

- Community-based projects related to specific causes, where staff can participate for one day per year.
- Matched funding where employees can donate monthly from their salaries through the payroll giving system.
- Skills-based volunteering where employees can provide professional support services to NPO or community initiatives.

The strategy will be implemented in phases, with the first phase tackling community-based volunteering and matched funding.

LEVELLING UP FINANCIAL LITERACY IS ONE OF THE MOST POWERFUL WAYS TO ENABLE PEOPLE TO LIVE WITH CONFIDENCE. THAT'S WHY WE'VE SPENT R16,4 MILLION ON FINANCIAL LITERACY PROGRAMMES THIS YEAR.

SANLAM SMALL GRANTS FUND

The small grants fund was set up to enable the Foundation to make a contribution to community-based organisations responding to an emergency or a developmental issue that falls outside our strategy. The Foundation disbursed R2 million this year with beneficiary organisations focusing on vulnerable communities and animal conservation.

THE ESSENCE OF THE SANLAM FOUNDATION'S PURPOSE FINDS RESONANCE WITH ENABLING IMPACT, DRIVING TRANSFORMATION AND BRINGING ABOUT SYSTEMIC CHANGE, CREATING LONG-TERM VALUE AND DOING GOOD.



Making a leading contribution to transformation

Our purpose is intrinsically linked to empowerment and enabling our stakeholders to live with confidence. Empowerment implies meaningful economic participation by the majority of South Africa's citizens, leading to a reallocation of wealth, increased ownership and more opportunities to reduce poverty and inequality.

For Sanlam, empowerment creates the following benefits:

- Contributing to Sanlam's license to operate in the South African economy
- Creating an additional pathway for extending financial inclusion
- Creating better access to opportunities in terms of public and private sectors stakeholders
- Accelerating the achievement of diversity and inclusiveness outcomes
- Enhancing our position and competitiveness where empowerment credentials is an important consideration for institutional clients
- Enhancing Sanlam's competitiveness in market segments where Sanlam has traditionally lagged, including third-party asset management, employee benefits and health

Sanlam supports black economic empowerment through the principles enshrined in the South African Financial Sector Code, 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 grow these enterprises and enhance their skills
- 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 more than 17 years to transform through the Group's Ubuntu-Botho (UB) partnership, numerous empowerment deals, SA Retail Mass (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 B-BBEE legislative targets as prescribed in the Financial Sector Code.

The scorecard below was verified for the period 1 January 2021 – 31 December 2021. The scorecard for the previous year is valid until 25 March 2022 after which a new verified certificate will be available on the website at <https://www.sanlam.com/transformation.php>.

Element	Maximum score	2020	2021	Read more about progress this year
Ownership	23+5	28,00	28,00	See in this chapter.
Management control	20	14,14	15,28	Empowering our people from page 41.
Skills development	20+3	17,14	16,18	Empowering our people from page 41.
Procurement, Enterprise and Supplier development	15+4	27,72	29,56	See in this chapter.
Socio-economic development and consumer education	3+2	6,00	6,00	The Sanlam Foundation from page 65.
Empowerment financing	15	13,19	14,22	Recognising the value of sustainable investment from page 88.
Access to financial services	12	10,50	11,00	See below.
Total	120+19	116,69	120,24	
Contributor level		1	1	

¹B-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.

PROUD LEADERSHIP

Sanlam is the life insurance industry leader in overall B-BBEE performance, and particularly in terms of ownership. Furthermore, 26% of ownership is in the hands of black women, exceeding the industry target of 10%.

Sanlam was one of the first major financial institutions in South Africa to conclude an ownership empowerment transaction in 2004 with Ubuntu-Botho (UB). The transaction provided opportunities for previously disadvantaged groups to acquire equity shareholding in Sanlam, enabling them to share in the economic success of the Group.

UB participants invested R1,4 billion to attain an initial 8% stake in Sanlam. UB broad-based participants did not have to put up any cash or incur personal debt.

Four years later, UB paid out its first dividend, worth R50 million, to over 700 broad-based shareholders that included the SUBCDT.

Value of over R15 billion was created when the first 10-year transaction matured. To date, over a million people have benefitted from the disbursement of funds through UB and the SUBCDT.

As a result of the empowerment deal, the SUBCDT has an endowment of more than R3 billion and is able to disburse funding of more than R150 million per annum, inter alia through the Sanlam Foundation. In 2018 Sanlam partnered with UB again to increase its direct black shareholding by a further 5%. This deal was set up to empower mostly new black entrants, and not existing UB shareholders. In 2021 through ARC, UB also invested 25% in Sanlam Investment Holdings, making Sanlam the first large 51% black-owned and controlled asset manager in South Africa.

By the end of December 2021, UB held 18,1% voting interest in Sanlam and 13,1% economic interest.

PREFERENTIAL PROCUREMENT PRINCIPLES

Sanlam is committed to its transformation agenda and strongly supports the ideology that transformation can only be achieved through meaningful black economic empowerment. Our preferential procurement strategy supports the Group's vision to become the most admired financial services group in Africa.

Our objective is to procure all goods and services in a fair, transparent and unbiased way, free of favouritism.

In turn, all suppliers are required to deliver goods and services according to the quality, service delivery and commercial standards determined by the Group.

Sanlam's preferential procurement score has shown progressively improving results over the past five years. Challenges included key suppliers not maintaining their designated supplier status, the impact of commissions paid to untransformed brokers and intermediaries, and late supplier verification results, which all have direct bearing on our score. We are proactively addressing these challenges with our suppliers.

We want to create a diverse supply base and ensure a sustainable supply chain that positively contributes towards the profitability and sustainability of the business. We will achieve this by:

- Moving beyond compliance and setting a new benchmark for the financial services sector
- Ensuring preferential procurement that is sustainable, responsible and provides the Group with a competitive advantage
- Adopt a policy to only support suppliers who are B-BBEE compliant

PROVIDING ACCESS TO FINANCIAL SERVICES

We support the general principles and policy objectives to guide sustainable improvement in financial inclusion, published by South Africa's National Treasury in 2021. Financial confidence is only achievable if people and businesses can use financial services to improve their prospects.

Sanlam has an opportunity to create a reputation as a champion of inclusion and upliftment of the previously disadvantaged and excluded members of society, enabling access and participation in financial services. The three drivers for access are:

- **Appropriate products**, targeting clients earning below the tax threshold. SA Retail Mass and Safrican's funeral and credit life insurance offerings qualify as appropriate products in terms of access.
- **Market penetration**, which measures the number of in-force Sanlam policies with policyholders earning below the tax threshold. Sanlam has achieved 142% of its in-force policy target.
- **Transaction access** requires that a client can, for example, submit a claim or pay a premium from the place where they live. Sanlam covers 93% against a target of more than 80% of the geographies where access product policyholders are located.

Read more about further initiatives to increase access in the section on financial inclusion from page 30.

A DEDICATED TRANSFORMATION OFFICE

We want to be at the forefront of transformation in the financial sector and support confidence through empowerment.

Sanlam established a transformation office which came into effect on 1 March 2021. The aim of this office is to ensure that the Group has a defined and articulated socio-economic transformation positioning and approach. The latter intends to focus on socio-economic agendas within the relevant Sanlam territories and is not necessarily limited to South Africa. However the relevant country's socio-economic legislative guidelines will be applied during implementation and activation.



11

Embedding an ethical culture

Confidence Rule 7:

THERE ARE NO SHORTCUTS TO ANYWHERE WORTH GOING.

Our core values support our commitment to developing stakeholder trust and set the foundation for professional and ethical behaviour.

Active ethics governance and management

TAKING RESPONSIBILITY

An ethical culture flourishes in an environment where transparency and clarity are evident. For a financial services group, ethics is further directed by regulation and governance requirements. The Insurance Act, 18 of 2017 and the King Report on Corporate Governance™ for South Africa, 2016 (King IV™)¹ require that the Board takes ownership of and responsibility for governance, provides ethical leadership, and sets out how relationships and decision-making should be approached.

The Prudential Standards on the Governance of Insurance Groups and the Financial Sector Regulation Act, 9 of 2017 also require that the controlling company of an insurance group must establish an effective governance framework that provides for sound and prudent management of the insurance group's business, including adequate protection of the interests of policyholders.

This year, the Board revised the Group Governance Policy, which, read together with the Group's Business Philosophy and Code of Ethical Conduct, establishes the framework for governance in the Group.

Two important changes to governance structures were introduced: cluster Boards were abolished and a Quarterly Business Review (QBR) per cluster was established. The Board Authorisation Framework was consequently updated. The requirement for the Group Chief Executive to approve the Cluster's Authorisation Frameworks is a critical part of the further delegation of authority to the senior management of the various clusters.

We streamlined the process to ensure that we secure and protect the Sanlam Group's image and reputation, comply with applicable regulatory requirements and meet the legitimate and reasonable expectations of all relevant stakeholders.

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Contributing to the following SDGs



OUR VALUES UNDERPIN WHAT WE DO

1

Lead with courage to earn our clients' trust

2

Serve with pride as we are client focussed

3

Caring that comes from respect for each other

4

Winning with integrity to be the unrivalled industry leader in Africa

5

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.

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, human resource departments and line management	These primarily deal with 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.

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.

The SES committee is, pursuant to the provisions of the Companies Act, mandated by the Board to monitor Sanlam’s compliance 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. This includes reporting to the SES committee. The Group Ethics committee is chaired by the Company Secretary and includes representatives of all the clusters and the Group office. The committee meets quarterly to discuss feedback from cluster representatives on potential ethics issues experienced or identified, training and awareness that is being conducted as well as ethical climate survey results.

Contact our Hotline

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.

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.

In instances where the reporter elects to provide his or her details to Sanlam and requests direct feedback, the investigator or respective functionary in the cluster will engage directly with the reporter. In these and in all other instances where the reporter elects to remain anonymous or

partially anonymous (i.e. provided his or her details to our service provider only), the Sanlam Group Compliance Office will provide the information to the service provider via an electronic case management system.

Reports made to the Hotline are referred either to the Sanlam Life and Savings (SLS) Forensic Services department for investigation or escalated to executive management in the appropriate cluster for investigation and resolution.

The outcome of all investigations is reported to the Sanlam Group Compliance Office.

Reports on Hotline statistics are provided to the Chair of the Group Ethics committee as well as the SES committee on a quarterly basis.

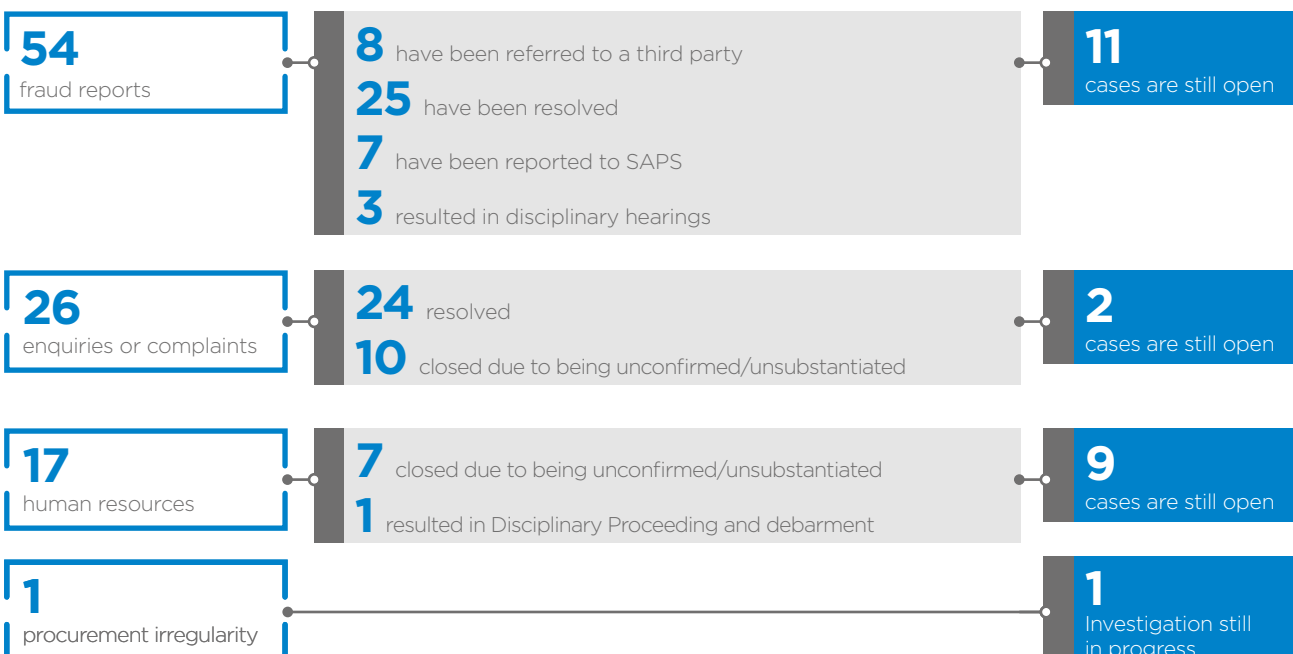
Examples of Hotline reports

We received several reports about personal loan and investment scams perpetrated in the name of Sanlam against unsuspecting members of the public and/or existing clients via social media or other means. All such reports are investigated by the SLS Forensic Services department and have been reported to the South African Police Services (SAPS) for investigation.

Where reporters have elected to provide their details, Sanlam engaged with the reporter to explain the fraud involved concerning the loan or investment scams and the options available to them, including reporting the matter to the SAPS.

KEY INDICATORS FOR ETHICS

98	reports received (2020: 116)
75	investigations completed and reports finalised (2020: 115)
23	current ongoing investigations and open reports (2020: 1)



ALL OBSERVED ETHICAL BREACHES HAVE BEEN DEALT WITH IN ACCORDANCE WITH THE GROUP'S POLICIES AND GOVERNANCE FRAMEWORK.

The whistleblowing Hotline is currently in use by all clusters except Santam which operates its own mechanism. Excluding Santam, 98 reports were made to the Hotline this year of which 75 were closed.

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

Sanlam enforcement actions

- Sanlam General Insurance (SGI) Uganda was fined 1 000 000 US\$ (R427 547) for market conduct irregularities.
- Sanlam Life Insurance (SLI) Uganda was fined 3 000 000 US\$ (R1 282 642) for market conduct irregularities.
- Sanlam Life Insurance Limited was fined R1.5 million as an administrative sanction. R1 million was paid and R500 000 was suspended.
- Sanlam Collective Investments (RF) (Pty) Ltd was fined for market conduct but entered into an Enforceable Undertaking with the FSCA.

2021 ETHICAL RISK ASSESSMENT



Since 2003, Sanlam has been conducting biennial ethical risk assessments to assess the Group's ethical climate. Coordinated by the Group Compliance Office, in consultation with the

Sanlam Group Ethics committee, a survey was conducted in September 2021 using a confidential online survey tool that measured risks in the following areas:

- Questionable workplace behaviour including deceptive sales or marketing practices, excessive private use of company assets, unauthorised absence from work and violating internet or travel policies.
- Specific behaviour that constitutes conflicts of interest for example accepting inappropriate gifts or hospitality, being related to a supplier, or having a second job without proper authorisation or disclosure.

- Behaviour prohibited by law, including accounting fraud, insider trading, procurement and tender fraud, etc.
- Perceptions about company culture in terms of familiarity with company values, effective ethical leadership, trust and accountability, and company reputation.

Most of the questions were based on a five-point scale measuring levels of agreement or levels of frequency, but several open-ended questions were also included. The survey was also translated into French to accommodate employees in SEM.

Just over 15 000 employees were invited to participate of which 4 797 completed the survey. The sample was deemed statistically significant (a 32% response rate). The results are being analysed by the clusters and will be included in a consolidated report to the Board in March 2022.

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 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 reside 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

Financial crime poses a threat to the integrity of the global financial system and, as such, to Sanlam's 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.

The policy sets the overall framework for combating financial crime by specifying tight principles to be adhered to. It is further supported by the Insurance Fraud Risk Management policies adopted by all licensed insurers in South Africa as required by the prudential standards on the governance of insurers in terms of the Insurance Act 2017.

According to the policy, the responsibility for operational implementation is assigned to the Chief Executive Officers of the clusters. It does not prescribe the establishment of a dedicated forensics or financial crime combating function. SLS and Santam have dedicated forensic functions whereas the other clusters deal with financial crime as part of their broader risk management functions.

Sanlam has a zero-tolerance approach to unlawful conduct and financial crime and will institute criminal prosecution where prima facie evidence of criminal conduct is found, irrespective of whether Sanlam has suffered losses. We maintain statistics on financial crime experienced and actions taken.

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 are 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.

2021 AML/CFT update

The Financial Action Task Force (FATF) and the Eastern and Southern Africa Anti-Money Laundering Group assessed South Africa's AML/CFT system and published an evaluation report in 2021. Its findings point to a solid legal framework to fight money laundering and terrorist financing but indicated the country has significant shortcomings in implementing an effective system, including a failure to pursue serious cases. It is therefore critical for Sanlam to respond proactively and decisively to address the expected enhanced regulatory scrutiny following FATF.

AML/CFT reviews have been performed at the Group level as well as in the SLS and SIG clusters this year.

The Head of SLS Forensic Services acts as the money laundering reporting officer for the accountable institutions within SLS and SIG.

Several requests were received from the Financial Intelligence Centre (FIC) in terms of the Financial Intelligence Centre Act (FICA), mostly relating to Glacier investments that were traced to unlawful transactions. Sanlam provided the necessary information to the FIC and the funds were frozen.

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.

Our approach to **managing tax**

Sanlam aims 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 manage our tax affairs. We extended our international footprint in emerging markets 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 complying with and following 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 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 support, tax risk management and tax compliance.

The head of Group tax reports to the Group Finance 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 are 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 mitigate the risk of non-compliance.

However, risks can arise through the 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 a 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 the 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 regulatory requirements and reporting guidelines. Disclosures include among others, an analysis of income tax per category, a split between income tax paid in South African and foreign jurisdictions as well as a reconciliation to the standard rate of taxation in South Africa.

Sanlam makes full disclosure when filing tax returns to tax authorities in the jurisdictions where we operate, and supports 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.





12

Protecting and preserving resources

Confidence Rule 63:

**BE RESOURCEFUL
IN HOW YOU USE
NATURAL RESOURCES.**

The world is experiencing a greater sense of urgency to address the global climate crisis. Sanlam is committed to conducting business, and influencing meaningful and sustained changes in behaviour, in a way that will enable future generations to live with confidence.

Contributing to the following SDGs



Sanlam operates in some of the poorest regions in the world, therefore accelerated socio-economic development and climate change management outcomes in these geographies enable meaningful social change.

In 2020 we announced our plan to develop a proactive roadmap that will ensure a coordinated approach towards meeting the Task Force on Climate-related Financial Disclosures (TCFD) recommendations by 2021. This year we will publish the Sanlam Climate Change Resilience Report in accordance with the recommendations of the TCFD.

Severe weather/climate change has been on Sanlam's list of top 10 strategic risks since 2018. We have been a signatory to the Carbon Disclosure Project since 2007, and a signatory to Code for Responsible Investing in South Africa (CRISA) since it came into effect in February 2012. Sanlam was also the first South African private sector asset owner to become a signatory to the UN Principles for Responsible Investing (UNPRI).

- 1 We obtained a view on the reporting landscape, including a peer analysis, focusing on TCFD-related risks and opportunities. This highlighted the key and iterative processes that we need to align with TCFD recommendations and reporting. The analysis also included an industry quantification of the risks identified to understand the value at risk.
- 2 We commissioned a diagnostic report to assess Sanlam's current responses and readiness for TCFD reporting. Key recommendations included:
 - To raise awareness among Board members and executives on climate-related issues
 - To build climate risk thinking into the business strategy, where it applies
 - To review cluster risk assessments in investing activities to identify considerations of climate risk
 - To analyse Group risk and opportunities concerning various climate scenarios
- 3 The team developed a coordinated plan to action and address the high priorities identified in the diagnostic report as a starting point to engage business. This is taking place within the scope of the sustainability strategy development process. The plan also includes the allocation of roles and responsibilities within the Group.
- 4 We started working to understand how much underlying carbon is present in SIG's investments. This research is based on data on high greenhouse gas associated industries as a starting point in articulating metrics that can be used to make better-informed decisions.
- 5 To ensure that Sanlam is intentional and prioritises SDGs that provide the biggest opportunity for shared value creation, we identified seven core SDGs for the Group this year, including climate action (SDG 13).
- 6 We will be publishing the Sanlam Climate Change Resilience Report as a TCFD beginner report to stakeholders.

OUR RESOURCE PARTNERSHIPS AND COMMITMENTS

- Sanlam is a member of ClimateWise and submitted its third ClimateWise response report in August 2021.
- We have been a signatory of CDP since 2007 and submit a report annually. Sanlam received an A- CDP climate change 2021 score, which is in the leadership band. This is higher than the Africa regional average of B and higher than the financial services sector average of B. This means Sanlam is implementing current best practices.
- Sanlam received a B CDP water security 2021 score, which is in the awareness band. This means that Sanlam has knowledge of impacts and water issues.
- Santam partnered with 63 municipalities in South Africa to manage flood and fire risk.
- Sanlam is included in the FTSE/JSE Responsible Investment Index.
- Sanlam joined the 'Every Action Counts' coalition that connects experts in nature conservation and climate change with leading digital platforms, financial institutions and consumer goods firms. This has the potential to scale green action through innovation and by leveraging technology.
- Sanlam Group Chief Executive, Paul Hanratty, is part of the National Business Initiative's Champion on Just Transition Pathway for decarbonising the economy.

MANAGING OUR ENVIRONMENTAL IMPACT

We are committed to measuring and reducing the Group's carbon emissions and encouraging responsible environmental practice in our sphere of influence. This will contribute to the transition to a low carbon, climate-resilient economy in South Africa. The Sanlam Group's long-term aim is to close its business' climate risk protection gap, which ClimateWise refers to as "the growing divide between economic and insured losses".

We came to the end of the previous target cycle for Sanlam environmental indicators in 2020. To set new targets, we started engaging with different stakeholders internally to gain insights into Sanlam's future workspace arrangements and strategy, given the changes brought by COVID-19. This is an ongoing process as we prepare for a hybrid way of work. Until such time as we have finalised the new targets, we have set an interim blanket reduction target of 10% against 2019 values, to be achieved by 2025.

KEY INDICATORS

187,18 kWh/m²

kWh/m² electricity used (2020: 188,42 kWh/m²)#

0,49 kl/m²

kl/m² water used (2020: 0,65 kl/m²)

8,30 kg

kg/full-time employee (FTE) paper consumed (2020: 6,55 kg^{***})

A-

CDP* climate change score (2020: A-)

B

CDP water security score (2020: C)

46%**

head office landfill waste vs 54% head office recycled/diverted waste (2020: 41% vs 59%)

* CDP performance bands:

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

** Waste performance in weight not volume. Relative increased as data for shredded paper was not available for all sites.

*** 2020 restated as kg paper/FTE rather than kgCO₂e from paper/FTE.

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

Our carbon footprint

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) by an appropriate emission factor. All emissions are reported in carbon dioxide equivalent (CO₂e), as required by the GHG Protocol.

Sanlam Group measures GHG data at the level of its facilities. This information is reported to Sanlam Group management and executives who are responsible for

managing climate-related risks and opportunities within the facilities, supported by the facilities manager.

Scope 1 emissions remained fairly static compared to 2020. This is because HVAC equipment and generators continued to operate as usual, irrespective of how many people were in the office.

Scope 2 emissions were the biggest contributor to Sanlam's carbon emissions in 2021, with a marginal increase in emissions compared to 2020. It should be noted that the increase was due to a 4% hike in the Eskom grid emission factor for 2021, as year-on-year kWh consumption actually decreased slightly. The significant decrease in Scope 3 emissions over the past two years was due to reduced business travel, employee commuting and office waste as a result of COVID-19 restrictions and working from home.

	2017	2018	2019 ^{LA}	2020	2025 target	2021 ^{LA}
Total carbon footprint (tCO ₂ e)	66 298	75 969	84 829	52 723	76 346,1	52 130
Total carbon footprint (tCO ₂ e/FTE)	8,320	8,893	7,857	4,603	7,071	4,440
GHG emissions per m ²	0,400	0,446	0,483	0,301	0,4347	0,29
Scope 1 (direct GHG emissions) (CO ₂ e)*	260	163	2 391	1 644	2 151,9	1 684,08
Scope 2 (indirect GHG emissions) (CO ₂ e)*	42 112	38 022	41 353	34 221	37 217,7	35 460,09
Scope 3 (other indirect GHG emissions) (CO ₂ e)	23 925	37 784	41 086	16 858	36 977,4	14 441,86
Total electricity usage (million kWh)	43	40	39,76	33,55	35,784	33,44
Other non-Kyoto GHG emissions [#]	81	127	-	No data	0	544,45
Air travel (km/FTE)	6 378	7 105	5 357	1 083	4 821,3	594,99
Car rental (km/FTE)	200	177	153	41	137,7	39,17
Hotel accommodation (bed nights/FTE)	3,6	4,99	3,78	0,90	3,40	0,65
FTE [#]	7 967	8 543	10 797	11 454	-	11 729
M ² [#]	167 833	170 246	175 533	175 377	-	178 667

* Scope 1 and Scope 2 emissions were measured in accordance with Greenhouse Gas (GHG) Protocol Corporate Standard for the period 1 January 2021 to 31 December 2021. The reporting boundary included the following buildings: Sanlam: Head office, Houghton, Sanlam Investment Management, Alice Lane, Glacier, Sanlynn, West End D; Santam: Head office and Admin, Auckland Park, Alice Lane, Glacier.

[#] Non-Kyoto Protocol GHG emissions were reported separately in accordance with the GHG Protocol Corporate Standard.

[#] Only includes employees and GLA for the nine buildings included in the GHG reporting boundary.

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

The Sanlam 2021 GHG verification statement and the 2021 Carbon Footprint Report can be accessed on the Sanlam website.

Managing our energy use

Working with Sanlam Corporate facilities we track indicators and manage our operational footprint. The sustainability team and the Sanlam Energy Forum track emissions from energy use, travel, waste, etc. Sanlam is dependent on energy for business operations and avoids the use of diesel generators whenever power is available. At our main offices, we use generators to mitigate the risk of power cuts and load shedding, which increase costs as well as our carbon footprint. With future diesel generator procurement, the most environmentally friendly options are selected to mitigate our impact.

The Group environmental policy describes our intent to reduce energy consumption. We continue investigating

options to use solar energy in our buildings. In the past year, we installed equipment to remove the need for R22 gas in air conditioning at our data centre.

Our commitment to reduce energy consumption is embedded in the Group Environmental Policy, and we continue to investigate options to use solar energy in our buildings. In the past year, at our data centre we installed new air conditioning equipment that uses refrigerant gas with a very low global warming impact to replace ozone-depleting R-22/Freon gas.

We continue to actively replace 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 is compliant with environmental standards. All future projects are assessed for environmental and energy reduction best standards.

	2019	2020	2021
Total electricity use (kWh/m ² /year)	237	188,42	187,18

Managing our water use

Although Sanlam does not have operations dependent on water, we recognise that there is no economic activity without water. We also use this resource in our offices and as part of general business infrastructure. 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.

As we transition to a hybrid work scenario, water use is expected to increase. However, it should remain well below 2019-levels due to various water-saving initiatives introduced over the past few years. The use of rainwater harvesting, water-efficient plants and shrubs as well as staff communication to drive awareness and behaviour change will collectively have a long-term impact on our water consumption.

	2019	2020	2021
Total water use (klm ² /year)	1,04	0,65	0,49

OUR WWF-SA PARTNERSHIP FOR WATER

South Africa is a water-scarce country facing a complex set of water-related challenges. Water resources are often poorly managed and governance is lacking. There is a need to invest in initiatives that engage local residents and water users to care for and contribute to the health of their catchment.

Sanlam’s 14-year partnership with WWF-SA, the world’s largest and most experienced independent conservation organisation, has been helping to safeguard the resilience of freshwater sources. With additional contributions from the Sanlam Foundation, the partnership has been able to promote water stewardship and empower local governments to integrate freshwater protection into their policies and plans. This enables everyone to participate with confidence in a thriving, sustainable ecosystem.

In the past year, WWF-SA created multiple funded water source partnerships to co-develop a model for 10 strategic water source areas (SWSAs). Sanlam’s funding provides a

critical foundation that supports WWF in achieving the 2025 freshwater-focused outcome of “freshwater quantity and quality improved in SWSAs for ecological systems and communities” as well as helping to pursue the intersection of finance and sustainability.

The outcomes identified for the water source partnership model are:

- Strategic water resource planning and management are integrated into key national policies and strategies.
- 25% or more hectares in 10 SWSAs benefit from agriculture and forestry land users’ implementation of water stewardship best practices.
- Key ecological infrastructure in at least 10 SWSAs is rehabilitated, maintained, and effectively managed by community-private-public partnerships (CPPPs).
- Management strategies for at least 10 SWSAs are collaboratively developed by inclusive, functional and capacitated CPPPs and inform strategies of at least two associated governing institutions.

Read more about our contribution to addressing climate risk by preserving and protecting our resources in the upcoming Sanlam Climate Change Resilience Report on our website.





13

Recognising the value
of sustainable investment

Confidence Rule 47:

**A SUSTAINABLE
FUTURE IS THE
BEST LONG-TERM
INVESTMENT YOU
CAN MAKE.**

Our responsible investment approach is aligned to our purpose of empowering generations to be financially confident, secure and prosperous

One of Sanlam’s roles is being the custodian of people’s money, including their savings and retirement funds. We invest money on behalf of clients and policyholders, and also invest our own discretionary capital. These investments are managed by SIG, which plays an important role in mobilising capital toward a greater purpose and a better society.

If we provide good returns, deliver on investment mandates and outperform our clients’ expectations, we give clients confidence and a firm belief in our products and capabilities. It also means that they are in a better position to send children to school, look after their loved ones and provide for families.

For more people to live with confidence, we want to open the market to more investors and make it more affordable to invest.

OUR JOURNEY TOWARDS A SUSTAINABLE FUTURE

We are committed to playing a strategic role in securing a sustainable future for South Africa and all markets that we serve, as well as those beyond our borders. We believe that safeguarding economic, environmental and social assets is the foundation for a healthy economy that generates sustainable returns for the future. Accordingly, we incorporate ESG factors into investment frameworks to make better, more informed decisions about our investments.

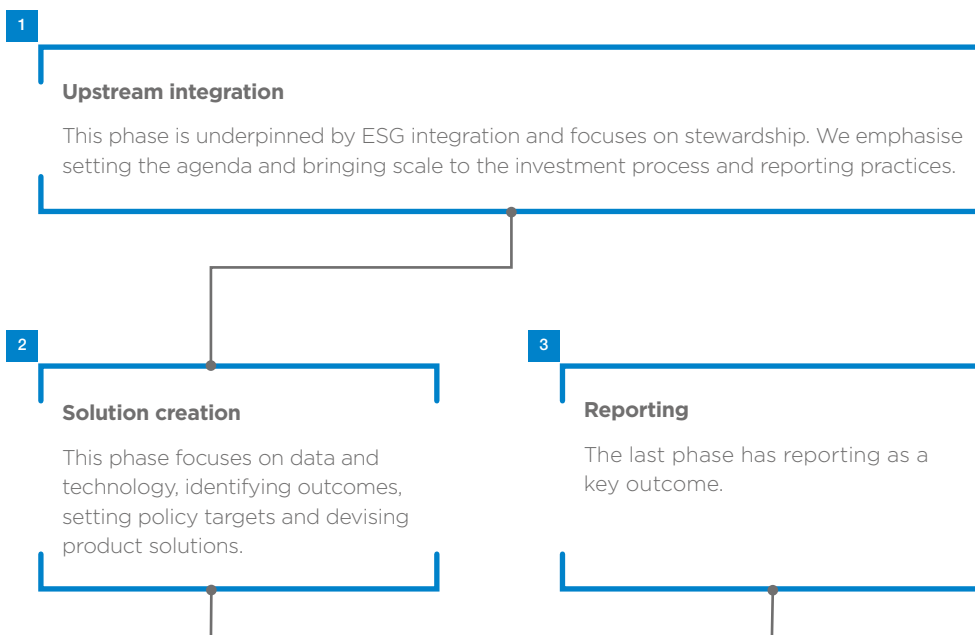
Sanlam Investments subscribes to the UNPRI, adopted CRISA and recognises the importance of the SDGs and South Africa’s National Development Plan (NDP).

Contributing to the following SDGs



A three-phased approach towards sustainable investing

From 2021 to the end of 2023



Measuring our future progress

Focus areas	Key performance indicators and targets
ESG integration	<ul style="list-style-type: none"> Achieve a UNPRI A score for all reporting modules in 2022.
Stewardship	<ul style="list-style-type: none"> Successfully start at least three strategic engagement programmes in South Africa over the next three years.
Governance	<ul style="list-style-type: none"> Establish a sustainable investment oversight committee for Sanlam Investments. Develop an overarching sustainable investment policy. Include ESG KPIs in Sanlam Investments' executive team's balanced scorecard.

OUR INVESTMENT PHILOSOPHY AND PROCESS

We believe that by evaluating ESG factors, asset managers can better understand the risks and opportunities in their investments and make better-informed decisions.

We encourage investee companies to conduct their operations in a way that meets the interests of their stakeholders in a sustainable manner, without compromising the needs of future generations.

We believe that considering ESG factors as part of our investment decision-making and ownership practices will impact the value, performance and reputation of the

investments we make on behalf of clients. Furthermore, we believe the following:

- ESG factors that are financially material need to be incorporated into our investment process and decision-making.
- We need to engage and seek appropriate disclosure from all market participants on material ESG matters, as active owners.
- We can create socio-economic benefits, in addition to competitive financial returns.

We follow three types of sustainable investment strategies based on the mandate we receive:

Financial integration

This strategy involves the systematic inclusion and analysis of ESG criteria as part of the decision-making for a portfolio's investment process. This is based on the view that ESG factors can have a considerable impact on a security's future risk/return profile in the same way that traditional financial factors can.

Exclusions

This strategy is also referred to as negative screening. It entails adopting exclusion criteria that may exclude certain sectors, companies or countries from a portfolio's investment universe. Common examples include tobacco, weapons, alcohol, nuclear power, gambling or other ethical criteria.

Impact/thematic

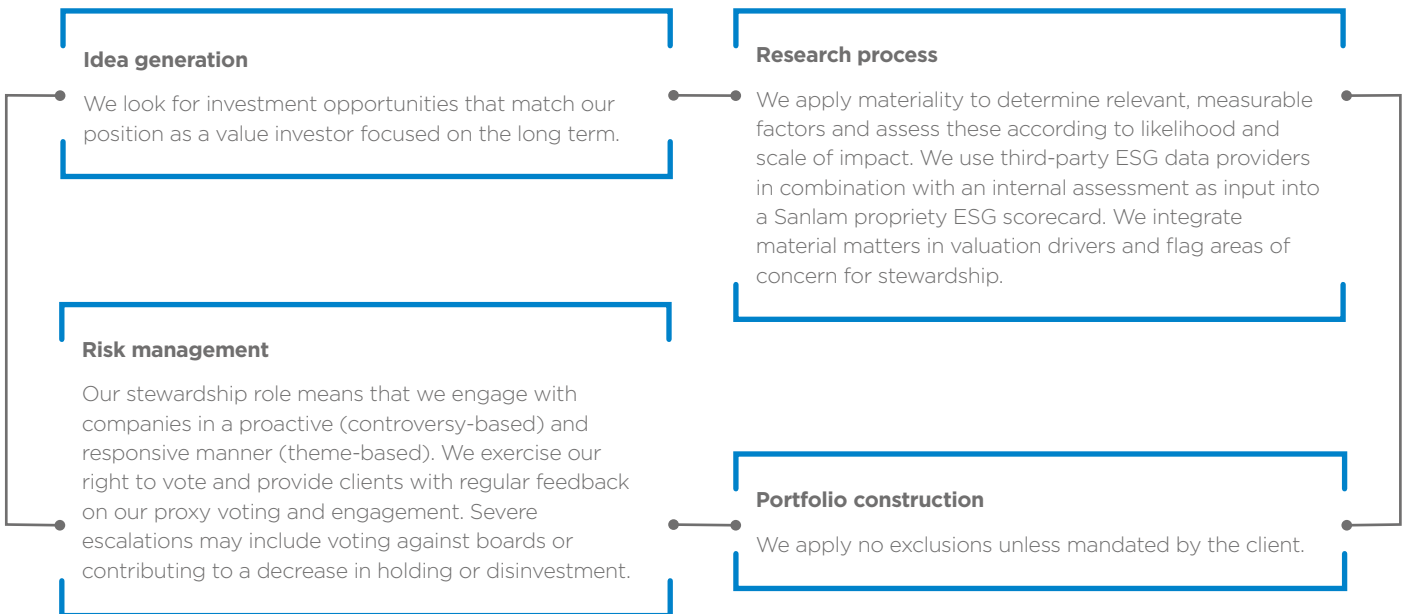
This strategy targets specific beneficial outcomes that are linked to sustainability challenges. Our key impact themes are:

- job creation
- diversity and inclusion
- reducing inequality
- providing clean energy and/or climate change

OUR ROLE AND APPROACH WITH EQUITIES AND FIXED INCOME

We follow the financial integration approach to foster a deeper understanding of company- and industry-specific issues. Through this, we can integrate material and

measurable matters into our valuation process. Our framework embeds ESG in the investment process through the inclusion of niche ESG research to identify material issues on a sectoral basis, a proprietary score to provide a practice assessment of ESG risk, along with an active ownership programme and client reporting solutions.



OUR ROLE AND APPROACH WITH INDEX TRACKING

Sanlam Investments is the joint owner of Satrix, the leading provider of index-tracking solutions in South Africa. With no minimums and easy, low-cost access to local and global products via the SatrixNOW online investment platform, Satrix is an important vehicle to promote and enable affordable financial inclusion.

This year, Satrix launched a new exchange-traded fund (ETF) that invests in the JSE's 30 most diverse and inclusive companies. This supports our efforts to facilitate change and drive greater inclusion and diversity across South African companies. The ETF uses key metrics such as gender, race, physical ability and background to make up four categories that form the pillars of inclusion and diversity.

“OUR ANALYSTS INTERACT ON A ONE-ON-ONE BASIS WITH THE MANAGEMENT TEAMS OF THE COMPANIES WE INVEST IN. THIS ALLOWS THEM TO GET CLARITY ON ITEMS THAT MIGHT BE LACKING IN DISCLOSURE AND GET CONTEXT FOR ESG FACTORS THAT MIGHT HAVE LESS OR MORE OF A MATERIAL FINANCIAL IMPACT IN A SOUTH AFRICAN CONTEXT. EXTERNAL ESG RATING PROVIDERS ARE THEREFORE A GOOD STARTING POINT, BUT HAVING OUR OWN PROPRIETARY INTERNAL ESG SCORECARD ALLOWS US TO HAVE AN INTELLIGENT OVERLAY FOR THE SOUTH AFRICAN MARKET.” – MARLO SCHOLTZ, HEAD OF EQUITY RESEARCH AT SANLAM INVESTMENTS

“WITH AN INCREASE IN THE ISSUANCE OF SUSTAINABILITY-LINKED BONDS IN THE SOUTH AFRICAN MARKET, WE ARE CONCERNED ABOUT GREENWASHING. TO PREVENT THIS, WE ENGAGE WITH ISSUERS AND ORIGINATORS TO HIGHLIGHT THE NEED TO FOCUS ON RELEVANT, MEASURABLE AND MATERIAL METRICS. WHERE METRICS DO NOT MEET OUR CRITERIA, WE HAVE EITHER DECIDED NOT TO PARTICIPATE OR TO PRICE THE BOND AS A VANILLA UNSECURED BOND. WE PROVIDE FEEDBACK TO ORIGINATORS AND ISSUERS WHEN WE ARRIVE AT THAT CONCLUSION.” - MOKGATLA MADISHA, HEAD OF FIXED INCOME AT SANLAM INVESTMENTS

OUR ROLE AND APPROACH WITH ALTERNATIVE INVESTMENTS

Alternative investments, which typically fall outside the traditional scope of securities, are a great fit for impact, responsible and sustainable investing:

<p>Impact investing is about choosing specific investments, typically made in private markets, aimed at solving social or environmental problems.</p>	<p>Sustainable investing focuses on adopting progressive environmental, social or governance practices to enhance value.</p>	<p>Responsible investing aims to counteract risky environmental, social or governance practices to protect value.</p>
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Sanlam has a track record of tackling sustainability with impact funds in areas such as education, empowerment and SME financing. We also contribute to combatting climate change through our partnership with Climate Investor One. More recently, we have started rolling out a range of alternative strategies explicitly aimed at investing for impact, such as economic growth and job preservation, job creation, inclusivity and equality.

The Investor’s Legacy Range

Sanlam launched the Investor’s Legacy Range in 2020 with a commitment of R2,25 billion of own capital to seed three funds: the SME Debt, Private Equity and Corporate Debt Funds. Our core objective was to preserve and create jobs while mobilising like-minded investors with a commitment to reigniting economic growth. We aim to secure a further R750 million for the SME Debt fund and R1 billion external capital for the Private Equity Fund alongside Sanlam’s capital.

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.

Investors’ Legacy SME Debt Strategy

This strategy provides debt finance to good quality SMEs in various sectors that have been negatively impacted by the coronavirus pandemic. The intention is to generate financial returns for investors while preserving and creating jobs. The fund supported a female property developer in Pretoria, a black-owned property and operational systems developer in KwaZulu-Natal and Durbanville, a family business in KwaZulu-Natal that manufactures yellow metal equipment and several low-cost housing developers in Johannesburg.

Investors’ Legacy Corporate Debt Strategy

This strategy provides debt finance to medium and large-sized corporates negatively impacted by the coronavirus pandemic. These corporates typically have strong underlying credit fundamentals and are likely to deliver strong financial performance post-pandemic. Due to their size, many of these entities will require both bank funding as well as funding from institutional investors. This strategy aims to preserve and create jobs.

Investors’ Legacy Private Equity Strategy

This strategy provides equity and quasi-equity liquidity to medium-sized South African companies to ensure business continuity, with a focus on job preservation, inclusive growth and job quality, while seeking equity returns across a diversified portfolio of investments. Two examples include Absolute Pets, South Africa’s largest specialist pet food and product retailer with more than 105 stores and 425 employees. The business has the potential to create around 300 direct jobs and around 950 indirect employment opportunities nationally. We also invested in the Cavalier Group, a vertically integrated red meat product producer and one of only two processors approved by Woolworths with whom it has a long-term contract in place. Cavalier’s goal is to add another 200 people to its workforce.

The Resilient Investment Fund

The Resilient Investment Fund is a private debt fund that focuses on lending to established SMEs in South Africa that require capital to continue to grow but are not able to access finance from traditional sources, due to the constraints of the lender.

The Resilient Investment Fund is female-managed and has a broad mandate that supports SMEs which operate in growing or mature markets, and which provide basic needs such as housing, education, energy and access to financing.

Beneficiaries of the Sanlam Resilient Investment Fund's lending include:

- Camalus Developments, a black-owned property developer of human settlement projects in the Western Cape.
- Oasis Water, a leading supplier of water outside of the public sector that primarily purifies and supplies clean water.
- Capital Harvest, a specialist non-bank financial institution providing financing to farmers and the broader agricultural sector.
- Energy Partners, a utilities provider of solar, refrigeration, steam, fuel and water, with unique energy-saving solutions.

Climate Fund Managers

A blended finance structure has proven to be a success driver in allocating capital to combat climate change in emerging markets. The approach combines capital from government, institutions and donors. By simplifying how capital is deployed, the approach reduces complexity and delivers an innovative “whole-of-life” solution through a single financing source for each phase.

The Climate Investor One fund was the first such initiative by Climate Fund Managers, Sanlam's joint venture with the Dutch Development Bank, FMO. With the support of broad public and private sector commitment, Climate Investor One mobilised US\$850 million of commercial funds. These have been allocated to renewable energy infrastructure projects, for example, a river-run-off hydro project in Uganda, an offshore wind project in India and a near-shore wind project in Vietnam.

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 throughout 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 IMPACT INDICATORS

1 172 145 people with improved access to renewable energy

2 117 jobs created up to 31 December 2021

790,42 GWh total renewable power production

468 102 tCO₂eq/year of GHG emissions avoided

190 new grid and off-grid annual direct connections to 31 December 2021

Climate Investor Two was launched in January 2020 and announced a conditional first close at US\$675 million during COP26 in November 2021.

The fund focuses on water, sanitation, and oceans infrastructure, as these are fundamental to human life and economic development but are also the medium through which the effects of climate change will be felt on earth. Climate Investor Two provides expertise, technology, and financing to projects that help vulnerable societies mitigate and adapt to these global climate changes.

Initially, the project will oversee a significant expansion of the 133 000 km² Galapagos Marine Reserve, protecting one of the most undisturbed and scientifically significant natural ecosystems on the planet.

The fund's ambition is for:

- 5,5 billion litres of water and wastewater to be treated per day
- 14 million people to be supplied with safe drinking water
- 4 million people to be provided with sanitation
- 3,5 million tons of CO2 emissions to be avoided per annum
- 75 000 hectares of wetland and coastal ecosystems to be restored

Over the next two years, Climate Investor Two will continue raising funds to reach a final close goal of US\$1 billion while simultaneously putting the capital raised to work.

“BY FULLY EMBRACING THE INVESTING TENETS OF ESG, SUSTAINABILITY AND IMPACT, WE ARE WORKING TO CREATE A FUTURE WHERE PEOPLE LIVE IN THRIVING COMMUNITIES FILLED WITH OPPORTUNITY AND HOPE; THAT OUTCOME, WE BELIEVE, WILL IMPART A LEGACY OF WEALTH. WE WANT TO BE MORE THAN JUST AN ASSET MANAGER – WE WANT TO BE AGENTS OF IMPACT AND SUSTAINABILITY.” – NERSAN NAIDOO, CEO SANLAM INVESTMENTS

A new sustainable infrastructure fund

Infrastructure is going to play a critical role in spurring the growth of our South African economy. By directing capital to these investments, we can build confidence and prosperity for our country and its people.

On 1 September 2021, Sanlam Investments launched a sustainable infrastructure fund. Through this fund, we will source, assess and invest in renewable energy, conventional energy, transportation, communication, water and waste-related assets. ESG criteria are applied to support sustainable development. The fund, which provides predominantly debt finance, received commitments of R500 million and aims to provide investors with predictable inflation-beating returns over the long term. We plan to grow investments in the fund to R5 billion by attracting further capital from institutional investors.

A strategic ESG partnership with Robeco

In 2020 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. The partnership enabled us to accelerate our advice, solution-creation and investment framework implementation in line with global best practices. We implemented Robeco’s value engagement process, which identifies potential areas for engagement using knowledge of trends in the sustainability and corporate governance arenas. In our proxy voting efforts, we are also guided by our partnership with Robeco.

ACTIVE OWNERSHIP

As long-term investors, we consider our stewardship activities to be the backbone of our approach to ESG. Through our engagement and proxy voting, we can address systemic issues and improve the quality of our returns and the markets we invest in.

The Sanlam Investments approach to engagement involves a combination of proactive and responsive engagements by creating a constructive dialogue with company boards and management. Through our partnership with Robeco, we can scale engagement efforts and focus on strategic themes to seek change and improve practices.

We select engagement areas based on financial materiality and engagement impact.

Recent key engagement themes:

- biodiversity
- mining lifecycle management
- net-zero carbon emissions
- corporate governance in emerging markets
- responsible executive remuneration

Monitoring and evaluation

All engagements are monitored and tracked according to specific objectives and outcomes. The latter are classified as positive, neutral or negative. The duration of engagements may differ – proxy voting or AGM-related engagements might last up to six months while deeper thematic and value-based engagements could take up to three years.

Escalation process

Where engagements have not been receptive or have not achieved the targeted outcome, Sanlam Investments may cast votes against a board or management at their AGMs. Escalations may also contribute to a decrease or we may exit a holding in severe situations. In severe cases, we will pursue a legal route to resolve issues with Boards.

Proxy voting

Proxy voting is a crucial responsibility for an active shareholder. It forms part of our ESG framework and offers an opportunity to influence the investee company. We are governed by proxy voting guidelines to ensure minimum standards are met and governance preferences are addressed. The guidelines are based on the South African Companies Act (2008) and the JSE listing requirements which incorporate King IV.

These guidelines establish a systematic approach to voting on company resolutions, which we vote on behalf of our clients, particularly where clients do not have their own voting instructions in their investment mandates. These guidelines are not exhaustive but reflect our values on shareholder powers and responsibilities which are exercised in consultation with our clients who are the equity owners.

We apply our guidelines pragmatically and communicate via the company secretary before the AGM, informing stakeholders of our voting intentions and highlighting our governance preferences to the resolutions we vote against.

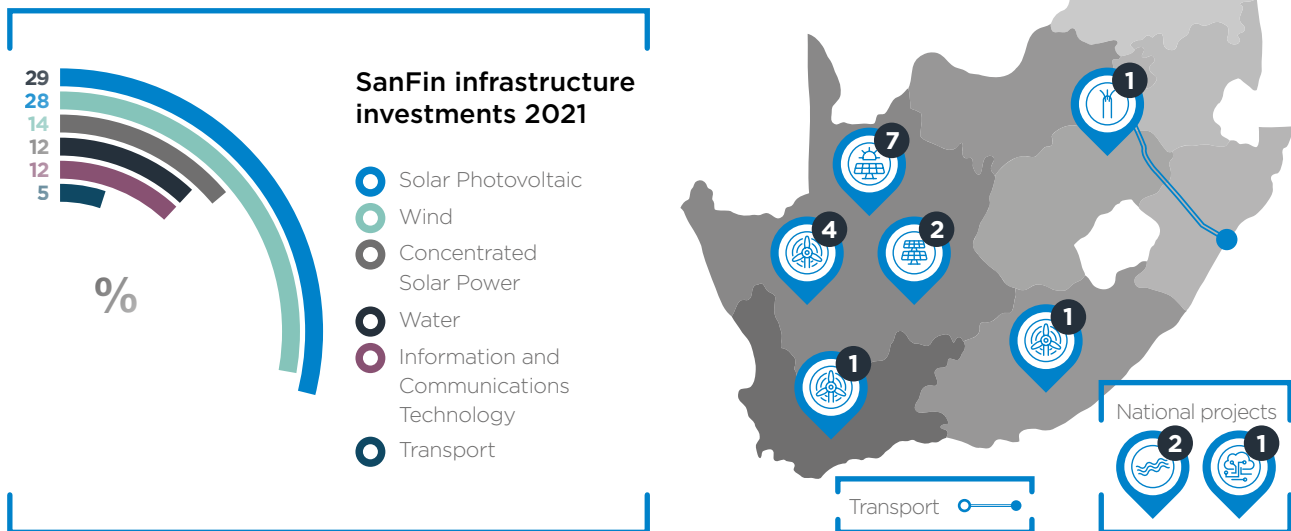
We have a set voting process and mandates and make our voting records and proxy voting guidelines publicly available.

Shareholder investments

Sanlam Group, through Sanlam Specialised Finance (SanFin), has financed c.R6 billion to date in sustainable infrastructure investments throughout South Africa. SanFin is committed to investing in sustainable investments and becoming a leading sustainable infrastructure investor throughout Africa.

“AS SANFIN WE KNOW THAT INFRASTRUCTURE IS AT THE HEART OF SUSTAINABLE COMMUNITY DEVELOPMENT AND THE HOLISTIC IMPROVEMENT OF LIVES. OUR SHAREHOLDERS HAVE ENTRUSTED US TO INVEST IN PROJECTS THAT TRULY ENABLE THE CREATION OF A FUTURE-FIT AFRICA. THROUGH FINANCING INFRASTRUCTURE PROJECTS THAT AID ECOLOGICAL PROGRESS, MAINTAIN HUMAN EQUITY AND DIVERSITY, WHILE IMPROVING HOW THE CURRENT NATURAL SYSTEMS FUNCTION, WE’RE CONFIDENT THAT WE’VE MADE INVESTMENTS THAT WILL IMPACT OUR CURRENT AND FUTURE COMMUNITIES, POSITIVELY.” – NANA PHIRI, CEO SANLAM SPECIALISED FINANCE

Sanlam’s investments as of 31st December 2021 were as follows:



	Wind Farm, Eastern Cape
	Wind Farm, Western Cape
	Wind Farms, Northern Cape
	Solar Photovoltaic Plants, Northern Cape

	Concentrated Solar Power Plants, Northern Cape
	Information, Communication and Technology Infrastructure, National
	Water Infrastructure, National
	Road Transport Infrastructure, Gauteng, Free State and Kwa-Zulu Natal

“THE DEMAND FOR INCREASED INVESTMENT IN INFRASTRUCTURE ACROSS THE AFRICAN CONTINENT IS WELL UNDERSTOOD. SANFIN’S FOCUS IS TO DEPLOY CAPITAL EFFECTIVELY, THROUGH A RISK-BASED APPROACH, TOGETHER WITH OUR PARTNERS, TO GIVE PROJECTS THE BEST POSSIBLE CHANCE OF SUCCESS WHICH IN TURN RESULTS IN SUCCESSFUL OUTCOMES FOR COUNTRIES AND THEIR PEOPLE.” – MARK MOORHOUSE, HEAD OF INFRASTRUCTURE FINANCE SANLAM SPECIALISED FINANCE

FUTURE FOCUS AREAS

We continue to improve ESG incorporation and foster partnerships that support our efforts to meet our sustainability objectives. Specific objectives for next year include:

- Identifying outcomes and targets by mapping existing investments to the SDGs and other potential regiments.
- Setting relevant ESG themed and asset class policies, and position statements.
- Ensuring consistency throughout investment disciplines by developing oversight mechanisms.
- Monitoring, tracking and measuring the extent of our aggregated contribution to the SDGs, NDP and other goal frameworks over time.





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Appendices

Confidence Rule 2:

**GETTING AHEAD
STARTS WITH
GETTING STARTED**

Sanlam policies guiding **our business**

The Group has the following key frameworks and policies:

- Code of Ethical Conduct
- Diversity, Equity & Inclusion Framework
- Anti-discrimination Policy
- Digital Behaviour Policy

Employees' conduct is further regulated by a comprehensive suite of appropriate policies, procedures, guidelines and standards as well as the Sanlam 2021 Corporate Governance Report which can be accessed on our website for further Sanlam policies and policy statements.

SASB index

Sanlam adopted the Sustainability Accounting Standards Board (SASB) Standards to bring industry-specific rigour to our sustainability disclosure as the world moves toward standardised non-financial reporting. As an independent, private-sector standard-setting organisation, SASB is dedicated to enhancing the efficiency of the capital markets by fostering high-quality disclosure of material sustainability information that meets investor needs.

The table represents topics and metrics that are aligned to our business.

Descriptors	Topic	Accounting metric	SASB Code
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
	Transparent Information and Fair Advice for customers	Description of approach to informing customers about products	FN-IN-270a.2
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
		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
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

Unit Measure	Data response	Reference	Resilience theme
Qualitative	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.	Page 88	Recognising the value of sustainable investment
Qualitative	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.	Page 29	Serving our clients
Percentage	Female Top Management (33%), Male Top Management (67%)	Page 41	Empowering our people
#			
	Sanlam has the following policies that align with our values and employee conduct	Page 41	Empowering our people
Qualitative		Page 41	Empowering our people
kwh	The total energy consumption for the buildings in scope for 2021 in South Africa was 39 757 kwh	Page 82	Protecting and Preserving Resources

Glossary

Abbreviations

AGM	Annual General Meeting
AML	Anti-money laundering
ARC	African Rainbow Capital
ASISA	Association for Savings and Investment South Africa
BIHL	Botswana Insurance Holdings Limited
BLS	Blue Ladder Schools
CA	Chartered Accountant
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
CFE	Consumer financial education
CFO	Chief Financial Officer
CFT	Countering of the financing of terrorism
CISO	Chief Information Security Officer
COBIT	Control Objectives for Information and Related Technology
CPPP	Community-private-public partnerships
CRISA	Code for Responsible Investing in South Africa
CSI	Corporate Social Investment
DBE	Department of Basic Education
EAP	Employee Assistance Programme
EE	Employment equity
ESD	Enterprise and supplier development
ESG	Environmental, social and governance
ETF	Exchange-traded fund
EVP	Employee value proposition
FATF	Financial Action Task Force
FIC	Financial Intelligence Centre
FICA	Financial Intelligence Centre Act
FMO	Dutch Development Bank

Abbreviations

FSC	Financial Sector Code
FS-ISAC	Financial Services Information Sharing and Analysis Centre
FTE	Full-time employee
FTSE	Financial Times Stock Exchange
GCO	Group Compliance Office
GHG	Greenhouse gas
GHRRC	Group Human Resources and Remuneration Committee
GIBS	Gordon Institute of Business Science
HR	Human Resources
ISF	Information Security Forum
ISSB	International Sustainability Standards Board
IT	Information technology
JSE	Johannesburg Stock Exchange
KPI	Key performance indicator
NDP	National Development Plan
NIST	National Institute of Standards and Technology
NPO	Non-profit organisation
OECD	Organisation for Economic Co-operation and Development
OHS	Occupational Health and Safety Act and Regulations, 85 of 1993
OLTI	Ombudsman of Long-Term Insurance
P4RR	Partnerships for Risk and Resilience Programme
PBO	Public benefit organisation
POPI	Protection of Personal Information
POPIA	Protection of Personal Information Act
PPE	Personal protective equipment
PRI	Principles of Responsible Investment
PWD	People with disabilities
QBR	Quarterly Business Review
SAFA	South African Football Association
SAIA	South African Insurance Association
SAPS	South African Police Services

Abbreviations

SASB	Sustainability Accounting Standards Board
SDG	Sustainable Development Goals
SED	Socio-economic development
SEM	Sanlam Emerging Markets
SENS	Stock Exchange News Service
SES	Social, Ethics and Sustainability
SIG	Sanlam General Insurance
SGIS	Sanlam Group Information Systems
SGT	Sanlam Group Technology
SHC	Security health check
SIG	Sanlam Investment Group
SLI	Sanlam Life Insurance
SLS	Sanlam Life and Savings
SME	Small and medium enterprises
SUBCDT	Sanlam Ubuntu-Botho Community Development Trust
SWSA	Strategic water source areas
TCF	Treating Customers Fairly
TCFD	Task Force on Climate-related Financial Disclosures
TOPP	Training Outside Public Practice
UB	Ubuntu-Botho
UCT	University of Cape Town
UNPRI	UN Principles for Responsible Investing
UWC	University of the Western Cape
VPN	Virtual private network
WAR	Work area recovery
WIT	Women in Tech
WOW	World of Words
WWF-SA	World Wide Fund for Nature South Africa



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