

Sanlam Group Financial Crime Combating Policy

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1. PURPOSE OF THE POLICY

This policy sets out the approach of Sanlam to the combating of financial crime and the management of the risks associated with financial crime that Sanlam may face. The policy provides for minimum standards to be adopted in the formulation of measures to identify, assess and address financial crime related risks in order to promote the detection, prevention and combating of all forms of financial crime.

In addressing the issue of financial crime, it is necessary to consider the risks associated with all forms of activity or conduct that may lead to financial crime. To this end this policy also provides a framework for measures for the detection, investigation and prevention of all forms of unlawful conduct as defined in the policy, even if such unlawful conduct may not constitute a criminal offence under any law or statute.

2. SCOPE OF THE POLICY

This policy is a Sanlam Group Policy and shall apply to the Sanlam Group in the manner foreseen in the Sanlam Group Governance Framework. This policy must be read with the Sanlam Code of Ethical Conduct.

3. DEFINITIONS

Sanlam Group	Sanlam Limited and all subsidiaries of Sanlam Limited as well as subsidiaries of subsidiaries
Sanlam Life	Sanlam Life Insurance Limited and all its business divisions;
Sanlam	The Sanlam Group
Sanlam Group Governance Framework	The framework that establishes “tight” principles and minimum standards to be applied by the Sanlam Group in respect of investments held by the Group in subsidiary and associate companies, partnerships and joint ventures;
Sanlam Entity	Business Clusters and Business Entities in the Sanlam Group.
Business Clusters	The grouping of businesses controlled by a separate board of directors and with their own governance structures who report directly to the Sanlam Limited and Sanlam Life Boards. Currently this includes Sanlam Personal Finance Cluster, Sanlam Investment Cluster, Sanlam Emerging Markets Cluster and Santam.
Business Entity	The Sanlam businesses that perform the activities of the Cluster. Business entities may be statutory entities or business divisions, but with the governance oversight requirements provided on a Cluster level;
Business Division	A business entity that forms part of a statutory entity, but operates independent of the other business divisions of the statutory entity;

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Board	The Board of Directors of a statutory entity or a Business Cluster in the Sanlam Group;
Group CEO	Group Chief Executive Officer
Group Exco	The Sanlam Group Executive Committee;
Cluster Exco	The Executive Committee of a Business Cluster;
Financial Crime	<p>Any activity, conduct, suspected activity or suspected conduct in any manner related to financial services or the financial services industry that, if confirmed, will constitute:</p> <ul style="list-style-type: none"> • money laundering; • the financing of terrorism; • fraud, including insurance fraud; • bribery; • corruption; • theft; • cybercrime or computer related crimes; • extortion; • any statutory- or common law offence that is regarded to be a criminal offence; or • any form of unlawful conduct as defined in this policy, even where such unlawful conduct may not constitute a criminal offence in terms of statute or common law.
Unlawful Conduct	<p>Any conduct that constitutes:</p> <ul style="list-style-type: none"> • dishonesty as a material element; • general corrupt practices; • the operation or promotion of illegal investments schemes, including pyramid schemes • misconduct in, or misuse of information relating to, a financial market; or • intentional or unlawful handling of the proceeds of crime, or any property tainted by criminal activity; or • a breach of the provisions of this policy
Specified Offences	A schedule of specified offences published in terms of Sanlam's Zero Tolerance Approach and which forms part of this policy.

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Zero Tolerance Approach	Sanlam's documented approach of no tolerance to unlawful conduct and financial crime that forms part of this policy.
Financial Crime Combating Procedures	The financial crime combating policies of Sanlam and any Sanlam Entity and the procedures adopted to implement such policies

4. POLICY STATEMENT

Sanlam regards high ethical standards as non-negotiable and expects all its directors, managers, employees, independent contractors, agents, service providers and business partners at all times to act with integrity and honesty when going about the business of Sanlam.

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

Sanlam's approach to financial crime is based on the following principles:

- Sanlam shall demonstrate a zero tolerance approach towards any financial crime and shall seek to hold those involved in such conduct accountable in accordance with all applicable criminal-, civil- and labour laws.
- Legislation and regulatory measures to combat financial crime provide the basis for the implementation of this policy and compliance with such measures in of all jurisdictions in which Sanlam or Sanlam Entities operate is not negotiable.
- All conduct that constitutes financial crime shall be prosecuted in terms of Sanlam's internal policies and the applicable laws and regulations of the jurisdiction where the conduct took place, where it is regulated or where it is punishable.
- Criminal prosecution shall be instituted where prima facie evidence of criminal conduct is found, irrespective of whether Sanlam has suffered losses. Any extenuating circumstances will be taken into account by the judge or magistrate and will therefore not play a part in this decision.
- Sanlam will consider all appropriate measures required to achieve the objectives of this policy, including the publication of detail of offences and offenders.

Sanlam's Zero Tolerance Approach, supported by a schedule of specified offences, shall extend to all forms of financial crime and unlawful conduct and form part of this policy.

5. FINANCIAL CRIME RISK MANAGEMENT

Sanlam and all Sanlam Entities shall follow a formal financial crime risk management process in the context of their own circumstances to deliver robust and effective procedures to implement this policy. All Financial Crime Combating Procedures developed in terms of this policy should be proportionate to the risks faced.

The financial crime risk management process for each Sanlam Entity should be based on the six principles below. Although not prescriptive, Sanlam Entities should be able to demonstrate how these principles were applied in their financial crime risk management process.

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5.1. Proportionate procedures

Procedures developed by Sanlam and Sanlam Entities to prevent financial crime must be proportionate to the risks faced and to the nature, scale and complexity of the activities of Sanlam and the specific Sanlam Entity. Detailed procedures should also be clear, practical, accessible, effectively implemented and enforced.

An initial assessment of the risks posed by financial crime across Sanlam and within all Sanlam Entities organisation should be the first step in ensuring that procedures are proportionate to the risks that Sanlam face.

5.2. Top-level commitment

This policy represents the commitment of the Boards of Sanlam Limited and Sanlam Life to combating financial crime. The top-level management of all other Sanlam Entities should equally express their commitment to the objectives of this policy and foster a culture within their respective entities that is conducive to the effective implementation of this policy. This express commitment should be captured in an appropriate policy dealing with the management of risks related to financial crime or could be demonstrated by formal adoption of this policy accompanied by procedures to implement the policy.

5.3. Risk Assessment

Sanlam and all Sanlam Entities shall assess the nature and extent of their exposure to potential external and internal risks of financial crime.

The assessment by Sanlam and the Sanlam Entities shall be periodic, informed and documented and:

- may form part of a general risk assessment carried out in relation to business objectives; or
- may be a specific stand-alone assessment of all financial crime risk; or
- may consist of a series of stand-alone assessments of specifically identified types of financial crime impacting on the entity.

The purpose of this principle is to promote the adoption of risk assessment procedures that are proportionate to Sanlam's and each Sanlam Entity's size and structure and to the nature, scale and location of its activities. A number of important types of risks should be considered as part of the risk assessment foreseen in this section:

- Country risk;
- Sectoral risk;
- Transaction risk;
- Business opportunity risk; and
- Business partnership risk.

An assessment of external financial crime related risks is intended to help decide how those risks can be mitigated by procedures governing the relevant operations or business relationships; but a risk assessment should also examine the extent to which internal structures or procedures may themselves add to the level of risk.

5.4. Due diligence

Due diligence is an element of good corporate governance and due diligence procedures are both a form of risk assessment as well as a means of mitigating a risk.

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Sanlam and every Sanlam Entity shall formulate and apply due diligence procedures, taking a proportionate and risk based approach, in respect of persons who perform or will perform services for or on behalf of Sanlam or a Sanlam Entity, in order to mitigate identified financial crime related risks.

5.5. Communication and Training

Sanlam and all Sanlam Entities shall ensure that this policy and any associated procedures are embedded and understood through communication, internal and external, and training that is proportionate to the risks it faces.

5.6. Monitoring and review

Sanlam and all Sanlam Entities shall regularly monitor and review all its measures and procedures designed to detect, prevent and combat financial crime and make improvements where necessary. The risks that Sanlam faces may change over time, as may the nature and scale of Sanlam or a Sanlam Entity's activities, so the procedures required to mitigate those risks are also likely to change.

6. FINANCIAL CRIME RELATED POLICIES

This policy deals with financial crime in general, but Sanlam and Sanlam Entities may also encounter legislation or regulation applicable to specific types of financial crime. Such legislation or regulation may require dedicated policies dealing with the management of the risk associated with a specific category of financial crime.

Sanlam and Sanlam Entities shall consider all relevant legislation and regulation as well as identified circumstances that may require specific policies to address the risk of one or more category of financial crime. Specifically it should be considered if dedicated policies are required to address the risks associated with:

- Money laundering and the financing of terrorism;
- Insurance fraud;
- Bribery and corruption; and
- Insider trading.

Where a dedicated policy is required for a category of financial crime, the policy should provide for a risk management process based on the same principles as in paragraph 5 of this policy.

7. ROLES AND RESPONSIBILITIES

7.1. Chief Executive Officer of a Business Cluster

The Chief Executive Officers of the Business Clusters are responsible for the implementation of the policy in their respective Business Clusters and are as such accountable to the Group CEO and the Board of Sanlam Limited. The CEO's must ensure compliance with the policy throughout their respective Business Clusters and annually confirm such compliance in their management representation letters to the Sanlam Limited Board.

The CEO's may appoint a person ex officio to assume responsibility for the implementation of and oversight over compliance with the policy within the Business Cluster, but such appointment will not detract from the responsibility and accountability of the CEO as set out in this paragraph.

7.2. Group Forensic Services

The Group Forensic Services function is positioned in the Group Compliance Office and shall be responsible for:

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- the formulation of Sanlam Group standards in respect of the management of all risks associated with financial crime;
- the formulation and implementation of measures to monitor compliance with the Group standards;
- the prevention, detection and investigation of incidents of financial crime foreseen in paragraph 8.1 below; and
- reporting to the Sanlam Group Exco and Sanlam Limited- and Sanlam Life Board Committees on:
 - any non-compliance with the Group standards in respect of financial crime; and
 - any material incidents or suspected incidents of financial crime.

The mandate of Group Forensic Services is further to provide guidance to Sanlam Entities regarding:

- Any matters relating to the management of risks associated with financial crime;
- standards in respect of the investigation; and
- the uniform interpretation of legislation, regulations and international standards agreements in respect of financial crime and related matters.

8. REPORTING, INVESTIGATION AND RECORD KEEPING OF INCIDENTS OF UNLAWFUL CONDUCT AND FINANCIAL CRIME

8.1. Group Forensic Services

All reported or suspected incidents of conduct that constitutes, or may constitute, a breach of this policy or that may be of such a nature that it may:

- impact on the reputation of the Sanlam Group, the Group Chief Executive Officer or a member of the Group Exco; or
- impact on the reputation of the Sanlam Brand; or
- have a significant negative financial impact on Sanlam; or
- impact on the reputation of a Business Cluster or the Chief Executive Officer of a Business Cluster;

shall be reported to Group Forensic Services in the Group Compliance Office without delay.

Any person who is unclear as to what conduct may be of a nature that it may impact on the group or the executive of an individual business cluster should seek guidance from the Head: Group Forensic Services.

8.2. Business Clusters and Business Entities

Business Clusters and Business Entities shall implement measures to ensure that all incidents or suspected incidents of financial crime are reported, that such reports are investigated and that records are kept of all such reports and investigations. Reports must be made to a designated person or persons appointed ex officio to receive such reports.

A Business Cluster or Business Entity's records of reports and investigations of incidents or suspected incidents of financial crime must reflect the detail of:

- the nature of the alleged conduct, including the amount involved if any;
- the person to whom the task of dealing with the report was assigned to, and any person or persons appointed to be engaged in the investigation of the allegations;

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- the issues to be dealt with in respect of the alleged conduct;
- the outcome of any investigation into the alleged conduct;
- all recommendations made in the findings of the investigations in respect of actions to be taken as a result of the alleged conduct ;
- any actions taken as a result of the reported alleged conduct; and
- any discrepancies between recommendations made in respect of action to be taken and the eventual action taken.

9. REPORTS TO SANLAM LIMITED AND SANLAM LIFE BOARD COMMITTEES

The Business Clusters shall submit quarterly reports on reported incidents or suspected incidents of financial crime to their respective Audit or Risk Committees, or the equivalent thereof. Group Forensic Services shall submit a consolidated quarterly report on all reported material incidents or suspected incidents of financial crime in the Sanlam Group to the Sanlam Limited and Sanlam Life Risk and Compliance Committees.

The CEO's of the Business Clusters shall implement measures to ensure that sufficient input is provided to Group Forensic Services by their respective Business Clusters to compile the consolidated quarterly reports to be made to the Risk and Compliance Committees of Sanlam Limited and Sanlam Life in a reliable manner.

A report to the Risk and Compliance Committees of Sanlam Limited and Sanlam Life shall provide an overview of all incidents of unlawful conduct reported during the reporting period and must include at least a summary of;

- the nature of the alleged unlawful conduct, including the amount involved if any;
- the outcome of any investigation into the alleged unlawful conduct; and
- any actions taken as a result of the reported alleged unlawful conduct.

A report to the Risk Committees of Sanlam Limited and Sanlam Life shall provide detailed information of all matters dealt with during the reporting period involving alleged financial crime where:

- a decision not to prosecute criminally or take disciplinary action, represent a deviation from this policy; or
- the Sanlam Group Exco decided not to institute a criminal prosecution in terms of its discretion to do so under this policy; or
- a decision was taken on a course of action contrary to a recommendation by a person or persons involved in the investigation of the matter; or
- a decision was taken on a course of action in conflict with the provisions of this policy,

but it should be noted that the reporting of any deviation from the policy or any action in conflict with the provisions of the policy shall not rectify any breach of the policy or indemnify any person against disciplinary action resulting from such a breach.

10. EXCO DISCRETION

The Sanlam Group Exco may in exceptional cases, despite any provision to the contrary in this policy, and after due consideration of any special motivation and after due deliberation, decide not to institute criminal prosecution even if prima facie evidence of criminal conduct is found.

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The Sanlam Group Exco may equally in exceptional cases, despite any provision to the contrary in this policy, and after due consideration of any special motivation and after due deliberation, decide to allow the establishment (or re-establishment) of a relationship with an individual or party who was dismissed or had a contractual relationship terminated as a result of the application of Sanlam's Zero Tolerance Approach in respect of specified offences.

The discretions afforded to the Sanlam Group Exco above are subject to the provision that a decision in terms of this paragraph may not amount to the contravention of any law or statute, breach of a legal duty or unfair discrimination and that proper regard is given to precedents of earlier cases dealt with in terms of this paragraph. It is further subject to the provision that the Sanlam Group Exco may not delegate the right to exercise the discretion afforded under this paragraph.

11. PROTECTED DISCLOSURES

Sanlam established a facility to accommodate reports in respect of any incident or suspected incident of unlawful conduct by persons wishing to remain anonymous, irrespective of the involvement of any specific individual business cluster.

This facility ("the Hotline") is offered in accordance with the provisions of the Protected Disclosures Act, no 26 of 2000 and offers three potential points of contact:

- The Hotline can be accessed via telephone by dialling the relevant contact number for the jurisdiction where the reporter is based. Dedicated contact numbers have been created for the countries where Sanlam has a presence. A list of contact numbers will be made available to all staff with details of the countries covered and their respective contact numbers.
- Reports can be sent to the Hotline at sanlam@tip-offs.com
- On-line reports can be made to the Hotline at www.tip-offs.com

The anonymity of persons making reports to the Hotline is guaranteed as the line is operated by Deloitte, an independent third party. The identity of persons making reports will not be disclosed without their express consent.