

The original signed version of this document is available for inspection at the offices of the Issuer at 2 Strand Road, Bellville, South Africa.



**SANLAM LIFE INSURANCE LIMITED**

*(Incorporated in the Republic of South Africa with limited liability under Registration Number 1998/021121/06)*  
(as Issuer)

unconditionally and irrevocably guaranteed by

**SANLAM LIMITED**

*(Incorporated in the Republic of South Africa with limited liability under Registration Number 1959/001562/06)*  
(as Guarantor)

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**INFORMATION STATEMENT**

in respect of the

**ZAR6,000,000,000**

**SUBORDINATED NOTE PROGRAMME**

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Sanlam Life Insurance Limited (**Sanlam Life Insurance**, or the **Issuer**) intends from time to time to issue notes (the **Notes**) under the ZAR6,000,000,000 Subordinated Note Programme (the **Programme**) pursuant to a programme memorandum, dated 24 July 2006 and updated by various programme memoranda dated 8 August 2013, 2 August 2016 and 4 August 2021, as amended and restated from time to time (collectively, the **Programme Memorandum**).

The Notes may be issued on a continuing basis and be placed by one or more of the Dealers specified in the section headed "*Summary of the Programme*" under the Programme Memorandum and any additional Dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis.

The specific aggregate nominal amount, the status, maturity, interest rate, or interest rate formula and dates of payment of interest, purchase price to be paid to the Issuer, any terms for redemption or other special terms, currency or currencies, form and denomination of Notes, information as to financial exchange listings and the names of the dealers, underwriters or agents in connection with the sale of Notes being offered at a particular time will be set forth or referred to in the terms and conditions contained in the Programme Memorandum (the **Terms and Conditions**), read together with the pricing supplement applicable to any Notes (the **Applicable Pricing Supplement**).

**Availability of Information**

This information statement is available on the Issuer's website at <https://www.sanlam.com/investorrelations/downloadscentre/Pages/sanlam-life-insurance-limited-annual-financial-statements.aspx> (this Information Statement).

Other than in this Information Statement and the Programme Memorandum, any other information on the Issuer's website is not intended to be incorporated by reference into this Information Statement. Only those documents which are incorporated by reference in the section headed "*Documents Incorporated by Reference*" in the Programme Memorandum should be relied upon for information.

Recipients of this Information Statement should retain it for future reference. It is intended that the Programme Memorandum, read together with the Applicable Pricing Supplement(s) in connection with the issuance of Notes, will refer to this Information Statement for a description of the Issuer, its financial condition and results of operations (if any) and risk factors related to the Issuer and the Guarantor, until a new information statement is issued. This Information Statement is not intended, and should not be construed as, the Programme Memorandum and/or the Applicable Pricing Supplement(s). It is not a standalone document and cannot be read without reference to the Programme Memorandum and/or the Applicable Pricing Supplement(s).

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Information Statement dated 4 August 2021.

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## GENERAL

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*Capitalised terms used in this section headed "General" shall bear the same meanings as defined in the Terms and Conditions in the Programme Memorandum, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.*

The Issuer and the Guarantor certify that to the best of their knowledge and belief there are no facts that have been omitted from Information Statement which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made, and that this Information Statement contains all information required by law and the Debt Listings Requirements of the JSE. The Issuer and Guarantor accept full responsibility for the accuracy of the information contained in this Information Statement.

In addition, the Issuer and Guarantor, having made all reasonable inquiries, confirm that this Information Statement contains or incorporates all information that is material in relation to the issuing and the offering of the Notes, that all information contained or incorporated in this Information Statement is true and accurate in all material respects and that the opinions and the intentions expressed in this Information Statement are honestly held and that there are no other facts, the omission of which, would make this Information Statement or any of such information or expression of any such opinions or intentions misleading in any material respect.

The Arrangers, the Dealer(s), the JSE Debt Sponsor or any of their respective subsidiaries or holding companies or a subsidiary of their holding companies (**Affiliates**) and the professional advisors have not separately verified the information contained in this Information Statement. Accordingly, no representation, warranty or undertaking, expressed or implied is made and no responsibility is accepted by the Arrangers, Dealer(s), the JSE Debt Sponsor, their Affiliates or any of the professional advisors as to the accuracy or completeness of the information contained in this Information Statement or any other information provided by the Issuer or the Guarantor. None of the Arrangers, Dealer(s), the JSE Debt Sponsor, their Affiliates nor any of the professional advisors accepts any liability in relation to the information contained in this Information Statement or any other information provided by the Issuer or the Guarantor in connection with the Notes. The statements made in this paragraph are without prejudice to the responsibilities of the Issuer or the Guarantor, as the case may be.

No person has been authorised by the Issuer or the Guarantor to give any information or to make any representation not contained in or not consistent with this Information Statement or any other information supplied in connection with the issue and sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor the Arrangers, the Dealer(s), the JSE Debt Sponsor, their Affiliates or the professional advisors. Neither the delivery of this Information Statement nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantor since the date hereof, or that any other financial statement or other information supplied in connection with the Information Statement is correct at any time subsequent to the date indicated in the document containing the same.

Neither this Information Statement nor any other information supplied in connection with the Notes constitutes the rendering of financial or investment advice by or on behalf of the Issuer, the Guarantor, the Arrangers, the Dealer(s), the JSE Debt Sponsor, their Affiliates or any professional advisor.

This Information Statement and any other information supplied in connection with the Notes is not intended to provide the basis of any credit or other evaluation, and should not be considered as a recommendation by the Issuer, the Guarantor, the Arrangers, the Dealer(s), the JSE Debt Sponsor, their Affiliates or any professional advisor, that any recipient of this Information Statement should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Guarantor. Each potential investor should consult its own advisors to make its investment decision and to determine whether it is legally permitted to purchase the Notes pursuant to the Programme Memorandum and the Applicable Pricing Supplement(s) and under Applicable Laws and regulations.

Neither this Information Statement nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Guarantor, the Arrangers, the Dealer(s), the JSE Debt Sponsor, their Affiliates or the professional advisors to any person to subscribe for or to purchase any Notes.

This Information Statement does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. None of the Issuer, the Guarantor, the Arranger(s), Dealer(s), the JSE Debt Sponsor, their Affiliates nor any professional advisor, represents that this Information Statement may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available there under, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Arranger(s), the Dealer(s), the JSE Debt Sponsor, their Affiliates or the professional advisors which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Information Statement nor any advertisement nor other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any Applicable Laws and regulations. The Arrangers or the Dealer(s) has represented that all offers and sales by them will be made on the same terms and in compliance with this prohibition.

**The distribution of this Information Statement and the offer for the subscription or sale of Notes pursuant to the Programme Memorandum and Applicable Pricing Supplement(s) may be restricted by law in certain jurisdictions. Persons into whose possession this Information Statement or any Notes come must inform themselves about, and observe, any such restrictions. In particular there are restrictions on the distribution of this Information Statement, the Programme Memorandum, the Applicable Pricing Supplement(s) and the offer for the subscription or sale of Notes in the United States of America, the European Economic Area, the United Kingdom and South Africa.**

**The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the Securities Act) and may not be offered or sold in the United States of America or to, or for the account or benefit of, US persons as defined in Regulation S under the Securities Act (Regulation S). The Notes will be offered and sold only in offshore transactions outside the United States of America in accordance with Regulation S and, subject to certain exceptions, may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, US Persons.**

Information and opinions presented in the Information Statement were obtained or derived from public sources that the Arrangers, the Dealer(s), the JSE Debt Sponsor, their Affiliates or the professional advisors believe are reliable but make no representations as to the accuracy or completeness thereof. Any opinions, forecasts or estimates (if any) herein constitute a judgment as at the date of this Information Statement. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or estimates. Past performance should not be taken as an indication or guarantee of future performance and no representation or warranty, express or implied is made regarding future performance. The price, value of and income from any of the securities or financial instruments mentioned in this Information Statement (if any) can fall as well as rise. Any opinions expressed in this Information Statement are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of the Arrangers, the Dealer(s), the JSE Debt Sponsor, their Affiliates or the professional advisors as a result of using different assumptions and criteria. Furthermore, the Arrangers or the Dealer(s) (and their respective directors, employees, representatives and agents), the JSE Debt Sponsor, their Affiliates or any professional advisors accept no liability for any direct or indirect loss or damage incurred arising from the use of the material presented in this Information Statement, except as provided for by law.

All trademarks, service marks and logos used in this Information Statement are trademarks or service marks or registered trademarks or service marks of the Issuer and Guarantor. This Information Statement may not be reproduced without the prior written consent of the Issuer, the Guarantor, the Arrangers or Dealer(s). It may not be considered as advice, a recommendation or an offer to enter into or conclude any transactions.

**Copies of this Information Statement are available by request from the registered offices of the Issuer.**

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## INVESTOR CONSIDERATIONS/RISK FACTORS

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*Capitalised terms used in this section headed “Investor Considerations/Risk Factors” shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.*

*The Issuer believes that the factors outlined below may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below. The value of the Notes could decline due to any of these risks, and investors may lose some or all of their investment.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information available to it at the date of this Information Statement, or which it may not be able to anticipate at the date of this Information Statement. Accordingly, the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.*

*Prospective investors should also read the detailed information set out elsewhere in the Programme Memorandum to reach their own views prior to making any investment decision.*

*References below to the “Terms and Conditions”, in relation to Notes, shall mean the “Terms and Conditions of the Notes” set out under the section of the Programme Memorandum headed “Terms and Conditions of the Notes”.*

*Capitalised terms used in this section headed “Investor Considerations/Risk Factors” shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or are clearly inappropriate from the context.*

### **Risks Relating to the Notes**

#### **Risk Factors relating the Issuer, Guarantor and the Sanlam Group.**

The Issuer is a wholly-owned subsidiary of the Guarantor and the Guarantor is the ultimate holding company of the Sanlam Group. The Issuer’s payment obligations on the Notes in respect of payment of principal and interest are irrevocably and unconditionally guaranteed by the Guarantor. Accordingly, the Notes are affected, in particular, by the same risk factors as those that affect the business and operations of the Guarantor and/or its consolidated subsidiaries (“collectively the Sanlam Group”).

Therefore, references in this section to the Sanlam Group, Sanlam Limited and/or its consolidated subsidiaries shall include reference to the Issuer.

Many factors could affect the Sanlam Group’s business, financial condition, cash flows and results of operations. The Sanlam Group is subject to various risks resulting from changing economic, political, social, industry, business and financial conditions. As of the date of this Information Statement, the principal risks which could affect Sanlam Group’s business, financial condition, profitability, cash flows, results of operations and future business results are described below. Sanlam Group’s overall risk situation is the sum of the individual risks of all risk categories for the divisions and the corporate functions and legal entities. In general, the reporting of risks takes place in relation to the individual segments. If no segment is explicitly mentioned, the risks described relate to all divisions.

In addition, risks that are not yet known or assessed as not material can influence profitability, cash flows and financial position.

#### **1. Risk Management**

In acknowledging its responsibility for enterprise risk management (**ERM**) within the Sanlam Group, the Sanlam Limited Board has tasked its Sanlam Limited Risk and Compliance Committee to ensure that its responsibilities are fulfilled. A major function of the committee is therefore to analyse and report back to the Board on the status of various risks, including the functioning of the risk management function. To facilitate this process, responsibility for the implementation of and adherence to the Sanlam Group ERM philosophy has been devolved throughout the governance structures of the Sanlam Group, including the board of directors and the appropriate board committees of the Guarantor and the Issuer.

Considered an integral part of the decision-making process in the Sanlam Group, the primary objective of the Sanlam Group's ERM programme is to optimise the Sanlam Group's risk-adjusted return on capital. To ensure an optimal return, an organisation assumes an acceptable level of risk in conducting its operations. This level of risk is dependent on the organisation's risk appetite, as determined and managed by the Sanlam Limited Board. The role of risk management is therefore to enhance the organisation's ability to manage, and not necessarily avoid or eliminate these risks, ensuring that the overall risk profile remains acceptable. This may involve various risk responses or a combination thereof, namely acceptance, mitigation and/or avoidance of the risk.

The ERM policy is regularly reviewed and updated where necessary, evaluating risk as a combination of impact and likelihood. The assessments of the various risks in the Sanlam Group are evaluated on both a quantitative and qualitative basis, while amendments to the ERM policy require Board approval.

The ERM policy sets out the minimum standard of risk management that the various businesses, including the Issuer, have to adopt and adhere to. Rigorous policies, procedures and methodologies have been adopted and implemented throughout the Sanlam Group, enabling the effective identification and management of risks. All processes and procedures have been designed to provide reasonable assurance that the risks are adequately managed. Documented policies, plans and procedures are in place, enabling the Sanlam Group to continue its critical business processes in the event of a disaster. Plans, procedures and policies are revised and tested on a regular basis.

## 2. Risk Types

The Issuer is exposed to the following main risks -

	Risk category (primary)	Risk type (secondary) and description
<b>General risks</b>	<b>Operational</b>	Operational risk is the risk that there is a loss as a result of inadequate or failed internal processes, people or systems and external events. Operational risk includes -
		<b>Technology, cyber and information security (IT) risk:</b> the risk of obsolescence of infrastructure, deficiency in integration, failures/inadequacies in systems/networks and the loss of accuracy, confidentiality, availability and integrity of critical information. Cyber risk and information security risk are also included under this category.
		<b>Business continuity risk:</b> the risk that inadequate planning, controls and preparation are in place to ensure the organisation can overcome serious incidents or disasters and resume its normal operations within a reasonably short period.
		<b>Going concern risk:</b> the risk that inadequate processes, people, financial controls and resources exist to continue business in the foreseeable future.
		<b>Legal risk:</b> the risk that the Issuer's operations or its condition are disrupted or adversely affected by legal proceedings against it, adverse judgments from courts, contracts that turn out to be unenforceable or contractual obligations which have not been provided for.
		<b>Compliance risk:</b> the risk of not complying with laws, regulations, rules, related self-regulatory organisation standards and codes of conduct including acceptable market conduct practices, investment management mandates, as well as the failure to uphold the Issuer's core values and code of ethical conduct.
		<b>Human resources risk:</b> the risk that the Issuer does not have access to appropriate skills and staff complement to operate and effectively manage other operational risk.

	Risk category (primary)	Risk type (secondary) and description
		<p><b>Fraud risk/financial crime risk:</b> the risk of financial crime and unlawful conduct impacting on the Issuer. It includes both internal and external fraud.</p>
	<p><b>Taxation risk:</b> the risk of financial loss owing to changes in tax legislation that result in the actual tax on shareholders' fund earnings being higher than expected, with a corresponding reduction in return on capital; or the actual policyholder tax being higher than that assumed in the determination of premium rates and guaranteed policy benefits.</p>	
	<p><b>Regulatory change risk:</b> the risk that unanticipated new acts or regulations will result in the need to change business practices that may lead to financial loss.</p>	
	<p><b>Process risk:</b> the risk of loss as a result of failed or inadequate internal processes.</p>	
		<p><b>Project risk:</b> the risks inherent in major projects.</p>
	<p><b>Physical risk:</b> risk related to financial loss that might occur due to natural and non-natural disaster events.</p>	
	<p><b>Outsourcing provider risk:</b> the risk arising from the inability or unwillingness of an outsourcing service provider to discharge its contractual obligations; and from concentration with individual outsourcing service provider (which exacerbates the former).</p>	
	<p><b>Conduct risk</b></p>	<p><b>Conduct risk:</b> relates to the failure to deliver fair client outcomes or the failure to uphold integrity within the market. It also refers to the failure to uphold the Sanlam Group's core values and its Code of Ethical Conduct.</p>
	<p><b>Reputational</b></p>	<p><b>Reputational risk:</b> is the risk that adverse publicity regarding the Issuer's business practices, associations and market conduct, whether accurate or not, will cause a loss of confidence in the integrity of the institution. The risk of loss of confidence relates to stakeholders, which include, <i>inter alia</i>, potential and existing customers, investors, suppliers and supervisors.</p>
	<p><b>Brand risk:</b> is the risk that market perception of the organisation's brand might be weak or inferior when compared to other competitors within the market.</p>	
	<p><b>Strategic</b></p>	<p><b>Strategic risk:</b> is the risk that the Issuer's strategy is inappropriate or that the Issuer is unable to implement its strategy.</p>
	<p><b>Capital risk:</b> the risk related to the potential loss of part or all of on balance sheet capital.</p>	
	<p><b>Competition risk:</b> The potential for losses due to competitive pressures.</p>	
	<p><b>Governance risk:</b> is the risk that the effective, ethical management of a company by its executives and managerial levels is not achieved.</p>	
	<p><b>Market share risk:</b> risk related to the reduction of the organisation's market share or inability to grow/expand market share.</p>	

	Risk category (primary)	Risk type (secondary) and description
Financial and business-specific risks		<p><b>Organisational strategy risk:</b> risk that the structure of the organisation or the overall strategic direction of the organisation might cause the organisation not to achieve its strategic goals.</p> <p><b>Performance risk:</b> risk that products or services offered by the organisation might underperform against market expectations.</p>
	Market	<p><b>Market risk:</b> is the risk arising from the level or volatility of market prices of financial instruments which have an impact upon the value of assets and liabilities of the organisation. Market risk includes -</p>
		<p><b>Equity risk:</b> the risk resulting from the sensitivity of value of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities.</p>
		<p><b>Interest rate risk:</b> the risk of loss or adverse change in the value of assets and liabilities due to unanticipated changes in the level or volatility of interest rates.</p>
		<p><b>Currency risk:</b> the risk or loss or adverse change in the value of assets and liabilities owing to unanticipated changes in the level or volatility of currency exchange rates.</p>
		<p><b>Property risk:</b> the risk that the value of investment properties will fluctuate as a result of changes in the environment (i.e. the risk of loss or adverse change in the value of assets and liabilities due to unanticipated changes in the level and volatility of market prices of property).</p>
		<p><b>Asset liability mismatching (ALM) risk:</b> the risk of a change in value as a result of a deviation between asset and liability cash-flows, prices or carrying amounts. ALM risk originates from changes in market risk factors.</p>
		<p><b>Concentration risk:</b> the risk of losses associated with inadequately diversified asset portfolios. This may arise either from a lack of diversification in the asset portfolio, or from large exposure to default risk by a single issuer of securities or a group of related issuers (market risk concentrations).</p>
		<p><b>Market Liquidity Risk (also known as trading liquidity risk or asset liquidity risk):</b> risk stemming from the lack of marketability of a financial instrument that cannot be bought or sold timeously to prevent or minimise a loss (or realise the required profit).</p>
	Credit	<p><b>Credit spread risk:</b> the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or volatility of credit spreads over the risk-free interest rate term structure.</p>
<p><b>Credit risk:</b> is the risk of default and deterioration in the credit quality of issuers of securities, counterparties and intermediaries to whom the company has exposure. Credit risk includes -</p> <p><b>Default risk:</b> credit risk arising from the inability or unwillingness of a counterparty to a financial instrument to discharge its contractual obligations.</p>		



	Risk category (primary)	Risk type (secondary) and description
		<b>Downgrade or Migration risk:</b> risk that changes in the possibility of a future default by an obligator will adversely affect the present value of the contract with the obligator.
		<b>Settlement risk:</b> risk arising from the lag between the transaction and settlement dates of securities transactions.
		<b>Reinsurance counterparty risk:</b> concentration risk with individual reinsurers, owing to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings.
	<b>Funding Liquidity</b>	<b>Funding Liquidity risk:</b> is the risk relating to the difficulty/inability to accessing/raising funds to meet commitments associated with financial instruments or policy contracts.
	<b>Insurance risk (life business)</b>	<b>Insurance risk (life business):</b> risk arising from the underwriting of life insurance contracts, in relation to the perils covered and the processes used in the conduct of business. It includes -
	<b>Underwriting risk:</b> the risk that the actual experience relating to mortality, longevity, disability and medical (morbidity) will deviate negatively from the expected experience used in the pricing of solutions and valuation of policy liabilities.	
	<b>Persistency risk:</b> the risk of financial loss owing to negative lapse, surrender and paid-up experience. It covers the risk of loss or adverse change in insurance liabilities due to unanticipated change in the rate of policy lapses, terminations, renewals and surrenders.	
	<b>Expense risk:</b> the risk of loss owing to actual expense experience being worse than that assumed in premium rates and the valuation of policy liabilities. It covers the risk of loss or adverse change in insurance liabilities due to adverse variation in the expenses incurred in servicing insurance and reinsurance contracts.	
	<b>Concentration risk:</b> the risk of financial loss due to having written large proportions of business with policyholders of the same/similar risk profile (including catastrophe risk).	
	<b>Insurance risk (Short-term insurance business)</b>	<b>Insurance risk (short-term insurance business):</b> risk arising from the underwriting of non-life insurance contracts, in relation to the perils covered and the processes used in the conduct of business. It includes -
		<b>Claims risk (Premium and Reserve risk):</b> refers to a change in value caused by the ultimate costs for full contractual obligations varying from those assumed when these obligations were estimated. Claims risk are often split into – Reserve risk (relating to incurred claims) and Premium risk (relating to future claims).
		<b>Non-Life Catastrophe risk:</b> the risk of loss, or of adverse change in the value of insurance liabilities, resulting from significant uncertainty relating to the pricing and provisioning assumptions for extreme or exceptional events.

### 3. Risks Related to Sanlam Group and its Business

The Sanlam Group is subject to various company-specific and business-related risks. Should any of the following risks materialize, this could have material adverse effects on the Sanlam Group's business, net assets, financial condition and results of operations.

#### ***The COVID-19 Pandemic***

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

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

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

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

#### ***Poor economic growth***

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

It is likely that the COVID-19 pandemic – at a global as well as local level – will severely, perhaps even permanently, damage the fabric of South Africa's economy and those of other countries in which the Sanlam Group operate. Most governments, including South Africa's, now have a limited ability to introduce additional fiscal stimulus packages to offset the ongoing economic impact of COVID-19. The problem for South Africa and other emerging economies is the size of their debt loads, relative to gross domestic product, which are approaching levels projected for developed economies. The difference being that developed economies will find it relatively easier to live with increased levels of public debt even with low economic growth almost certain to exceed very low interest rates. For South Africa this will, however, not be the case.

#### ***Disruptive threats/Fourth Industrial Revolution***

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

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

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

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

## **Cyber-risk**

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

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

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

### ***HR scarcity and stretched resources***

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

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

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

### ***Simultaneous regulatory implementation and uncertainty***

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

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

The implementation of the new regulatory regime for the financial services sector introduced by, inter alia, the Financial Sector Regulation Act and the Insurance Act, 2017 (the **Insurance Act**) implementation is well advanced. Financial Conglomerate supervision and Market Conduct regulation are the main outstanding issues, although it was confirmed by the Prudential Authority (**PA**) in December 2020 that the Sanlam Group would not be formally subjected to financial conglomerate supervision.

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

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

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

comments via the Association for Savings and Investment of South Africa (**ASISA**) on the CoFI Bill. The release of IFRS 17, with an implementation date of 1 January 2023, requires significant investment in building new valuation models and accounting systems, data management as well as process optimisation across the Sanlam Group. For Sanlam Emerging Markets Proprietary Limited (**SEM**) the number of insurers and stakeholders involved across multiple territories introduces further complexity to implement IFRS 17 for the Sanlam Group.

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

### **Diversified growth initiatives**

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

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

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

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

### ***Transformation, diversity and inclusion***

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

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

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

### ***Political and social instability***

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

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

The SARB and the PA have undertaken a range of policy interventions to enhance financial stability starting in March 2020. These policy actions have supported the flow of credit and the broader economic recovery from COVID-19, while maintaining the soundness and functioning of the domestic financial system.

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

### ***Severe weather/climate change***

Climate risk is systemic risk and it will have a profound economic and social impacts. National Treasury released a draft technical paper in May 2020 (**Financing a Sustainable Economy**). In this paper, they propose several actions for the financial services sector and the expectation is that the following will be started between 2020 and 2025:

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

The Sanlam Group faces increasing pressure from asset managers and regulators for more Environmental, Social, and Governance (**ESG**) related disclosure and how the Sanlam Group is responding to these demands. In particular, stakeholders seek the roadmap to comply with the TCFD recommendations.

### ***The Notes may not be a suitable investment for all investors***

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in the Programme Memorandum or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such an investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

***There may not be an active trading market for the Notes***

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. There is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

***The Notes may be redeemed prior to maturity***

Unless in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the government of South Africa or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies that the Notes are redeemable at the Issuer's option in certain other circumstances, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

***Because uncertificated Notes are held in the CSD, investors will have to rely on their procedures for transfer, payment and communication with the Issuer***

Notes issued under the Programme which are listed on the Interest Rate Market of the JSE or such other or additional Financial Exchange and/or held in the CSD may, subject to Applicable Laws and the Applicable Procedures, be issued in uncertificated form. Unlisted Notes may also be held in the CSD in uncertificated form. Notes held in the CSD will be issued, cleared and settled in accordance with the Applicable Procedures through the electronic settlement system of the CSD. Except in the limited circumstances described in the Terms and Conditions, investors will not be entitled to receive Individual Certificates. The CSD will maintain records of the Beneficial Interests in Notes and/or issued in uncertificated form, which are held in the CSD (whether such Notes are listed or unlisted). Investors will be able to trade their Beneficial Interests only through the CSD and in accordance with the Applicable Procedures.

Payments of principal and/or interest in respect of uncertificated Notes will be made to the CSD or the Participants and the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the CSD or the Participants for distribution to their account holders. A holder of a Beneficial Interest in uncertificated Notes, whether listed or unlisted, must rely on the procedures of the CSD to receive payments under the relevant Notes. Each investor shown in the records of the CSD or the Participants, as the case may be, shall look solely to the CSD or the Participant, as the case may be, for his share of each payment so made by the Issuer to the registered holder of such uncertificated Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, such Beneficial Interests.

Holders of Beneficial Interests in uncertificated Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the CSD to appoint appropriate proxies.

#### ***Recourse to the JSE Debt Guarantee Fund Trust***

The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE Debt Guarantee Fund Trust. Claims against the JSE Debt Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the JSE Debt Guarantee Fund Trust. Unlisted notes are not regulated by the JSE.

#### ***Credit Rating***

Tranches of Notes issued under the Programme, the Issuer, the Guarantor, and/or the Programme, as the case may be, may be rated or unrated. A Rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning Rating Agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes issued under the Programme.

Any amendment in the Rating of the Issuer and/or the Guarantor and/or the Programme and/or a Tranche of Notes, as the case may be, after the date of this Information Statement, will be announced on SENS.

#### ***Risks related to the structure of the particular issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

##### *Notes subject to optional redemption by the Issuer*

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to re-invest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

##### *Index-Linked and Dual Currency Notes*

The Issuer may issue Notes the terms of which provide for interest or principal payable in respect of such Notes to be determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a **Relevant Factor**) or with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- no interest may be payable on such Notes;
- payments of principal or interest on such Notes may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption may be less than the Nominal Amount of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified; and

- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

#### *Partly-paid Notes*

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

#### *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

#### *Variable Rate Notes with a multiplier or other leverage factor*

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

#### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate may at any time be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

#### *Notes where denominations involve integral multiples: Individual Certificates*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive an Individual Certificate in respect of such holding and would need to purchase a Nominal Amount of Notes such that its holding amounts to a minimum Specified Denomination.

If Individual Certificates are issued, holders should be aware that Individual Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

#### ***Modification and waivers and substitution***

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

#### ***Change of law***

The Notes are governed by, and will be construed in accordance with, South African law in effect as at the Programme Date. No assurance can be given as to the impact of any possible judicial decision, change to South African law or administrative practice in South Africa after the Programme Date.



***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## DESCRIPTION OF SANLAM LIFE INSURANCE LIMITED

Capitalised terms used in this section headed “Description of Sanlam Life Insurance Limited” shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

### 1. DESCRIPTION OF THE ISSUER

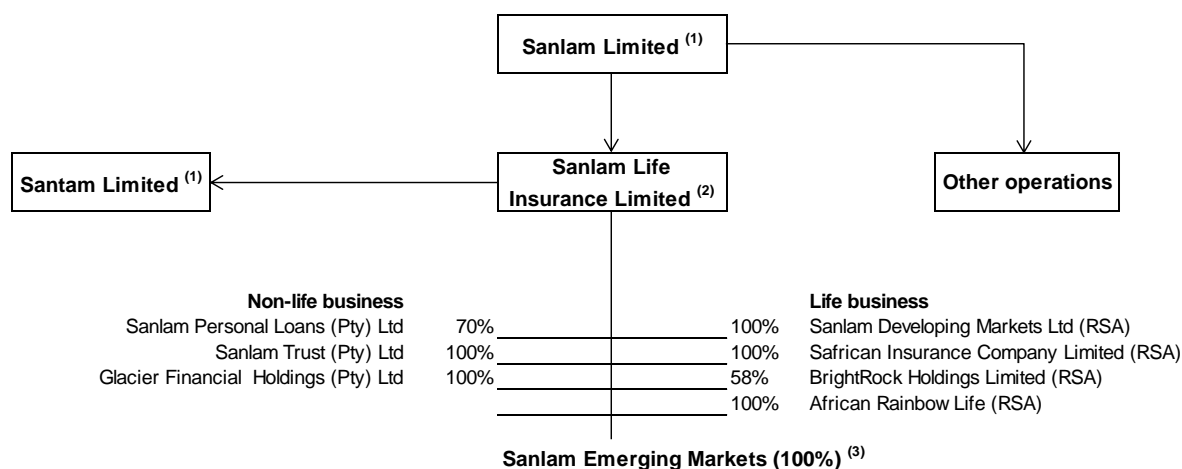
The Issuer is a company incorporated in South Africa in terms of the Companies Act, 2008 (the **Companies Act**) under Registration Number 1998/021121/06. It is a wholly-owned subsidiary of Sanlam Limited, the holding company of the Sanlam Group that is one of the largest financial services groups in South Africa. The Issuer is one of the country’s largest life insurers and it owns a majority interest in Santam Limited (**Santam**), the largest non-life insurer in the country. In addition to its South African activities, the Issuer has business interests elsewhere in Africa, India and Malaysia through its subsidiaries. The Issuer is licensed under the Insurance Act and is regulated by the PA.

### 2. BACKGROUND AND HISTORY

The Issuer’s predecessor was originally established in 1918 as a mutual life insurance company and gradually shifted its focus from life insurance to providing a broader range of financial products and services through a number of divisions and subsidiaries. It demutualised in 1998 and the Issuer was established to assume the assets, liabilities and obligations of the previously mutual insurance company in terms of a High-Court approved demutualisation scheme. Sanlam Limited, the holding company of the Sanlam Group, was simultaneously listed on the JSE, A2X and the Namibian Stock Exchange.

### 3. ORGANISATIONAL STRUCTURE

A simplified organogram of the Issuer’s corporate structure at 31 May 2021 is set out below:



Notes:

- (1) JSE-listed company.
- (2) Only the significant interests are included. Any indirect shareholdings, through other subsidiaries, are included in the effective holding.
- (3) Holding company of the Issuer’s emerging markets (excluding SA) life insurance, general insurance and other non-life operations.

#### 4. DESCRIPTION OF THE ISSUER'S PRINCIPAL BUSINESS

The Issuer is a licensed life insurer with limited approvals to conduct non-insurance business for individual and institutional clients in South Africa. The life insurance products of the Issuer and its subsidiaries in South Africa cover -

- assurance and investment products offered to individual policyholders by its Retail Affluent and Retail Mass clusters. These assurance products include life, disability, universal life, guaranteed annuities and health policies and the investment products include single premium savings, term annuities and endowment policies.
- assurance and investment products offered to retirement funds and other groups by its Sanlam Corporate cluster. These products include insurance policies issued to retirement funds as an integrated product (i.e. as a packaged solution). Elements of each product, being investment management, risk underwriting and administration services, are sold separately.

The Issuer's shareholder assets include investments in a number of operating subsidiaries, joint ventures and associated companies. The activities of these subsidiaries and associated companies range from providing similar life insurance products (in South Africa, a number of other African countries, India and Malaysia), linked investment products, general insurance, estate planning and trust services and personal loans (predominantly in South Africa).

Significant operating subsidiaries, joint ventures and associated companies include (valuations at 31 December 2020) -

- A 100% interest in Sanlam Developing Markets Limited (**SDM**) valued at some ZAR16.5 billion, a 100% interest in Safrican valued at ZAR1.5 billion and a 100% interest in African Rainbow Life Limited valued at approximately ZAR68 million (51% at 31 December 2020). These subsidiaries primarily conducting the Sanlam Group's entry-level market business in South Africa.
- A 58% interest in BrightRock Holdings Proprietary Limited valued at some R1.2 billion, primarily conducting risk business in middle income and affluent markets.
- A 100% interest in Glacier Financial Holdings Proprietary Limited valued at R2.7 billion, which is licensed as a Linked Investment Service Providers platform business.
- A 100% interest in Sanlam Emerging Markets Proprietary Limited, valued at ZAR37.1 billion. Most of the Sanlam Group's Africa (excluding SA), India and Malaysia operations are conducted through SEM's subsidiaries and associated companies. In most instances, these are in partnership with local country shareholders.
- Santam, a licensed non-life insurer, focuses on the corporate, commercial and personal markets and has a market share of more than 20% in South Africa and a countrywide infrastructure and broker network. Santam also has a direct distribution channel through its wholly-owned subsidiary MiWay Limited. Santam is also an indirect co investor in Sanlam Emerging Markets Proprietary Limited's general insurance subsidiaries and associates.
- A 70% interest in Sanlam Personal Loans Proprietary Limited valued at ZAR1.1 billion, a focused unsecured personal loans business in partnership with Direct Axis, a specialist personal loans manager in the FirstRand Group.
- A 100% interest in Sanlam Trust Limited that provides trust and estate planning and administration services.

#### 5. MANAGEMENT, THE BOARD AND DEBT OFFICER

##### 5.1. Directors' Declarations

In relation to each of the directors (listed below), as at the date of this Information Statement the Issuer confirms that none of the directors have:

- (i) ever been convicted of an offence resulting from dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement;
- (ii) ever been adjudged bankrupt, insolvent or sequestrated in any jurisdiction;
- (iii) at any time been a party to a scheme or arrangement or made any other form

of compromise with their creditors;

- (iv) ever been involved, as a director with an executive function, in any business rescue plans and/or by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the Companies Act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangement with its creditors generally or any class of its creditors of any company at the time of, or within the 12 months preceding, any such event(s);
- (v) ever been found guilty in disciplinary proceedings by an employer or regulatory body due to dishonest activities;
- (vi) ever been involved in any receiverships, compulsory liquidations, administrations or partnership voluntary arrangements of any partnership where they were partners at the time of, or within 12 months preceding, any such event(s);
- (vii) ever received public criticisms from statutory or regulatory authorities, including professional bodies, and none has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- (viii) ever been barred from entry into a profession or occupation;
- (ix) ever been convicted in any jurisdiction of any criminal offence or an offence under legislation relating to the Companies Act, and no company of which he or she was a director, alternate director or officer at the time of the offence has been convicted in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act;
- (x) ever been removed from an office of trust on the grounds of misconduct and involving dishonesty; or
- (xi) ever been declared delinquent or placed under probation in terms of section 162 of the Companies Act or disqualified from taking part in the management of a corporation in terms of section 47 of the Close Corporations Act, or disqualified to act as a director in terms of section 219 of the 1973 Companies Act or section 69 of the Companies Act.

## 5.2. Board of Directors as at the date of this Information Statement (the Board):

### 5.2.1. Executive Directors

- (a) Paul Hanratty (Chief Executive Officer)
- (b) Abigail Mukhuba (Finance Director)
- (c) Jeanett Modise
- (d) Heinie Werth

### 5.2.2. Independent Non-Executive Directors

- (a) Elias Masilela (Chairman of the Board of Directors)
- (b) Andrew Birrell
- (c) Mathukana Mokoka
- (d) Karabo Nondumo
- (e) Nicolaas Kruger
- (f) Prof Shirley Zinn
- (g) Kobus Möller
- (h) Ebenezer Essoka

### 5.2.3. Non-Executive Directors

- (a) Dr Patrice Motsepe
- (b) Dr Johan van Zyl
- (c) Siphon Nkosi (NED)
- (d) Anton Botha
- (e) Dr Rejoice Simelane

The CV's of directors are available at <https://www.sanlam.com/investorrelations/governance/boardmembers/Pages/default.aspx#board-members-limited>.

### 5.3. Company Secretary

Details of the Company Secretary:

Name: Sana-Ullah Bray

Appointed as the Company Secretary on 1 January 2011

### 5.4. Debt Officer

Details of the Debt Officer:

Name: Abigail Mukhuba

Appointed as the Debt Officer on 23 October 2020

Email address: [abigail.mukhuba@sanlam.co.za](mailto:abigail.mukhuba@sanlam.co.za)

Telephone number: +27 (0)11 778 6351

The Issuer has appointed Abigail Mukhuba as the debt officer and the board of the Issuer has confirmed that it has considered and is satisfied with the competence, qualifications and experience of the debt officer.

## 6. CAPITAL ADEQUACY REQUIREMENTS AND CAPITAL MANAGEMENT

Effective capital management is an essential component of meeting the Sanlam Group's strategic objective of maximising shareholder value. The management of the Issuer's capital base requires a continuous review of optimal capital levels, including the use of alternative sources of funding, to maximise return on capital and ensure appropriate solvency levels as a safeguard to clients, regulators, and broader society. The Issuer has an integrated capital and risk management approach. The amount of capital required by the various business units is directly linked to their exposure to financial and operational risks. Risk management is accordingly an important component of responsible capital management and allocation.

The methodology used to determine the allocation of required capital to South African covered business is aligned with the new regulatory framework, as defined in the Insurance Act, and supporting Prudential Standards. The Issuer sets an appropriate level of required capital for covered business under the Prudential Standards, based on a standard formula Solvency Capital Requirement (**SCR**) targeted cover range of between 170% and 210% over a 10-year projection period. At the lower end of the range, the Issuer's covered business should be able to withstand two economic shock scenarios and still have a SCR cover above 100%.

The life insurance operations require significantly higher levels of capital than non-life operations. The optimisation of long-term required capital is accordingly a primary focus area of the capital management philosophy given the significant potential to enhance shareholder value, while maintaining appropriate solvency levels. The following main strategies are used to achieve this objective -

- Appropriate matching of assets and liabilities for policyholder solutions. This is especially important for long-duration policyholder solutions that expose the Issuer to interest rate risk, e.g. non-participating annuities.

- Due regard is given to liquidity risk management, particular where derivatives are utilised for matching purposes.
- The asset mix of the long-term required capital, as well as the estate reserves in the policyholder portfolios also impacts the overall capital requirement. The Sanlam Group's balance sheet management function models the overall risk and expected return on assets, including the impact on required capital to determine the optimal asset mix in this regard.
- Management of operational risk. Internal controls and various other operational risk management processes are used to reduce operational risk and commensurately the allowance for this risk in the calculation of required capital.
- The optimal usage of hedges, e.g. the interest rate derivatives currently in place.
- Efficient selection of reinsurance exposures.

The Sanlam Group continues to improve and develop its capital management models and processes in line with international best practice.

## 7. CONTINGENT LIABILITIES

At 31 December 2020, the Issuer had no material commitments or contingent liabilities that were not fully provided for or fully disclosed in its 2020 annual financial statements.

## 8. CORPORATE GOVERNANCE AND REGULATORY ENVIRONMENT

### 8.1. Policies

Details of the Sanlam Group's current policy in respect of the "*Selection and (re) Appointment of Directors*" (which applies to the Issuer) is available on the Sanlam Group's website at the following [link](https://www.sanlam.com/investorrelations/downloadscentre/Documents/Company%20downloads/Policy%20for%20the%20Selection%20(Re)%20Appointment%20of%20Directors.pdf)  
[https://www.sanlam.com/investorrelations/downloadscentre/Documents/Company%20downloads/Policy%20for%20the%20Selection%20\(Re\)%20Appointment%20of%20Directors.pdf](https://www.sanlam.com/investorrelations/downloadscentre/Documents/Company%20downloads/Policy%20for%20the%20Selection%20(Re)%20Appointment%20of%20Directors.pdf)

The Sanlam Group's current "*Group Conflicts of Interests Policy*" (which applies to the Issuer) is available on its website at the following [link](https://www.sanlam.com/investorrelations/downloadscentre/Documents/Company%20downloads/Sanlam%20Group%20Conflict%20of%20Interest%20Policy.pdf)  
<https://www.sanlam.com/investorrelations/downloadscentre/Documents/Company%20downloads/Sanlam%20Group%20Conflict%20of%20Interest%20Policy.pdf>

### 8.2. External Audit

The joint external auditors of the Issuer are, at present, Ernst & Young Incorporated and KPMG Incorporated.

#### **Board responsibilities and functioning**

The Guarantor and Issuer Board (the Sanlam Boards) meetings are combined meetings and are held concurrently. This promotes the productivity and efficiency of the two Boards, to reduce the duplication of effort and to optimise the flow of information.

The agenda of the Sanlam Limited Board focuses on the Sanlam Group strategy, capital management, accounting policies, financial results and dividend policy, human resource development, JSE requirements as well as corporate governance throughout the Sanlam Group. It is also responsible for the relationship with key stakeholders in the Sanlam Group. The Sanlam Limited Board has the following Board committees:

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

The Issuer's Board is responsible for the overall oversight of the Issuer as a solo insurer as well as general risk management and statutory oversight of the entity. The Issuer's Board has the following Board committees:

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

#### **Board charter**

The Sanlam Boards respective charters (and the committee charters) embrace the Code of Practices and Corporate Conduct in the King IV Report which contains the corporate governance guidelines and recommendations. The current Board charters have been modelled on the principles of sound corporate governance, recommended by King IV. The responsibilities of the Boards include -

- Determining Sanlam's overall objectives;
- Developing strategies to meet those objectives in conjunction with management
- Formulation of a clear and concise governance policy which is adhered to;
- Delegating and segregating the Board's responsibilities and accountability; and
- Evaluating the performance of the Board, its committee structures and individual directors.

An annual evaluation process to review the effectiveness of the Boards, its committees and individual directors has been entrenched.

#### **Committee charters**

The Board committee charters, in addition to the annual work plan relevant to each of the committees are reviewed at least annually.

#### **Board composition**

On the date of this Information Statement the Sanlam Boards each comprise 17 members, five of whom are non-executive, 8 are independent non-executives (in accordance with King IV's standards of independence) and four executive directors (refer above). It is structured in such a way that no individual director has unfettered powers of decision-making.

The roles of Chairman and Group Chief Executive remain separated, with Elias Masilela and Paul Hanratty holding these positions respectively. The Sanlam Group Executive committee members are also attendees at the board meetings. At least a third of all Board members retire every year at Sanlam's annual general meeting (**AGM**). It had been agreed by the Board that executive directors would also rotate on a voluntary basis as per a determined schedule of rotation. Retiring directors are eligible for re-appointment. None of the non-executive directors has a director's service contract and all remuneration paid to non-executive directors for their services as a director is in terms of approval, at the AGM as required by the Companies Act. Executive directors are full-time employees and as such are subject to Sanlam's conditions of service.

#### **Application of and approach to King IV**

The Board is satisfied that every effort is made to apply and explain all aspects of King IV™, as appropriate. The Risk and Compliance committee is also satisfied that Sanlam has to date applied the King IV™ principles and have taken steps to ensure adherence to the obligations placed upon the Sanlam Group as a consequence thereof. The Sanlam Group regularly assess its compliance levels to ensure that all areas requiring improvement are appropriately identified and addressed. Focus areas include:

- reviewing and approving Sanlam's revised Group strategy;
- reviewing and approving Sanlam's risk appetite statement;

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

IT is essential for Sanlam as it has become truly pervasive. The Board's IT governance directs the strategic and operational use of IT to ensure benefits are realised at an acceptable and articulated level of risk. IT receives the appropriate level of focus and is an important enabler of projects that effect change to our businesses. Thus, IT governance is extended to include all major change projects. The IT governance framework is established at Group level. It extends into the businesses and is tailored to suit their specific needs. Similarly, IT governance capacity and awareness are supported by all Board and management structures within the businesses.

The Board entrenched the principles and recommended practices of King IV™ across the Sanlam Group. A process to apply and explain King IV™ principles was initiated and is expected to be rolled out further to subsidiaries, joint ventures and associated companies (including non-SA entities). It will continue to focus on the application of the Sanlam Group Governance Policy, disclosure requirements regarding integrated reporting, and the composition of governance structures. Sanlam's decentralised business approach requires that each of its business clusters operates in concert with its underlying business units. However, all entities within the Sanlam Group are required to endorse the principles of King IV™ by putting measures in place to ensure good corporate governance.

All businesses and governance structures in the Sanlam Group are supported by clear approval frameworks and agreed-upon business principles, which ensure a coherent and consistent application of the Sanlam Group's governance approach across the businesses. Refer to the Sanlam Group Corporate Governance Report 2020 as well as the King IV™ Report 2020 for a greater appreciation of the application of King IV™ by the Sanlam Group. Specifically, under the Sanlam Group's Code of Ethical Conduct, no material breaches were reported during 2020. The Sanlam Group Compliance Office, with the compliance functions of the business clusters and units, facilitates the management of compliance through analysing statutory and regulatory requirements, and monitoring the implementation and execution thereof. Material deviations are reported to the Risk and Compliance committee. No material deviations were reported in 2020.



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## DESCRIPTION OF SANLAM LIMITED

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*Capitalised terms used in this section headed “Description of Sanlam Limited” shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.*

### 1. BACKGROUND AND HISTORY

The Issuer’s predecessor was originally established in 1918 as a mutual life insurance company and gradually shifted its focus from life insurance to providing a broader range of financial products and services through a number of divisions and subsidiaries. It demutualised in 1998 and the Issuer was established to assume the assets, liabilities and obligations of the previously mutual insurance company in terms of a High-Court approved demutualisation scheme. Sanlam Limited, the holding company of the Sanlam Group, was simultaneously listed on the JSE, A2X and the Namibian Stock Exchange.

Sanlam was initially established established in 1918 as a mutual life insurance company in South Africa, but has since transformed into a diversified financial services group operating across Africa, India and selected emerging and developed markets, with its holding company, Sanlam Limited, being listed on the JSE, A2X and Namibian stock exchanges. The Sanlam Group has been operating for more than 100 years, with its primary operating entity being a mutual insurer that demutualised in 1998. The Sanlam Group is one of the largest established financial services groups in South Africa, with a global presence.

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

### 2. PRINCIPAL ACTIVITIES

Sanlam Limited, as the holding company of the Sanlam Group, and its subsidiaries offer its clients a large and diversified range of solutions. Omni-channel distribution ensures that clients are reached and serviced through their preferred channel, with increased focus on developing our digital capability. Our areas of expertise include financial planning, investments, insurance, retirement and wealth. The Sanlam Group conducts operations through business clusters (below) that deliver tailored, comprehensive and client-centric financial solutions to individual and institutional clients.

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

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

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

*Santam* provides a diversified range of non-life (general) insurance products and services in Southern Africa and internationally to clients, ranging from individuals to commercial and specialist

business owners and institutions. Sanlam and Santam continue to work collaboratively to strengthen their respective market positions.

Refer to the 2020 Integrated Report available at [www.sanlam.com](http://www.sanlam.com) for additional information on core activities.

### 3. **BOARD OF DIRECTORS**

The Sanlam Limited and Issuer Board meetings are combined meetings and are held concurrently. This promotes the productivity and efficiency of the two Boards, to reduce the duplication of effort and to optimise the flow of information. Refer above for the Board of Directors information and please refer to the Sanlam website at <https://www.sanlam.com/investorrelations/governance/boardmembers/Pages/default.aspx#board-members-limited> for additional information on the board of directors.

**SIGNED** at \_\_\_\_\_ on this the \_\_\_\_\_ day of \_\_\_\_\_ 2021.

For and on behalf of  
**SANLAM LIFE INSURANCE LIMITED**

\_\_\_\_\_  
Name:  
Capacity: Director  
Who warrants his/her authority hereto

\_\_\_\_\_  
Name:  
Capacity: Director  
Who warrants his/her authority hereto

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**GENERAL INFORMATION**

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**ISSUER****SANLAM LIFE INSURANCE LIMITED**

(Registration Number 1998/021121/06)

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Bellville, 7530

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South Africa

Contact: Chief Financial Officer

**GUARANTOR****SANLAM LIMITED**

(Registration Number 1959/001562/06)

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Contact: Chief Financial Officer

**ARRANGERS****Sanlam Capital Markets Proprietary Limited**

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Contact: Head of Debt Structuring

**FirstRand Bank Limited,**

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South Africa

Contact: Head of Debt Capital Markets

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Sandton

South Africa

Contact: Head of Debt Capital Markets

**DEALER****FirstRand Bank Limited,**

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South Africa

Contact: Head of Debt Capital Markets

**CALCULATION AGENT, PAYING AGENT, TRANSFER AGENT AND ISSUER AGENT**

**Absa Bank Limited,**  
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