

Independent Verification Statement

To the Directors and Management of Sanlam Limited Group

Verify CO₂ was engaged to conduct an independent third-party verification of the greenhouse gas (GHG) emissions inventory and disclosures reported by Sanlam Limited Group (“Sanlam”) for the reporting period ended 31 December 2019.

Sanlam Group is a diversified financial services group headquartered in South Africa. Core operations include life and long-term insurance, personal finance and asset management. Through its subsidiary, Santam, Sanlam also operates in the short-term insurance sector.

The Group has operations in South Africa, Africa, India, Malaysia, Australia, UK/Ireland and the USA.

The GHG verification was carried out in accordance with the International Standard **ISO 14064-3 (2006)**: ‘Specification with guidance for the validation and verification of greenhouse gas assertions.’

Intended users of this information are all Sanlam stakeholders, including internal and external interested parties and the CDP. This Verification Statement applies to the related information included within the scope of work described below.

Verification Scope

Consistent with previous GHG reporting, the organisational boundary was defined based on **operational control** for Sanlam’s business activities in South Africa only.

In accordance with the Group’s *Sustainability Management Framework*, the reporting boundary included the following 9 buildings which accounted for approximately 70% of the Group’s global presence:

- **Sanlam:** Head Office, Houghton/Sky, Sanlam Investment Management, Sanlynn, Alice Lane, Glacier
- **Santam¹:** Head Office, Auckland Park, Garsfontein, Alice Lane, Glacier

The operational boundary included all scope 1 and scope 2 GHG emissions associated with these facilities only, as well as 8 of the 11 scope 3 emissions sources which are relevant to Sanlam’s business activities.

In conformance with **ISO 14064-3 (2006)**, the verification process included an assessment of:

- The completeness of the reporting boundaries selected;
- The appropriateness of the GHG quantification methodologies (including estimation methodologies), and emission factors applied;
- The completeness and integrity of the activity data used;
- The accuracy and consistency of the GHG emissions and intensity ratio calculations;
- GHG reporting to assess compliance with the requirements of the *GHG Protocol Corporate Standard*.

100% of Sanlam’s reported scope 1 and scope 2 GHG emissions, and 96% of reported scope 3 GHG emissions were verified.

Level of Assurance and Materiality

- The level of assurance agreed was that of **limited assurance**, hence no site visits were conducted.
- A materiality threshold of 5% per emissions source was applied.

¹ Sanlam holds a 61.5% shareholding and the offices are managed by Sanlam Facilities

Verification Objectives and Performance Criteria

The objectives of the verification were, by review of objective evidence, to:

1. Confirm that the 2019 GHG assertion met with the specified criteria, and as such is accurate, complete, consistent, transparent and free from material error or omission;
2. Improve the credibility of the GHG emissions disclosure in Sanlam’s 2019 *Integrated Annual Report*, as well as in the Group’s CDP 2020 submission.

The criteria against which the verification was undertaken were the principles and requirements of the WRI/WBCSD *GHG Protocol Corporate Accounting Standard*, 2nd Edition, 2004 (*GHG Protocol Corporate Standard*).

Roles and Responsibilities

Sanlam was responsible for the preparation and presentation of the GHG data to Verify CO₂.

Verify CO₂ was tasked to form an independent opinion on Sanlam’s FY2019 GHG assertion regarding:

1. Conformance with the principles and reporting requirements of the *GHG Protocol Corporate Standard*;
2. Completeness and accuracy of the GHG emissions quantification.

Specific Exclusions from Reporting Boundary

Aligned with historical GHG reporting, the reporting boundary included the above-mentioned 9 large regional offices which accounted for approximately 70% of the Group’s physical and staff footprint.

The Group operates numerous smaller offices around South Africa. Due to poor data availability and the significant reporting burden, these sites, as well as all international facilities, were once again excluded from the reporting boundary.

GHG Assertion

After implementation of the necessary corrective action, Sanlam’s 2019 GHG emissions assertion, consolidated using the **operational control** approach, was stated as:

2019: GHG Emissions	SANLAM GROUP Tonnes CO ₂ e
Scope 1	2 391
Scope 2 (location- & market-based) ²	41 353
Total Scopes 1 & 2 (location-based)	43 743
Scope 3	35 081
Total Scopes 1, 2 & 3 (location-based)	78 824
Scope 3: Category 1 - Water ³	162
Outside of Scopes – HCFC R-22 ⁴	N/R

N/R = Not reported in 2019

² Sanlam did not purchase any contractual instruments during 2019.

³ Reported separately as these emissions were not included in Sanlam’s historical GHG inventories.

⁴ Fugitive GHG emissions of refrigerant gases not listed under the Kyoto Protocol.

Additional Data Points Verified:

Additional Data Points Verified for CDP 2020	Sanlam Ltd.
Total electricity purchased (MWh)	39 762
Total electricity generated on-site (MWh) (renewable)	0
Total electricity consumed (MWh)	39 762
Water Consumption (kl)	174 612

Inherent Limitations

There is an inherent limitation in providing verification of GHG data, as non-financial data is subject to greater inaccuracy than financial data, given both the nature and methods used to determine, calculate, sample and estimate such data.

The assurance engagement did not include an examination of the derivation of GWPs, default emission factors, conversion factors, or other derived third-party information. Verify CO₂ did not conduct any work outside of the agreed scope, and our opinion is therefore restricted to the agreed subject matter.

Final Verifier Opinion and Qualifications

All material errors and non-conformances identified during the verification process were duly corrected.

On the basis of the **limited assurance** procedures followed in accordance with **ISO 14064-3**, using the requirements of the *GHG Protocol Corporate Standard* as criteria, there is no evidence that Sanlam's 2019 GHG assertion:

1. Has not been quantified and reported in conformance with the principles and requirements of the *GHG Protocol Corporate Standard*; and
2. Is not materially correct and a fair, complete and accurate representation of Sanlam's 2019 GHG emissions for the selected reporting boundary, with the following qualification(s):
 - **Boundary:** Although the reporting boundary was consistent with Sanlam's base year and historical GHG reporting, the reported GHG emissions represent approximately 70% of the Group's global GHG emissions. For completeness, it is recommended that this boundary should be extended to include closer to 100% of the Group's global footprint.
 - **Scope 1:** Reporting on fugitive emissions from air-conditioning equipment was incomplete due to data availability. However, many sites still use R22 refrigerant which, in accordance with the Kyoto Protocol, falls out of the scopes.
 - **Scope 3:** GHG emissions from employee commuting may be inaccurate as they were estimated using the results of a survey based on a small sample size. It is the auditor's opinion that these emissions were over-reported.



Signed: Kerry Evans
Lead GHG Verifier
Verify CO₂
Date: 28.02.2020