

GREENHOUSE GAS EMISSIONS: VERIFICATION OPINION

To: The Intended Users and Stakeholders of Sanlam Limited

- **Organization:** Sanlam Limited
- **Address:** Sanlam Head Office, 2 Strand Road, Bellville, 7530, South Africa
- **Verification Standard:** ISO 14064-3 'Specification with guidance for the verification and validation of greenhouse gas statements'
- **Verification Criteria:** WRI/WBCSD Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, 2004, and subsequent Amendments.
- **GHG Consolidation Approach:** Operational Control
- **GHG Inventory Period:** 01 January 2023 to 31 December 2023 (FY2023)
- **GHG Inventory Report:** 2024-02-22 Sanlam Group GHG Footprint FY2023_VERIFIED.xlsm

Sanlam Limited ('Sanlam' or the 'Group'), together with Santam and several other subsidiaries, is a diversified financial services company that was founded in South Africa. Core operations include life insurance, long- and short-term insurance, personal finance, and asset management. Globally Sanlam has a direct and indirect presence globally and is the largest insurance company in Africa.

Sanlam engaged Verify CO₂ to conduct an independent greenhouse gas ('GHG') emissions verification with the objective of providing assurance to a limited level that the company's 2023 *GHG Statement* is accurate and conforms with the stated criteria. This is the fifth consecutive Sanlam verification to be performed by Verify CO₂.

Verification activities performed to achieve a limited level of assurance are less extensive in nature, timing and extent than those for reasonable assurance. Furthermore, GHG quantification is subject to inherent uncertainty as methods to determine, calculate, sample and estimate GHG data rest upon incomplete scientific knowledge.

The *Verification Opinion* is issued based on the scope of work detailed below which included an in-depth review of the underlying calculations and supporting information used to prepare Sanlam's 2023 *GHG Statement*.

Responsible Parties

Sanlam nominated a third party¹ to prepare the *GHG Statement* set out below but retains sole responsibility for its preparation and fair presentation in accordance with the stated criteria.

Verify CO₂'s responsibility is to express an independent opinion on Sanlam's 2023 *GHG Statement* regarding:

1. Conformity with the verification criteria, namely the principles and requirements of the WRI/WBCSD *GHG Protocol Corporate Accounting and Reporting Standard*; and
2. Completeness and accuracy of the underlying activity data as well as the GHG emissions quantification.

Verification Scope and Exclusions

- **Organisational Boundary:**
 - **Structural Change:** Sanlam Trust was sold to Capital Legacy and Sanlam Life acquired a non-controlling share (26%) of the merged Capital Legacy Group which now includes the Sanlam Trust business.
 - **Facilities:** The boundary included the following 15 offices located in 12 operationally controlled facilities representing +/- 85% of the Group's directly held subsidiaries:
 - **Sanlam (8 Offices) - South Africa:** Head Office Campus, Houghton/Sky, Sanlynn, Sanlam Investments, Alice Lane, Glacier Place, West End Place Block D; **UK:** Sanlam Investments

¹ Collation of the activity data and GHG quantification were carried out by Promethium Carbon on behalf of Sanlam.

- **Santam² (7 Offices):** Head Office/Admin, Auckland Park³, Alice Lane⁴, Glacier Place⁵, West End Place Block A, Hill on Empire (Santam and MiWay)⁶
- **GHG Reporting Boundary:** Reporting included all scope 1 and scope 2 GHG emissions associated with the above facilities, as well as 6 out of the 11 scope 3 categories deemed relevant to Sanlam’s business activities.
- **Reporting Exclusions:**
 - **Facilities:** The boundary was limited to the Group’s regional offices in South Africa and a small office in the UK, accounting for approximately 85% of the Group’s direct global operations (based on employees).⁷
 - **Scopes 1 & 2:** No relevant GHG emissions were excluded but fuel for the +/-22 Sanlam-owned vehicles was not available.
 - **Scope 3 Category 6:** Emissions from “Tour Operator” incentive travel were excluded.

GHG Statement

After correction of misstatements, the 2023 GHG Statement below was finalized on 22 February 2024:

| SANLAM LTD. 2023 GHG Emissions | Metric tonnes CO ₂ e |
|---|---------------------------------|
| Scope 1 | 3 169 |
| Scope 2 (location- & market-based) ⁸ | 32 334 |
| Total Scopes 1 & 2 (location-based) | 35 503 |
| Scope 3 ⁹ | 28 134 |
| Total Scopes 1, 2 & 3 (location-based) | 63 637 |
| Outside of Scopes – HCFC R-22 ¹⁰ | 97 |
| Total Emissions (location-based) | 63 734 |

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

Additional Verified Information

| Verified for CDP 2024 Climate Change & Water Security Submissions | | | |
|---|---|-------------------|-----------|
| Year-on-year change in emissions | Scope 1; Scope 2; Scopes 1 & 2; Scope 3 | | |
| Year-on-year emissions intensity figures | 2020/2021 | 2021/2022 | 2022/2023 |
| 2023 Total Energy Consumption: ¹¹ | 45 883 MWh | 165 180 GJ | |
| - Consumption of fuels (scope 1) | 13 608 MWh | 48 989 GJ | |
| - Purchased/acquired electricity (scope 2) ¹² | 32 275 MWh | 116 191 GJ | |
| 2023 Municipal Water Consumption: | 107 965 kl | | |

² Sanlam is the majority shareholder of Santam and Santam offices are managed by Sanlam Facilities.

³ Auckland Park was vacated in October 2023. All staff moved to Hill on Empire.

⁴ The Group leases part of Alice Lane precinct. Occupancy is split Sanlam 66.52% and Santam 33.48%.

⁵ Sanlam and Santam lease part of this site. The rest, all HVAC and backup generators, are controlled by the landlord.

⁶ Santam and MiWay (a Santam subsidiary) took occupancy of Hill on Empire in late 2023. GLA, employees and 4 months’ consumption were reported for the whole site.

⁷ The Group also operates numerous smaller offices around South Africa, but due to data availability and the significant reporting burden relative to their GHG contribution, these sites were once again excluded from the reporting boundary.

⁸ Sanlam confirmed that it did not make use of contractual instruments or carbon credits/offsets during 2023.

⁹ Scope 3: Cat.1 Purchased Water – 154 tCO₂e (included from 2021) & Paper – 97 tCO₂e; Cat.3 Fuel-& Energy Related Activities – 5,060 tCO₂e; Cat.4 Upstream Courier Transport – 254 tCO₂e; Cat.5 Waste - 176 tCO₂e; Cat.6 Business Travel - 12,023 tCO₂e; Cat.7. Employee Commuting – 10,370 tCO₂e (includes work-from-home emissions).

¹⁰ Fugitive emissions for refrigerant gases not listed under the Kyoto Protocol (included in Sanlam’s GHG intensity targets).

¹¹ No renewable/low carbon energy was purchased or generated on site during 2023.

¹² An additional 313 MWh energy was acquired from landlord-controlled generators used at Glacier Place (back charged).

Level of Assurance and Qualifications

- The verification activities provided a limited level of assurance on the final *GHG statement* above.
- A materiality threshold of 5% per emission source was applied.
- The following qualification was raised in relation to the unmodified verification opinion:
 - **Organizational Boundary:** Although consistent with Sanlam's base year and historical GHG reporting, reported GHG emissions represented only +/- 85% of the Group's directly controlled global operations (based on Group 'FTE Office' employees).¹³

GHG Verification Activities

The evidence-gathering procedures carried out during the verification included but were not limited to:

- Risk assessment based on a high-level overview of the initial GHG data relative to historical reporting, as well as a review of selected historical documentation underlying the reported information for 2023.
- Liaison with the Sanlam and CBRE Excellerate utilities and facilities teams to clarify anomalies and deviations and to provide supporting evidence as required.
- Analytical procedures to assess completeness, accuracy and year-on-year variances (e.g., sampling and source data checks, recalculation as well as tracing of primary data to GHG information).
- Evaluation of the appropriateness of emission factors, estimation methodologies and assumptions.
- Evaluation of the accuracy and consistency of the GHG emissions and GHG intensity calculations.
- Evaluation of conformity of the *GHG Statement* with the verification criteria referenced above.
- Liaison with Promethium Carbon to provide feedback on verification findings and corrective action required.
- An independent review was not performed due to time constraints.

GHG Verification Findings

- **GHG Reporting:** The Group's internal GHG reporting *Protocol Document* (version 12) was not strictly followed. Furthermore, there is still no *Base Year Recalculation Policy* in place.
- **Intensity Metrics - Employees:** For both 2022 and 2023 employee numbers were based on *primary office location* extracted from the Group's My Workstation platform. It's uncertain if these metrics are consistent with those used prior to 2022. This should be taken into consideration when comparing year-on-year intensity metrics.
- **Organizational Boundary:** Group reporting remains incomplete as several buildings in the boundary set out in the above-mentioned *Protocol document* were omitted.
- **GHG Boundaries:** Obtaining accurate site-level data was challenging as no one person is accountable for overseeing all sites, for checking data integrity and for managing the process within the given timeframe. For example, reported consumption was provided for a whole building rather than only the area occupied by Sanlam/Santam, and some audit queries remained unresolved after the stipulated audit deadline.

Scope 1:

- During 2023 Sanlam did not have any on-site renewable energy generation.
- Emissions were initially significantly under-reported as Sanlam/Santam vehicle fleet fuel and HVAC gas refills were omitted. At the close of the audit, fuel consumption for the +/-22 Sanlam-owned vehicles as well as aircon gas refills for SIM were outstanding.
- Therefore, despite a 12% increase in scope 1 emissions (due to unprecedented load shedding during 2023), scope 1 emissions are under-reported.

¹³ Based on number of staff whose primary location is at one of the 15 offices vs. total SA office-based FTE employees in 2023.

Scope 2:

- The Group did not make use of contractual instruments during 2023.
- Emissions were initially 4% under-reported due to incomplete reporting.
- After correction, final scope 2 emissions were 4% lower than in 2022. This decrease is not an indication of improved energy efficiency, but is rather attributed to the 2.9% drop in the Eskom FY2023 CO₂ emissions factor, together with more load shedding incidents (diesel is less CO₂-intensive than coal).

Scope 3:

After correction of anomalies, the increase in the 2023 final scope 3 emissions can be attributed to a notable increase in business travel. Furthermore, key scope 3 reporting anomalies noted were:

- **Category 1** – Purchased Water: A significant decrease in Alice Lane 2023 water consumption indicates that historical reporting may be inaccurate (does not correspond with Sanlam/Santam occupied space).
- **Category 4** – Courier Transport: The service provider chargeable weight was initially 4-fold over-reported.

Future Recommendations

- **GHG Reporting:** A *Base Year Recalculation Policy* is still to be drawn up and 2019 base year GHG emissions recalculated accordingly to reflect the various changes that have taken place since it was calculated.
- **GHG Data Management:** GHG data controls require significant improvement. Despite there being several data providers, the process would be more efficient if one person was responsible for managing the project, within the required timeline. Ideally this person should have experience in GHG accounting, the ability to evaluate data integrity, drive improvements, and ensure that Sanlam's GHG reporting remains aligned with that of its industry peers and global best practice.
- **Organizational Boundary:** The internal GHG reporting *Protocol Document* (v.12) requires updating and should be more strictly adhered to. Additional Sanlam/Santam office facilities such as Milkwood, Tygerpark 5, Greenacres Boulevard, Rosestad, Wanderers and West End B should be included in the Group's reporting.
- **GHG Boundaries:** For completeness, the scope 3 reporting boundary should also be extended to include all significant emissions sources (e.g., Categories 1, 2 and 15 are likely significant sources of emissions and their omission is therefore material).

Conclusion and Final Verifier Opinion - Unmodified

Based on the evidence obtained whilst conducting the **limited assurance** procedures in accordance with **ISO 14064-3** and an evaluation against the stated criteria, misstatements were identified and duly rectified. Aside from there not being a formal *Base Year Recalculation Policy* in place, there is no remaining evidence that the final version (dated 21 February 2024) of Sanlam's *GHG Statement* as set out above:

1. has not been prepared in accordance with the principles and requirements of the WRI/WBCSD *GHG Protocol Corporate Accounting and Reporting Standard*; and
2. does not provide a fair and accurate representation of Sanlam's GHG emissions data and information for the stated inventory period and boundaries.

Verify CO₂ did not conduct any work outside of the agreed scope, and the opinion is therefore restricted to the agreed subject matter.



Signed: Kerry Evans
Lead GHG Verifier
Verify CO₂
Date: 22.02.2024