

**PROSPEROUS
SOCIETY**

Prosperous society contents

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This supplementary report and discussion per material enabler provides stakeholders with insight into how Sanlam managed its contribution to a prosperous society for the financial year from 1 January to 31 December 2016.

Prosperous society

Wealth creation requires a healthy, growing and equitable economy. Sanlam contributes to the achievement of this outcome by responsibly managing the retirement savings of millions of people, by providing liquidity to the banking industry, retirement savings and investments of millions of people, providing protection for their assets, investing in local businesses and communities through enterprise and supplier development, education programmes and by enhancing responsible consumer financial education.

Key performance indicators

Key performance indicators	2013	2014	2015	2016
Wealth accumulated (R million)¹	145 467	140 204	145 399	109 686
Wealth distributed (R million)	145 467	140 204	145 399	109 686
Policyholders	119 652	112 106	111 269	80 359
Employees and directors	7 027	7 889	8 456	8 880
Shareholders	5 284	5 090	6 494	7 371
Suppliers	4 735	5 637	6 378	6 874
Government	3 856	3 934	4 295	3 449
Communities	98	84	71	68
Retained for future growth	4 815	5 464	8 436	2 685
CSI spend (R million)	64	67	74	68
CSI spend as % of NPAT²	1,18	1,20	0,93	0,88
BBBEE contribution score	87,54	89,14	89,69	91,49

¹ Wealth accumulated refers to investment return and financial services income; remuneration commission paid to agency and brokers

² Net profit after tax

Prosperous society continued

Consumer financial education spend



R23,5 million

2015: R21,9 million

Sanlam Group is committed to providing financial education to economically vulnerable groups in society.

Enterprise and supplier development spend



R116,7 million

2015: R66,7 million

Sanlam Group is committed to building the capacity of businesses both inside and outside of the Group's supply chain, with particular focus placed on preferential procurement and transformation.

Socio-economic development spend



R61,4 million

2015: R54,8 million

Sanlam Group maintains a strong focus on furthering education in South Africa across various levels.

BBBEE contribution



**91,49
(Level 2 contributor)**

2015: 89,69 (Level 2 contributor)

The above illustrates Sanlam's performance when measured against the generic BBBEE codes that have been assimilated into Financial Sector Codes.

① Managing Sanlam's contribution towards a prosperous society

Sanlam creates wealth and activates savings and investments through its business operations. The Group distributes wealth through its products and services.

Through the Sanlam Foundation, the Group provides focused contributions that build and support communities, business development and consumer financial education.

- ① To ensure that its activities, relationships and operations are ethical and responsible, Sanlam applies sound governance principles.



Read more in the Sound governance report, available online.

- ① To ensure that its employees invest in the success of the Group and support its long-term sustainability, which in turn supports social sustainability, Sanlam is committed to employee development.



Read more in the People development report, available online.

- ① To ensure it remains client-centric and creates as well as protects and distributes sustainable wealth that builds a prosperous society, Sanlam ensures the development of responsible products and services.



Read more in the Responsible products and services report, available online.

- ⊙ To secure its own long-term sustainability, Sanlam must ensure the sustainability of the natural resources on which it relies by managing its environmental impact.



Read more in the Environmental impact report, available online.

The investment management component of the Group's business model has a material impact on growing wealth for all segments of society by:

- ⊙ Providing financial capital (through investment in equities and corporate debt instruments) for the economic activity and operations of other entities, thereby supporting economic and employment growth in the countries where the Group operates. Economic and employment growth is in turn a key driver of sustainable growth in demand for the products and services provided by the Group. Total funds invested by the Group decreased marginally by 1% in 2016 to R590 billion.
- ⊙ Providing liquidity to the banking sector as one of the largest institutional funders of banks. A properly functioning banking sector is core to the stability of a country's financial system, which in turn is reliant on the liquidity provided by institutional investors such as the Group, in particular during periods of liquidity constraint as experienced during the 2008 financial markets crises.
- ⊙ Taxes paid by the Group provide income to the governments of the countries where it operates, further enabling implementation of social agendas. Total tax paid increased by 21% to R4,9 billion in 2016.
- ⊙ The Group dedicated R40 million to the newly established South African SME (small- and medium-sized enterprises) fund as a contribution towards job creation in the country.
- ⊙ The flagship Sanlam Enterprise and Supplier Development Programme created 20 sustainable jobs and supported 362 existing jobs at a cost of around R56 000 per job.
- ⊙ Furthermore this was complemented by increased levels of procurement spend by the Group to support businesses within its supply chain. Procurement spend was R6,8 million in 2016.
- ⊙ The Sanlam Foundation reached in excess of 26 161 delegates as part of a comprehensive consumer financial education programme.
- ⊙ The CFE programmes included projects that target delegates from communities (Living Standard Measure 1–5), tertiary students, trustees of pension funds and mine workers.
- ⊙ Through its involvement with various government and business initiatives launched during the year, Sanlam is in a position to share insights and further broaden its contribution. For example, Sanlam has engaged actively with the national Chief Executive Officer (CEO) Initiative managed by the National Business Initiative (NBI), of which Sanlam is also a founding member.
- ⊙ The Santam Resilient Investment (SRI) Fund targets investments based on Santam's environmental, social and corporate governance (ESG) focus. This includes investments in companies or organisations that generate a positive social and environmental impact while generating a sustainable financial return.

The Sanlam Foundation

Sanlam recognises its responsibility not only to create and protect wealth for its clients, but also to ensure that previously disadvantaged individuals and communities have increased opportunity for participation in the economy.

The Sanlam Foundation was established in 2011 and is the Group's primary corporate responsibility medium which provides a coordinated approach to community investment. The Sanlam Foundation's strategy is aligned with Sanlam's core business strategy and provides focused contributions in areas of significant impact. The focus areas of the Sanlam Foundation rest on three pillars: consumer financial education, socio-economic development and enterprise and supplier development. All of these work together to support the Group's primary goal of enhancing growth in South Africa.

➤ Guiding principles of the Sanlam Foundation

The Sanlam Foundation holds itself accountable to the highest standards of governance and accountability. It allocates resources to selected, high-impact projects that represent the Sanlam vision and align with the Sanlam Foundation's guiding principles, outlined below:

Sustainability	Sanlam is trusted to manage the financial future of its clients. Consequently, sustainability is at the Group's core.
Socio-economic development	A stable, healthy and growing economy is the cornerstone of sustainability.
Corporate citizenship	As a leading corporate citizen in South Africa, Sanlam has a responsibility to transform society and promote a healthy business environment.
Partnership and collaboration	The successful implementation of the Sanlam Foundation's projects and initiatives relies on the Group's ability to build long-term, sustainable partnerships.
Core business alignment	The Sanlam Foundation strategically aligns its social and environmental investments with its core capabilities and business strategy.
Values-and-brand fit	All projects must reflect a values-and-brand fit, ensuring that each is a true reflection of the Group's corporate identity.
Holistic, systemic approach	The Sanlam Foundation addresses more than one driver at a time, thereby increasing the impact, success and outcome of social and environmental investments.
Accountability	The Sanlam Foundation measures the quality and progress of its investments and projects on a regular basis to ensure long-term impact.
Employee involvement	Sanlam employees are encouraged to participate in the activities and projects of the Sanlam Foundation to embed the culture of 'giving back – a strong element of the Group's DNA. The Connectivity pillar of Sanlam's Employee Value Proposition further encourages employees to connect and take part in various initiatives that support community development.

A number of projects were implemented in support of the three pillars that shape the Sanlam Foundation strategy.

Consumer financial education	Socio-economic development	Enterprise and supplier development
<ul style="list-style-type: none"> ⊗ Money fo Sho! ⊗ Project Qaphela ⊗ Sanlam for Professionals and Graduates ⊗ Sanlam Employee Benefits Trustee Training ⊗ WITS Radio Academy ⊗ Saver Waya Waya ⊗ Ayoba Financial Training 	<ul style="list-style-type: none"> ⊗ Sanlam Learner Brilliance Project ⊗ The Congress of South African Trade Unions (COSATU) HIV/Aids Programme ⊗ Nelson Mandela Metropolitan University (NMMU) Trust Financial Planning Bursaries ⊗ Responsible Me (Regency Foundation) ⊗ Sanlam Blue Ladder Schools: Sanitation ⊗ Words open Worlds (WOW) ⊗ Thuthuka Bursary Fund ⊗ Sanlam Investment Vacation Programme ⊗ WWF-SA and Sanlam 	<ul style="list-style-type: none"> ⊗ Sanlam Enterprise and Supplier Development Programme in partnership with the Association for Savings and Investment South Africa (ASISA) ⊗ The Tertiary School in Business Administration (TSiBA) Ignition Centre ⊗ Shanduka Black Umbrellas
	<p> Please refer to Environmental Impact Report online.</p>	
<p> More information is available from page 9 of this report.</p>	<p> More information is available from page 11 of this report.</p>	<p> More information is available from page 15 of this report.</p>

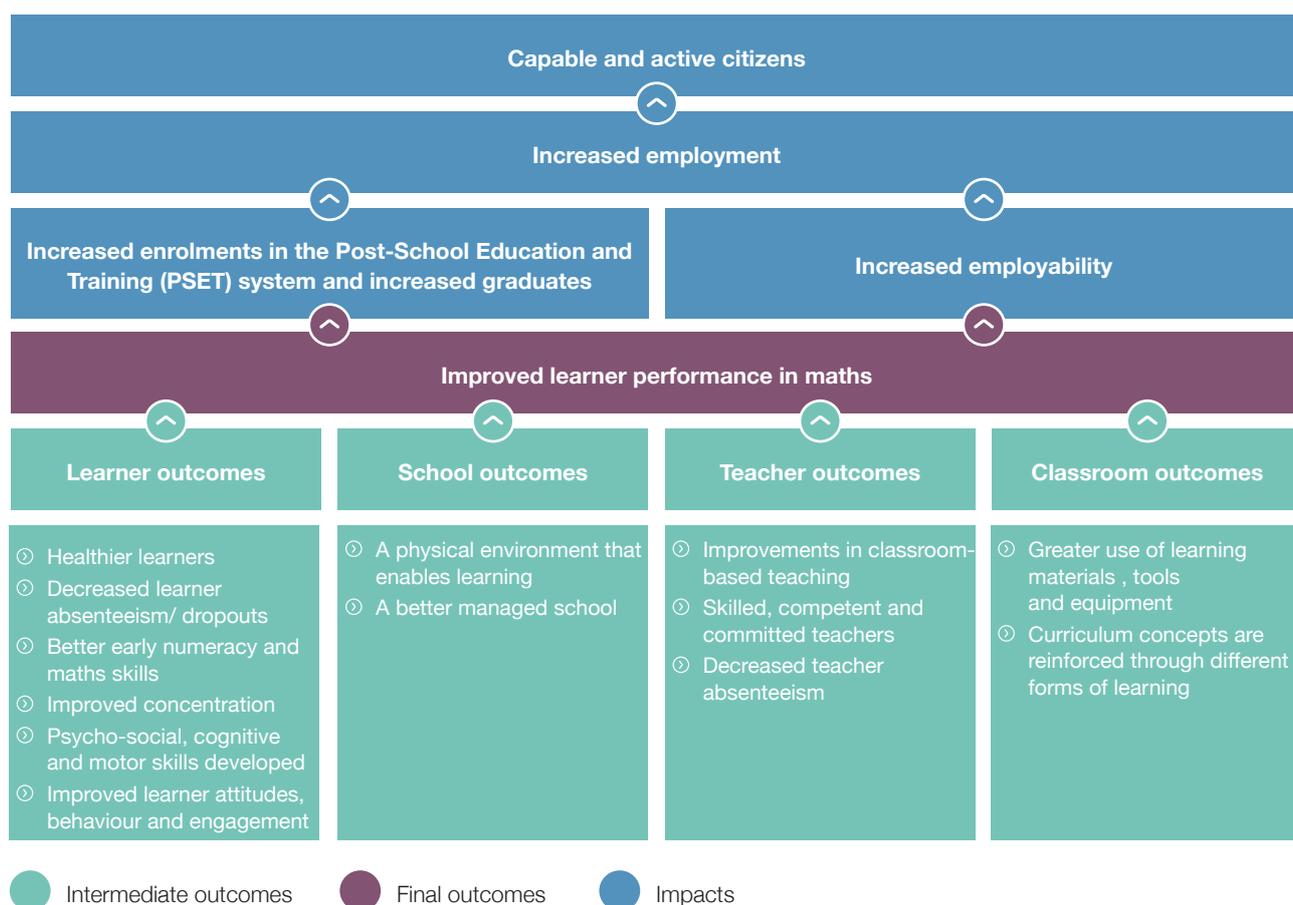
The Sanlam Foundation continued

These projects have delivered value and benefit to communities across the country, however, the Sanlam Foundation recognises that a too-broad distribution of investment hinders efforts to measure substantial impact. Therefore, the Sanlam Foundation will restructure its approach to ensure greater coordination and an increased focus on education. The ultimate goal is to ensure maximum benefit and impact.

To this end, it is conceived that projects will focus more predominantly on schools and literacy linked to mathematics in support of consumer education to harness a culture of savings from an early age, with five main focus areas:

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

This will form the basis of the Sanlam Blue Ladder Schools Programme. The intended outcomes and impacts of this programme are illustrated below:



Sanlam's Blue Ladder Schools Programme relies on Theory of Change Methodology to drive social change. While placing strong value on creating tertiary-focused learners, Sanlam recognises that the economy also requires economically active members of society. Sanlam's Blue Ladder Schools Programme aims to address these needs by developing a blueprint to increase the number of capable and active South African citizens. Once established, it is envisioned that this blueprint can be shared with other organisations and industries across the country to contribute toward the growth and development of South Africa.

Takalani Sesame and Kwa-Sanlam – Making learning mathematics fun

Sanlam is a sponsor of *Takalani Sesame*, a multilanguage, edutainment and multimedia programme focused on early childhood development. In support of Sanlam’s commitment to childhood education, Kwa-Sanlam, an educational roadshow hosted by the Group, has partnered with *Takalani Sesame* to set up moving, ‘modular’ towns for children across South Africa.

These towns feature various ‘houses’, each with its own character from *Takalani Sesame*. A range of mathematics games of various difficulty levels and aimed at different age groups are hosted per ‘house’. These mathematical games are built around real-life activities such as gardening, block building, maintaining a healthy and active lifestyle, and buying goods from local spaza shops. This initiative aims to foster an interest in mathematics among children when they are most receptive to learning and in the early development phase. The approach is premised in Sanlam’s belief that mathematics skills can be the foundation of a child’s future and critical in enabling them to ‘live their best possible lives’. Parents are also able to visit the Kwa-Sanlam parents’ area and engage with a Sanlam financial adviser.



More information about *Takalani Sesame* and Kwa-Sanlam is available online at www.sanlam.co.za.

Takalani Sesame was launched in 2000 and is a South African version of the internationally acclaimed Sesame Street. The programme promotes literacy, numeracy, basic life skills and HIV/Aids education, incorporating all of South Africa’s 11 official languages. *Takalani Sesame* is available on television, radio, online channels and in the form of a community outreach programme. The project won the South African Film and Television Award (SAFTA) for Best Children’s Show in 2016.



South Africa's money struggles

- ⊙ 50% of the South African population do not keep financial records
- ⊙ 11% never pay their bills on time
- ⊙ 44% are not able to cover their usual living costs
- ⊙ Less than 29% keep funds for emergencies or unplanned obligations
- ⊙ Most do not use formal bank accounts or purchase financial products such as pension funds, funeral cover, education assistance, etc.

Baseline study conducted by the Financial Services Board

The South African Savings Institute places South Africa's official savings rate at 15%, with household savings at 1,1% and debt as a percentage of disposable income at 76,6%.

The increasing diversification of financial products and services offered in South Africa has complicated financial decision-making for ordinary consumers. As a result, consumers struggle to match financial products to their personal circumstances and manage their finances sustainably.

Consumers have high a level of debt which are a function of low levels of income and a high cost of living. This contributes, to low savings rates and is aggravated by associated factors such as predatory lending which aggravates to indebtedness. Consumers are stuck in various cycle of debt due to limited knowledge of resource mechanisms to help them structure debt better and start to save.

Consumers are also highly susceptible to the economic pressures of rising living costs, which can further reduce their appetite for savings products. This requires the development of cost-efficient products that deliver real value while retaining low cost.

The growing complexity of this environment further suggests that there is an increasingly urgent need for enhanced Consumer Financial Education (CFE) that promotes understanding and awareness.

Sanlam recognises that the ultimate goal of CFE is to improve consumers' financial well-being by helping them to:

- ⊙ Put in place financial controls by managing current expenditure;
- ⊙ Engage with financial planning to manage future income and expenditure;
- ⊙ Empower consumers to choose the right financial products; and
- ⊙ Boost levels of financial knowledge and understanding, generally.

The Sanlam Foundations' chosen CFE programmes respond to these needs. Programmes are conducted nationwide, in rural as well as urban areas, with special attention paid to poorer citizens.

Consumer Financial Education

In 2016, Sanlam spent R23,5 million (2015: R21,9 million) on CFE initiatives, and influenced the attitudes and financial futures of more than 25 000 South Africans across the country.

➤ Flagship consumer financial education projects

Money fo Sho!

Money fo Sho! was launched as a pilot in June 2014 through a partnership between Sanlam and Avocado Vision. The project is designed to equip communities across South Africa with the skills and knowledge they need to make better financial decisions. The programme targeted the following provinces: Gauteng, the North West, Limpopo, Mpumalanga, KwaZulu-Natal, the Eastern Cape and the Western Cape.

Financial skills training was provided to 14 468 (2015: 15 551) workshop participants. Sanlam's target for 2016 was 15 000 individuals (8 000 community members and 7 000 worksite members). Employees were also targeted by means of 260 worksite sessions. The project involved the training of 26 peer trainers recruited from communities across the country. The trainers recruited their own learners in turn and were rewarded for their efforts. This enabled individuals to start their own small businesses.

Report back and tracking

14 468	26	45 048
Beneficiaries trained in 2016	Peer trainers trained and deployed	Community members trained since inception in 2014

To date, the impact of Money fo Sho! includes:

- ⊙ An 82% increase of knowledge about debt in beneficiaries;
- ⊙ A more than 50% increase in the use of budgets, post engagement;

- ⊙ A more than 50% increase in reports of people sourcing loans from reputable and secure providers; and
- ⊙ A 19% knowledge gain.

Project Qaphela

Project Qaphela is a financial literacy programme that targets members of the National Union of Mineworkers (NUM) across mining, energy and construction. The programme includes basic financial literacy training, makes use of a combination of interactive workshops, edutainment, a series of post-workshop and SMS messages. Project Qaphela is implemented by the ASISA Foundation in partnership with the NUM.

The programme was delivered at various worksites in the Gauteng and North West Provinces. A total of 2 060 mineworkers and shop-stewards received training.

Report back and tracking

2 060	2	2 882
Workers and shop-stewards trained	Provinces reached	Beneficiaries since inception

- ⊙ Approximately a third of the respondents indicated that they had undertaken at least one follow up activity since attending the workshop. This most commonly involves consulting their Human Resources department for a better understanding of their payslips or their beneficiary statements. Some consulted a financial planner or debt counsellor;
- ⊙ Participants reported feeling relief regarding their level of debt since attending the workshop due to having taken some form of action; and

Consumer Financial Education continued

- ⊙ The series of follow up text messages yielded positive results, with 6% more participants likely to conduct follow-up activity if they received a text messages or a follow up telephone call than if they had not

Sanlam for Professionals and Graduates

The objective of this programme is to equip graduates with knowledge to guide their financial decisions when they start formal employment. This programme is managed by the Sanlam Foundation, in partnership with the Sanlam for Professionals' market team. The programme involves a series of financial literacy lectures that are hosted at various tertiary institutions across the country. To date, the programme has reached in excess of 1 800 students.

Report back and tracking

35	15	1 800	5
Lectures hosted	Institutions visited	Students reached	Speakers

- ⊙ An independent assessment of the programme indicated a significant increase in knowledge and greater confidence in choosing financial products; and
- ⊙ An appreciation of the importance of having and adhering to a budget.

SEB Trustee Training

Trustees play a significant role in decision-making related to retirement funds. Sanlam Investments established on a Trustee Education and Training initiative in 2013. The intention of this initiative was to empower trustees with a better understanding of their fiduciary duties and sharpen their financial skills. This is to ensure that those individuals who are entrusted with the role of trusteeship are better equipped with the requisite information and skills to carry out their duties. The Sanlam Foundation partnered with Sanlam Employee Benefits on this programme.

The following trusts and unions were represented during the first phase of training sessions, hosted in October 2016:

- ⊙ National Health Education and Allied Workers Union (NEHAWU), South African Municipal Workers' Union (SAMWU), Passenger Rail Agency of South Africa (PRASA) Provident Fund, NUM, Eskom Pension Fund, Mineworkers Provident Fund, Paper, Printing, Wood and Allied Workers Union (PPWAWU) National Provident Fund and Communication Workers Union.

Report back and tracking

3	26	100%
The number of training days	Trustees representing various trusts	Attendance rate for the five days of training

WITS Radio Academy

Sanlam funds Business Buzz through the WITS Radio Academy. The weekly business show aims to unravel the complexities of business and finance for students. The programme promotes financial literacy and introduces students to business news, entrepreneurship and the corporate landscape. Business Buzz was launched in March 2016 and has been nominated for an MTN radio award.

The reach of Business Buzz was:

Report back and tracking

13	402 000	3*
Shows per month	Combined listenership	Campus radio stations

* WITS Radio, Rhodes Music Radio and Fort Hare University Radio Station

Saver Waya Waya

The Saver Waya Waya Financial Literacy Programme in association with ASISA targets Technical and Vocational Education and Training (TVET) Colleges. The programme involves multiple interventions that prepare students for financial independence, including interactive workshops and edutainment. Training content focused on the following themes:

- ⊙ budgeting and planning with money; saving and interest earned; credit and interest charged; preparing for the world of work; and interactive learning through drama.

Report back and tracking

5	1 300	4
Workshops hosted	Students reached	TVET Colleges targeted

Socio-economic development

Key socio-economic projects

▶ Sanlam Blue Ladder Schools: Sanitation

Sanlam has partnered with the Sulabh foundation in order to improve the state of sanitation infrastructure in some of the Group's partner schools. This is an educational programme for learners, teachers and parents that promotes environmental, sanitation and health awareness through a range of interactive activities.

Programmes are run on a quarterly basis and each quarter focuses on a specific theme that is chosen to address the objectives of the Sanlam Blue Ladder Schools: Sanitation. Themes include, among others, the environment, water and sanitation; teenage pregnancy; substance abuse; and HIV. Project activities focus on basic personal hygiene, which is a priority for the Sanlam Blue Ladder Schools: Sanitation, as well as safety and providing/maintaining clean toilets. The Sanlam Blue Ladder Schools: Sanitation also aims to build leadership and dignity among learners, based on the premise that if basic needs are satisfied, bigger issues and tasks can be tackled.

A significant aspect of this education programme focuses on the refurbishment of toilet facilities. Prior to renovations, all schools establish maintenance teams that are comprised of learners and school leadership. These maintenance teams commit to the 'Club I'm Possible' pledge, which indicates their dedication to keeping school facilities clean.

Socio-economic development continued



Report back and tracking

The Sanlam Blue Ladder Schools: Sanitation programme was originally launched by the Sulabh International Centre for Action Sociology (SICAS) at six schools in Gauteng. The project has since been rolled out at six more schools in Gauteng, 11 in KwaZulu-Natal and elsewhere in South Africa.

KwaZulu-Natal and Gauteng	6 350	614	64	192
Geographical reach	Learners reached directly	Teachers who benefited from this intervention	Permanent jobs created during this reporting period	Estimated number of indirect beneficiaries

The Sanlam Blue Ladder School: Sanitation is run in partnership with the Gauteng Department of Education and SICAS, an India-based, global non-profit organisation. SICAS is responsible for the management and maintenance of sanitation infrastructure investment programmes, as well as for overseeing school community development programmes. Over a five-year period, SICAS will also manage 'Club I'm Possible', as well as drive the quarterly programmes. The Sanlam Foundation has already committed R3 million towards the renovations of toilet blocks at the six schools, with a further R6 million committed over the next two years.

Responsible Me (Regency Foundation)

Sanlam's Responsible Me programme equips educators and learners with scientific knowledge about HIV/Aids and empowers them with the tools needed for responsible decision-making. The programme aims to develop a sustainable framework that can be built into a school curriculum. Educators are trained, supported and monitored, and lessons are integrated into the Life Orientation (LO), and Natural Science (NS) learning areas.

The 2016 intervention comprised the following three components:

- ⊙ The Schools Programme, which equipped educators and learners with the skills needed to consider the consequences of their behaviour and the choices they make.
- ⊙ Impact Assessment focus groups, where partner schools and participant educators and learners were assessed on the impact of the programme.

- ⊙ The Family Support Programme (FSP), which built on the Schools Programme and assisted parents to develop open relationships with their children.

The following has been accomplished since the programme commenced in 2013:

Report back and tracking		
99	7 146	1 689
Educators trained	Students empowered	Parents and community members reached

Socio-economic development continued

Sanlam Learner Brilliance Project with Protec

The Sanlam Learner Brilliance Project is one of the Sanlam Foundation's strategic vehicles to address low levels of mathematics and science learning at secondary schools (children between the ages 11 and 18) in South Africa. The programme works with a group of students over a three-year period.

The programme was piloted in 2012, with the first phase targeted at students in the North West and Limpopo provinces running until 2014. This first phase produced a 95% grade pass rate and a 68% bachelor pass rate in Limpopo against a national average of 72,9% and 22,2% respectively. The North West pass rate stood at 98%, with 73% of learners achieving a bachelor pass.

The second phase runs from 2015 until 2018, reaching students in Mpumalanga and KwaZulu-Natal.

Report back and tracking

11	100	10	33	200	6 560	260
The number of schools reached	Learners reached directly	NGO staff members deployed on the project	Teachers who have benefited through school support visits and workshops	The approximate number of parents reached	Learners reached through the teacher development programme	Number of direct beneficiaries to date

Sanlam Partnership with Thuthuka Bursary Fund (TBF)

The purpose of the TBF is to provide full bursaries to between 250 and 300 black and coloured students at nine selected South African Institute of Chartered Accountants (SAICA)-accredited universities annually. Recipients are placed in undergraduate, BCom Accounting programmes. The objectives of the TBF it is to drive diversity in the Chartered Accountancy profession and in business leadership.

Report back and tracking

8	40
Number of beneficiaries in 2016	Number of beneficiaries since the launch of TBF in 2012.

Other socio-economic development projects

Other socio-economic projects implemented by the Group include:

- ⊙ The COSATU HIV/Aids Programme: in partnership with Sanlam, this programme distributes HIV/AIDS information,

education and awareness to COSATU members in the Western Cape.

- ⊙ The NMMU Trust Financial Planning Bursaries: the BCom Financial Planning undergraduate degree and the Postgraduate Diploma in Financial Planning were introduced at NMMU in 2005 and 2009, respectively. Sanlam's continued support of these degrees has made it possible for eight students to graduate with a Postgraduate Diploma in Financial Planning and seven students with a BCom Financial Planning degree.
- ⊙ WOW is an annual project of the Stellenbosch University Wordfees (Word Festival): the WOW Spelling Festival focuses on the development of language skills. Sanlam sponsors this programme with the objective to develop the spelling festival at a national level by increasing the number of participating teachers as coordinators in the different circuits, districts, regions and provinces.
- ⊙ The Kay Motsepe Schools Cup is one of the largest school-level soccer tournaments of its kind. In 2016, it brought approximately 340 players (18 teams) through to the national finals, who qualified out of a total of 105 450 players (4 218 teams) nationally. A total of R6 million in prize money was awarded, of which Sanlam contributed R2 million. This money is used to address needs at the winning schools such as sports equipment, computer facilities, security, etc.

Enterprise and supplier development and preferential procurement

In 2016, Sanlam invested R116,7 million (2015: R66,7 million) in enterprise and supplier development, with procurement spend of R6,8 million (2015: R12,2 million) directed to accelerator businesses. The Group supported 507 (2015: 577) jobs through 77 (2015: 107) enterprise and supplier development partnerships. Sanlam invested 6 833 (2015: 6 824) hours in mentorship and business development support. The result was an average increase in turnover of 74% (2015: 143%) across the portfolio.

Enterprise and supplier development (ESD) is an integral part of Sanlam's procurement policy as it encourages economic inclusion and poverty alleviation through job creation. Developing enterprises in the supply chain further supports preferential procurement and creates an enabling environment for Small, Medium and Micro-sized Enterprises (SMMEs).

The South African government has prioritised entrepreneurship and the advancement of SMMEs as a catalyst to achieving economic growth and development. Sanlam similarly recognises that transforming its supply chain will enable the Group to contribute toward a more equitable and sustainable society. As such, increasing the number of black-owned and black women-owned enterprises in South Africa remains a top priority.

Sanlam's approach to ESD centres on nurturing the entrepreneurial talents of individuals, and unlocking opportunities in high growth potential businesses. In addition, Sanlam's ESD strategy seeks to enhance efforts to create and maintain a network of competent suppliers to drive transformation within the Group's supply chain.

Sanlam's ESD portfolio covers the following areas:

- ⊙ Small businesses with turnovers of around R1 million per annum and not in the supply chain;
- ⊙ Small businesses with turnover of around R5 million per annum that are supply chain ready and can be folded back into Sanlam's supply chain (particularly black women-owned businesses); and
- ⊙ Small business with turnovers of more than R5 million that are already in Sanlam's supply chain and can benefit from business development and/or investment support.

The Group has continued efforts to align enterprise and supplier development and preferential procurement in line with changes to the FSC scorecard.

In 2016, 31,41% (2015: 37,32%) of the Group's procurement spend went to SMMEs. Sanlam Group achieved full points on the FSG scorecard for preferential procurement. The Group continues to implement its ESD strategy through partnerships with:

- ⊙ Sanlam Enterprise and Supplier Development Programme
- ⊙ TSiBA Ignition Centre
- ⊙ Shanduka Black Umbrellas

Enterprise and supplier development continued

Report back and tracking

83	508	68,24	74
New jobs created	Total jobs supported	Hours of business development and mentorship support provided by Sanlam	Average percentage growth in annual turnover

Key enterprise and supplier development projects

Sanlam's ESD Programme in association with ASISA

Sanlam's ESD Programme was initiated in July 2013 to support the strategic growth and development of SMEs linked to Sanlam's supply chain and distribution networks. The programme targets the creation of shared value for Sanlam, the industry at large as well as South Africa more generally through the provision of best practice ESD support. This demonstrates Sanlam's commitment to uplifting South Africa through the promotion of sustainable development and job creation.

During the process of defining the objectives for Sanlam's ESD Programme, strategic business drivers were identified to ensure that the programme enhanced the competitive advantage of Sanlam's distribution networks, suppliers and customers, and empowers the environment in which Sanlam operates. As a result, the following key objectives underpin the programme:

- ⊙ Improving distribution and supply-chain management;
- ⊙ Expanding suppliers and target markets;
- ⊙ Strengthening industry impact and transformation;
- ⊙ Sharing leading success stories for branding; and
- ⊙ Enabling optimal and cost-effective compliance.

The objectives of Sanlam's ESD Programme are supported by three distinct projects:

Project Accelerator

Project Accelerator aims to develop and help transform Sanlam's supply chain by providing leading practice growth support, incubation and access to investment funding to 12 SMMEs within Sanlam's supply chain.

Report back and tracking

12	8	12	100%
SMMEs within Sanlam's Supply Chain	New suppliers nominated for programme	Months of focused support	Black beneficiaries

Project Catalyst

Project Catalyst helps to develop and transform Sanlam's distribution channel by providing specialist business development support to ten financial planning practices. The project creates a pipeline for the development and support of black-owned practices

Report back and tracking

10	10	4	100%
Practices part of the project	Months of focused support	Regions	Black beneficiaries

Project BlueStar

Project BlueStar aims to help develop and transform Sanlam's distribution capability by providing specialist practice management training to 80 black financial planners. This enables financial planners to achieve BlueStar accreditation and empower their businesses with practical management toolkits, skills and knowledge.

Report back and tracking

80	8	100%
Financial Planners	Months of focused support	Black beneficiaries

Quotes from beneficiaries

"There is more focus on the services we offer and the rate at which we offer these. All of this is negotiated upfront with the client to avoid disappointment in the future. Our fees are generated from the services we offer to clients therefore we should be positioned to aid the client versus selling a product." BlueStar business owner.

➤ Enterprises and suppliers 2016

Judante
Building and construction



Reynolds
Auto body repairs



D&P Auto
Auto body repairs



Legaci
Dry cleaning and laundry services



Recomed
Medical services



Sinako
Facilities management



GMN
Auto body repairs



Felix
Auto body repairs



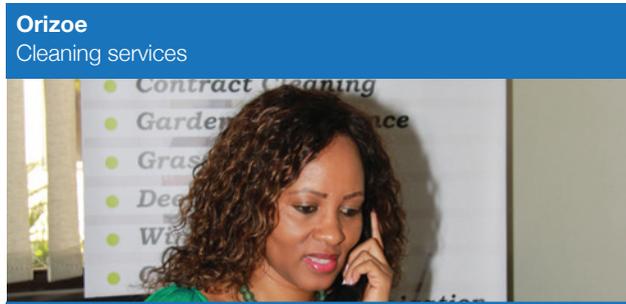
Dreamcatcher
Advertising agency



G&T
Auto body repairs



Enterprise and supplier development continued



"...think more business minded and factor in all costs before making decisions. All decisions are now more business based rather than emotions based. Keeping track of my expenses versus possible income is what drives this."
BlueStar business owner.

TSiBA Ignition Centre

TSiBA is a private, not for profit business school that provides emerging leaders an opportunity to study high-quality, accredited academic courses focused on developing entrepreneurship and leadership. Parallel to, and in support of its educational offerings, TSiBA provides a basket of enterprise and supplier development programmes to SMMEs. The programmes are supported through the TSiBA Ignition Centre, which is a recognised, third-party service provider of enterprise and supplier development services.

The Ignition Centre's mission is to be a leading entrepreneurial service hub that offers education and training in business, career management and computer literacy, as well as business mentorship and incubation support for grassroots businesses. In this way, the TSiBA Ignition Centre develops confident entrepreneurs who earn sustainable livelihoods, create jobs and drive economic and social prosperity.

The Sanlam and TSiBA partnership started in 2014. The partnership has supported 10 business, which have created five new jobs. Support provided by the Sanlam and TSiBA partnership has also increased the average revenue of the 10 businesses by 7%.

Report back and tracking		
10	18	5
Five new and five existing enterprises	Months of modularly delivered training, coaching and mentoring	Days of on-site business training at the TSiBA Ignition Centre

Shanduka Black Umbrellas (SBU)

SBU is a non-profit, incubation, mentorship and enterprise development organisation. SBU is a multi-stakeholder collaboration that partners with the private sector, government and civil society to address low levels of entrepreneurship and the high failure rate of 100% black owned, emerging businesses in South Africa.

The SBU offers a structured and subsidised programme that is focused on promoting entrepreneurship as a desirable economic path. The programme also mentors 100% black-owned businesses over a three-year period through the provision of nationwide incubators. SBU further provides participants with access to expertise, office infrastructure and resources, which are critical to supporting the foundations of a sustainable business.

The Sanlam Foundation has supported SBU since 2014, and extended this partnership into 2016. The current partnership supports ten enterprises for a year, with three being supplier development businesses and the remaining seven focused on enterprise development. All ten of the enterprises identified for development are 100% black owned, with turnovers of less than R5 million per annum.

Report back and tracking		
10	R1,5 million	3
Enterprises supported in total	Contributed by the Sanlam Foundation	Enterprises pulled into Sanlam's supply chain



Sanlam-SBU partnership success story

Recycle 1st

“SBU has opened my eyes to the need to constantly monitor the performance of my business and to develop my leadership ability. They have also shown me that I can take greater risks...”

Anthea Fransman, owner of Recycle 1st

In 2009, Anthea Fransman discovered that there was no one collecting recyclable material from homes in the Northern Suburbs of Cape Town. In response to this, Anthea established Recycle 1st.

In 2016, Recycle 1st joined SBU to harness the incubation programme’s mentorship, knowledge and expertise. Recycle 1st has since expanded its service area from only the Northern Suburbs to include Table View and the Southern Suburbs of Cape Town within a one-year period. In addition, Recycle 1st increased its revenue streams to include businesses and apartment complexes. Since joining SBU, the company has also registered a 30% growth in turnover and has grown to 25 people.

Since forming a partnership with SBU and Sanlam, Recycle 1st has achieved key milestones. These include:

- ① Being shortlisted as a finalist in the Top 200 of the Small Enterprise Development Agency (SEDA) National Gazelles Programme; and
- ② Continuing to grow its customer base organically with a net gain of 12 new customers every month. Recycle 1st currently has a base of 900 subscribed customers.

Recycle 1st has also been included in Sanlam’s Enterprise Supplier Development Programme. Recycle 1st has begun working with the Cost Centre Heads of Sanlam Facilities.

The Sanlam Art Collection

The Sanlam Art Collection

Founded in 1965, the Sanlam Art Collection holds more than 2 000 items and provides a representative overview of South African art dating from the late nineteenth century to the present.

The Collection is one of the largest corporate collections in the country, and houses some of South Africa's most valued and promising, emerging artists across cultures and communities. This reflects Sanlam's belief that art plays a vital role in fostering cultural interaction, mutual understanding and respect. This contributes toward the development of common values in a diverse society.

Initiatives linked to the Sanlam Art Collection include, among others:

Sanlam Portrait Award

In partnership with the Rust-en-Vrede art gallery, the Sanlam Portrait Award is an opportunity for top, local artists to gain invaluable exposure. The top 40 entries are displayed at exhibitions throughout South Africa, and investors have the opportunity to purchase art work that is on exhibit. To this end, the Group offers independent, expert advice on fine art as an investment through its Art Advisory Service.



Read more about Sanlam's Art Advisory Service and other Private Wealth Services on the website: www.sanlam.com.

The District Six Print Portfolio Exchange

2016 is the 50th year since District Six in Cape Town, Western Cape, was declared a 'whites-only' area under the apartheid government. This resulted in the forced removal of over 60 000 residents. To commemorate this historic event, the District Six Print Portfolio Exchange will exhibit a portfolio of 50 prints of this theme. This will include prints taken by those involved in the forced removals.

Sanlam was a significant partner to this initiative and enabled a number of emerging, established and celebrated printmakers to showcase their work.

Uitsig – Ashley Walters' photographic exhibition

Ashley Walters, a celebrated photographer, put together a collection highlighting the experiences of people living in Uitsig, an underprivileged area on the outskirts of Cape Town. The collection was exhibited at the Sanlam Art Gallery in Bellville, Cape Town, as well as at the new Sanlam Art Lounge in Alice Lane, Johannesburg.

Other initiatives

- ⊙ The Sanlam Art Collection regularly collaborates with public institutions and art festivals to exhibit South African art that promotes an understanding of the country's visual culture and heritage.
- ⊙ The Sanlam Bellville Art Gallery hosts the annual Tafelberg Photographic Club exhibition. This provides a unique opportunity for amateur photographers to showcase their work in a professional space.

A sample of the Collection is on exhibition in the Sanlam Art Gallery located in the Sanlam Head Office in Bellville, as well as the Sanlam Art Lounge in Sandton. With only 2% of the collection on display at any time, the exhibitions are changed on a bi-monthly basis.

Sanlam's BBBEE contribution

The Group contributes to transformation as a critical enabler of empowerment value. Transformation is viewed as an ongoing priority and forms one of the five strategic pillars of the Group's business strategy. The key elements of transformation are measured against the targets set for BBBEE as determined by the FSC in South Africa.

Sanlam's verified FSC scorecard

	Maximum weighting	2014	2015	2016
Ownership	14 + 3	15,97	15,76	15,66
Management control	8 + 1	7,07	7,10	7,41
Employment equity	15 + 3	7,71	8,15	8,83
Skills development	10	9,16	9,21	9,35
Preferential procurement	16	14,16	15,06	16,00
Enterprise development	5	5,00	4,27	3,71
Supplier development	n/a	n/a	n/a	n/a
Socio-economic development	3	3,00	3,00	3,00
Empowerment financing	15	15,00	15,00	15,00
Access to financial services⁽¹⁾	12	12,05	12,14	11,00
Consumer education				1,53
Total	100,00	89,14	89,69	91,49
Contributor level		2	2	2

⁽¹⁾ Consumer education is included as part of access to financial services (as a sub-element) in terms of the FSC.

Future focus

Sanlam has identified the following sustainability focus areas to continue its contribution to a prosperous society in 2017:

- Ⓞ Sustaining internal partnerships to give more meaning to creating “shared value”
- Ⓞ Further build staff engagement/connectivity
- Ⓞ Unlock possibilities of transformative conversations through the Sanlam Art Collection



www.sanlam.com