



Strategic pillar

Profitable top-line growth through a culture of client-centricity



Top-line growth is a particular focus area, as fund flows, fee income and investment returns have been under pressure due to a challenging operating environment.

Sanlam has differentiated itself from many global peers over the almost two decades since its listing in 1998 by emphasizing the profitability of new business and not driving market share at all cost. This meant that at times, when competitors priced too aggressively, we decided to rather forsake some market share over the short term than adding unprofitable business to our base that destroys shareholder value over the long term. This is an outcome of Sanlam's capital management approach of setting minimum hurdle rates for the Group clusters, and linking these hurdles to the remuneration arrangements. This ensures that clusters manage the internal rate of return of new business similar to any capital deployment decision. Sanlam's new business margin has as a result improved from being one of the lowest in the market 15 years ago to be at the higher end of our peer group.

Client-centricity is at the core of our ability to grow our top-line in a profitable manner. By meeting our clients' needs and expectations for wealth creation, management and protection through appropriately priced products and services, supported by a strong

and trusted brand and exceptional service delivery, we are able to maintain and grow our market share of profitable new business, while at the same time improving the retention of our existing client base. This support growth in the size of our client base through increased net fund inflows. Sanlam's approach to client-centricity is aligned with the six fairness outcomes as defined by the Financial Services Board (FSB), namely:

- 1 Clients are confident that they are dealing with a Group where the fair treatment of clients is central to the firm's culture.
- 2 Products and services marketed and sold are designed to meet the needs of the identified client groups and are targeted accordingly.
- 3 Clients are given clear information and are kept appropriately informed before, during and after the time of contracting.

Value creation highlights

→ **Shareholders**

- RoGEV: 14,8%
- New business volumes: R230bn
- VNB: R1 841m
- Net result from financial services: R8 549m

→ **Clients***

- Policy benefits paid and increase in value of policies: R123bn
- 3rd party funds outperforming over five years: 79%

→ **Employees***

- Number of office staff: 16 628
- Remuneration paid: R9,4bn

* Excludes associated companies.

- 4 Where clients receive advice, the advice is suitable and takes account of their circumstances.
- 5 Clients are provided with products that perform as the Group has led them to expect, and the associated service is both of an acceptable standard and what they have been led to expect.
- 6 Clients do not face unreasonable post-sale barriers to change a product, switch providers, submit a claim or make a complaint.

The Sanlam Customer Interest committee is mandated by the Board to review and monitor that all customer-related decisions adhere to these fairness outcomes.

Product innovation to enhance client-centricity and our attractiveness in the market is a specific strategic focus under Pillar 3 on page 108 in support of profitable top-line growth. In addition to organic growth, we also grow our top-line through the investment of discretionary capital in new growth opportunities. Refer to Pillar 4 on page 110. Volatility in top-line growth is strategically managed through our focus on diversification. Refer to Pillar 2 on page 106.

This strategic pillar is one of the main contributors to shared value creation for Sanlam stakeholders:

- Sanlam's profitability is enhanced to the benefit of our shareholders;
- Advisers and our other distribution partners benefit from upfront and recurring commission and advice fees earned from new business written;
- Additional employment and career opportunities are created as the size of Sanlam's business grows;
- The wealth creation, management and protection benefits we provide to clients underpins their financial resilience and prosperity in the long term; and
- A more profitable and successful Sanlam is better able to contribute to a resilient and prosperous society where we operate.

→ Advisers and brokers

- Number of advisers and brokers: 23 190
- Sales remuneration paid: R7,2bn

→ Society*

- Corporate social investment spent: R93m
- Empowerment and infrastructure financing: R65bn
- Investments in government and public sector securities: R60bn
- Tax paid: R4,3bn

* Excludes associated companies.