

# INDEPENDENT LIMITED ASSURANCE REPORT FOR SELECTED KEY PERFORMANCE INDICATOR INFORMATION OF SANLAM LIMITED GROUP

## TO THE DIRECTORS OF SANLAM LIMITED GROUP

### Our Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected sustainability information (selected Key Performance Indicators - KPIs) and related disclosures for the year ended on 31 December 2018, as presented in Sanlam Limited Group's online Sustainability Portal, including in the Carbon Footprint Report (Reported Performance Information) are not prepared and presented, in all material respects, in accordance with managements' internally defined measurement and reporting criteria for reporting the selected KPIs and related disclosures.

Ernst & Young Inc. (EY) has undertaken a limited assurance engagement for the selected KPIs and related disclosures for the year ended 31 December 2018 described below, and presented in the Sanlam Limited Group (Sanlam) online Sustainability Portal<sup>1</sup>, including in the Carbon Footprint Report<sup>2</sup> (Reported Performance Information).

This engagement was conducted by a multidisciplinary team including environmental and assurance specialists with relevant experience in sustainability and carbon emissions reporting.

### Subject matter

Our limited assurance engagement was performed for the selected KPIs listed below, prepared applying management's internally defined measurement reporting criteria (management's criteria).

Selected KPIs	Management's criteria
Scope 1 carbon emissions	Greenhouse Gas (GHG) Protocol for Carbon Footprint for the following buildings: <ul style="list-style-type: none"><li>• Sanlam: Head Office, Houghton, Sanlam Investment Management, Alice Lane, Glacier, Sanlynn</li><li>• Santam: Head Office, Auckland Park, Garsfontein, Alice Lane, Glacier</li></ul>
Scope 2 carbon emissions	
Water	For the period 1 January 2018 to 31 December 2018. Water usage in kilolitres for six buildings: Sanlam Head Office (fresh water), Houghton, Sanlam Investment Management, Sanlam Alice Lane, Sanlam Glacier and Sanlynn for the period 1 January 2018 to 31 December 2018.

<sup>1</sup> <https://www.sanlam.com/investorrelations/sustainability/sustainability2018/Pages/default.aspx>

<sup>2</sup> [https://www.sanlam.com/investorrelations/downloadscentre/Pages/results.aspx#Default=%7B%22k%22%3A%22%22%2C%22r%22%3A%5B%7B%22n%22%3A%22owstaxIdDownload%0020Centrex0020Category%22%2C%22t%22%3A%5B%22string\(%5C%22L0%7C%23021e5602a-cb6d-4098-bee7-2cff6c5b80ca%7CInvestor%20Relations%3ADownload%20Centre%3ASustainability%20Reports%5C%22\)%22%5D%2C%22o%22%3A%22OR%22%2C%22k%22%3Afalse%2C%22m%22%3A%7B%22string\(%5C%22L0%7C%23021e5602a-cb6d-4098-bee7-2cff6c5b80ca%7CInvestor%20Relations%3ADownload%20Centre%3ASustainability%20Reports%5C%22\)%22%3A%22Investor%20Relations%3ADownload%20Centre%3ASustainability%20Reports%22%7D%7D%5D%7D](https://www.sanlam.com/investorrelations/downloadscentre/Pages/results.aspx#Default=%7B%22k%22%3A%22%22%2C%22r%22%3A%5B%7B%22n%22%3A%22owstaxIdDownload%0020Centrex0020Category%22%2C%22t%22%3A%5B%22string(%5C%22L0%7C%23021e5602a-cb6d-4098-bee7-2cff6c5b80ca%7CInvestor%20Relations%3ADownload%20Centre%3ASustainability%20Reports%5C%22)%22%5D%2C%22o%22%3A%22OR%22%2C%22k%22%3Afalse%2C%22m%22%3A%7B%22string(%5C%22L0%7C%23021e5602a-cb6d-4098-bee7-2cff6c5b80ca%7CInvestor%20Relations%3ADownload%20Centre%3ASustainability%20Reports%5C%22)%22%3A%22Investor%20Relations%3ADownload%20Centre%3ASustainability%20Reports%22%7D%7D%5D%7D)

Staff turnover – combined	The number of terminations from 1 January 2018 to 31 December 2018 divided by the average headcount for that same period. The calculation is done for permanent employees (permanent as defined by the Department of Labour), both office staff and advisors, in the following divisions: Sanlam Personal Finance, Sanlam Investments, Sanlam Corporate, Group Office, Group Technology and Information and Santam.
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These selected KPIs and related disclosures, prepared and presented in accordance with management’s criteria, are marked with an ‘<sup>LA</sup>’ where they appear in the Reported Performance Information.

Management’s criteria used to prepare the Reported Performance Information are provided in footnotes where the KPIs are reported in the Reported Performance Information.

The scope of our work was limited to the selected KPIs and related disclosures as presented in the Reported Performance Information, and did not include coverage of data sets or information unrelated to the data and information underlying the selected KPIs and related disclosures; nor did it include information reported outside of the Reported Performance Information, comparisons against historical data, or management’s forward-looking statements.

#### *Directors’ responsibilities*

The Directors are responsible for the selection, preparation and presentation of the selected KPIs and related disclosures applying the internally developed measurement and reporting criteria that the Directors/management have specified as the basis for reporting the information, and for ensuring those criteria are made available to the users of the Reported Performance Information (i.e. are disclosed in footnotes within the Reported Performance Information). The Directors are also responsible for the identification of stakeholders, stakeholder information requirements, material issues and commitments with respect to sustainability performance; for selection of appropriate measurement and reporting criteria as the basis for reporting those selected KPIs and related disclosures; and for the design, implementation and maintenance of effective internal controls sufficient to enable preparation and presentation of the selected KPIs and related disclosures in the Reported Performance Information that are free from material misstatement whether due to fraud or error.

#### *Inherent limitations*

Inherent limitations of assurance engagements include use of judgement and selective testing of data, which means that it is possible that fraud, error or non-compliance may occur and not be detected in the course of performing the engagement. Accordingly, there is some risk that a material misstatement may remain undetected. Further, our limited assurance engagement is not designed to detect fraud or error that is immaterial.

Carbon emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

There are additional inherent risks associated with assurance engagements performed for non-financial information given the characteristics of the subject matter and associated with the compilation of source data using definitions and methods for determining, calculating,

and estimating such information that are developed internally by management. The absence of a significant body of established practice on which to draw, allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. The precision of different measurement techniques may also vary. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. In particular, where the information relies on factors derived by independent third parties, our assurance work has not included examination of the derivation of those factors and other third-party information.

#### *Our independence and quality control*

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants as well as the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Service Engagements*, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### *Our responsibility*

Our responsibility is to perform our limited assurance engagement to express our conclusion on whether anything has come to our attention that causes us to believe that the selected KPIs and related disclosures as presented in the Reported Performance Information are not prepared, in all material respects, in accordance with management's criteria for those KPIs.

We have performed our limited assurance engagement in accordance with the terms of reference for this engagement agreed with Sanlam, including performing the engagement in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information* and ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board. Those Standards require that we plan and perform our engagement to obtain limited assurance about whether the selected KPIs and related disclosures presented within the Reported Performance Information are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) and ISAE 3410 involves assessing the suitability in the circumstances of Sanlam's use of the measurement and reporting criteria specified as the basis of preparation used for the selected KPIs and related disclosures presented in the Reported Performance Information, assessing the risks of material misstatement thereof, whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected KPIs and related disclosures in the Reported Performance Information.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, we completed the following procedures as part of the work we performed as the basis for our assurance statement:

- Reviewed Sanlam's activities, processes and documents at group-level that support the assertions and claims made in the Reported Performance Information, including in respect of the selected KPIs and related disclosures;
- Interviewed management and senior executives to obtain an understanding of the following matters as relevant to Sanlam's external reporting on material sustainability issues:
  - Governance and accountability arrangements for reporting the selected KPIs and related disclosures, including adoption of governance practices aligned to the King IV Code Principles and recommended practices for ensuring the integrity of external reports;
  - Governance oversight of management's process to identify Sanlam's material sustainability issues, and to establish performance targets for Sanlam's material sustainability issues and monitor progress made to achieving those targets;
  - Management's processes for reporting progress on Sanlam's sustainability issues to the Sanlam board and internal assurance applied, including for the selected KPIs and related disclosures;
  - The basis of preparation used for reporting the selected KPIs and related disclosures, including measurement and reporting criteria, and reporting definitions applied; and
  - The control environment, information systems and relevant control activities applied to compiling information from relevant data sources for reporting the selected KPIs and related disclosures, and for monitoring the integrity of the information presented in the Reported Performance Information (but not for the purpose of evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness);
- Inspected supporting documentation on a sample basis to corroborate the statements of management and senior executives in our interviews;
- Performed analytical procedures to evaluate the relevant data generation and reporting processes against management's measurement and reporting criteria;
- Evaluated the reasonableness and appropriateness of significant estimates and judgements made by the directors in the preparation of the selected KPIs and related disclosures;
- Evaluated whether the selected KPIs and related disclosures as presented in the Reported Performance Information are consistent with our overall knowledge and experience of sustainability and carbon footprint management and performance at Sanlam.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result the level of assurance obtained in our limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the selected KPIs and related disclosures presented in the Reported Performance Information have been prepared, in all material respects, in accordance with management's internally developed measurement and reporting criteria for those KPIs and related disclosures.

### *Other matters*

Information relating to prior reporting periods has not been subject to assurance procedures. Our report does not extend to any disclosures or assertions relating to future performance plans and/or strategies disclosed in the Reported Performance Information.

The maintenance and integrity of Sanlam's website is the responsibility of Sanlam's management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to the selected KPIs and related disclosures as presented in the Reported Performance Information, or to our independent assurance report thereon, that may have occurred since the initial date of presentation on the Sanlam website.

### *Restriction of use and liability*

Our work has been undertaken to enable us to express a limited assurance conclusion on the matters stated above in our report provided to the directors of Sanlam in accordance with the terms of our engagement, and for no other purpose. Our report is intended solely for the directors of Sanlam and should not be used by any other parties.

To the fullest extent permitted by the law, we do not accept or assume liability to any party other than the directors of Sanlam, for our work, for this report, or for the conclusion we have reached. We agree to the publication of this assurance report in Sanlam's Reported Performance Information for the year ended on 31 December 2018, provided it is clearly understood by users of the Reported Performance Information who access our assurance report that they enjoy such receipt for information only and that we accept no duty of care to them whatsoever in respect of this report.

*Ernst & Young Inc.*

#### **Ernst & Young Inc.**

Director: Christo Du Toit  
Registered Auditor  
Chartered Accountant (SA)

3<sup>rd</sup> Floor, Waterway House  
3 Dock Road  
V&A Waterfront  
Cape Town

12 April 2019