

Native to dry parts of Southern Africa, Sutherlandia is a tough, hardy, fast growing and drought tolerant plant. It is claimed to be an adaptogen that modulates the immune system and helps to manage stress and symptoms of HIV/Aids infection. It is extensively used by traditional medical practitioners to treat poor appetite, indigestion, stomach complaints, dysentery, colds, influenza, kidney conditions, fever, diabetes, internal cancers, uterine troubles, liver conditions, backache, rheumatoid arthritis, urinary tract infections, stress and anxiety, dropsy and heart failure.

Our lesson from nature

Sanlam's product and service portfolio addresses a wide range of client needs and continues to adapt when clients' requirements change, for example during COVID-19. We provided relief to clients and communities through premium reductions, premium refunds, support to SMMEs and financial contributions in all the countries where we operate.

Material resilience themes

Serving our clients

Empowering our people

Supporting our communities

Embedding an ethical culture

Protecting and preserving resources

Recognising the value of sustainable investment

Supporting our communities

Communities form the networks that sustain economies. They help stabilise social systems in a way that is similar to Sanlam contributing to a stable and trusted financial system. They are also the source of our clients and employees. To ensure mutual resilience, we contribute to healthy, growing and equitable communities.

Creating value through the Sanlam Foundation

Established in 2011, the Sanlam Foundation is our primary corporate responsibility vehicle and provides a co-ordinated approach to community investment across the Group. The Sanlam Foundation is an independently registered trust, non-profit organisation (NPO) and public benefit organisation with oversight by a board of trustees.

We believe in doing well by doing good. Follow us on our journey of empowerment as we make dreams come true by furthering education and empowering suppliers.

We establish key partnerships with stakeholders who share a similar vision and strategic objectives to that of the Sanlam Foundation:

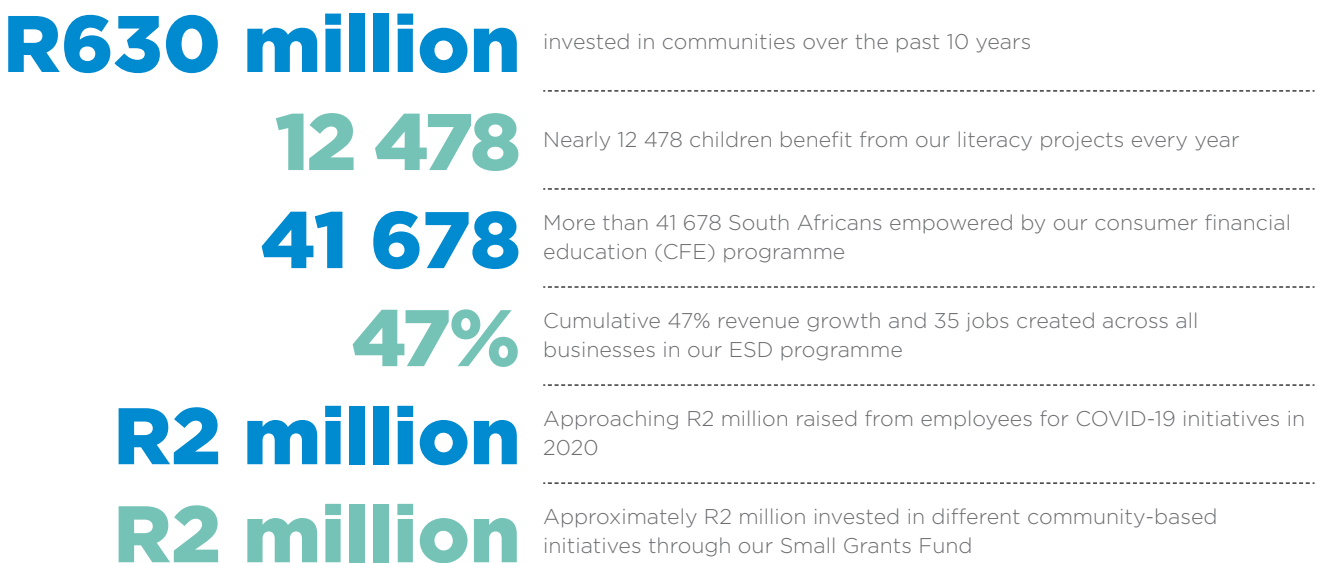
Invest meaningfully in the economies of the countries in which Sanlam operates.

Contribute to the alleviation of poverty and development of Africa's marginalised and vulnerable communities.

Give expression to Sanlam's corporate social consciousness in ways that showcase its core values of being a responsible and caring corporate citizen.

Over the last 10 years, the Foundation invested more than R630 million in the education sector, financial literacy, health (HIV/Aids), enterprise and supplier development initiatives and employee volunteerism. Our funding model consists of recurring donations from the Sanlam Ubuntu-Botho Community Development Trust, trust reserves, Sanlam employee donations and co-funded programmes.

We measure the support of the Sanlam Foundation's investment continuously. Highlights include:



Supporting our communities continued

2020 was a year of recalibration for the Foundation to ensure a clear purpose, focus, controls and accountability. The trustees approved the Foundation's strategy in June 2020 and defined key forward-looking outcomes. They confirmed continued investment in the following areas:

Socio-economic development including schools numeracy and literacy support, and sports development

Consumer financial education including workplace and campus financial literacy programmes

Enterprise and supplier development and entrepreneurships support

Sanlam Pan-Africa focusing on education

Employee volunteerism including structured and ad hoc projects

Progress in 2020

R47 million

CSI spend (2019: R57,6 million)

R2,94 billion

procurement spend (2019: R3,38 billion)

26%

procurement spend on SMMEs (2019: 30%)

R12,8 million

consumer financial education spend (2019: R23,6 million)

72

schools reached through our Blue Ladder Schools programme (2019: 75)

48 376

learners reached through our Blue Ladder Schools programme (2019: 71 000)

357

teachers reached through our Blue Ladder Schools programme (2019: 2 000)

COVID-19 and related regulations affected all our programmes. A more flexible approach, including adapting programmes and introducing online platforms, ensured that most eventually continued. However, we still experienced challenges such as data cost and limited coverage. This meant that our partners were often unable to reach all their beneficiaries.

We are currently engaging with partners to reallocate funds to ensure deeper penetration for online programmes, based on our 2020 learnings. We are encouraging rotation schedules to enable face-to-face interaction with beneficiaries where possible.

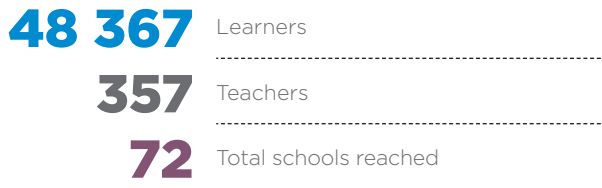
Further initiatives include exploring systems to offset data cost from the end-user and redirect costs to the respective partners. We hope to ensure that beneficiaries with devices will then be able to access programming.

Sanlam has enabled and the Sanlam Foundation has applied funds raised through salary giving and Day of Giving initiatives for many years. We are currently updating and refining the volunteerism strategy to be a holistic and meaningful support programme for employees and the benefiting NPOs, supported by an online tracking and monitoring system. Everyone counts. This belief is what drives us to help South Africans improve their financial wellbeing, live better lives and secure the future for the next generation.

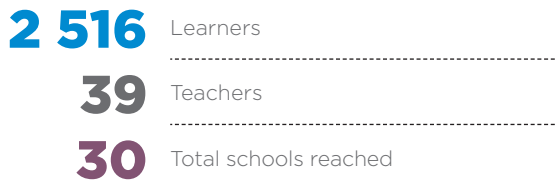
Sanlam's Blue Ladder Schools programme

The Blue Ladder Schools programme partners with schools, educators and communities across South Africa to improve maths tuition and upgrade key facilities. By doing this, we give learners a head start for a brighter future. Through partnerships with a range of NPOs, our programme reach was:

Academic support



Life skills programme



Our Blue Ladder Schools programme was severely affected by the outbreak of COVID-19. Many programmes came to a standstill as schools closed and group gatherings were prohibited.

With support from the Sanlam Foundation and in response to government's catch up plans to save the academic year, our partner organisations pivoted by transitioning to a range of different formats to implement their programmes.

By relying heavily on online platforms, our partners increased learner reach through academic and life skills support programmes nationally. The most popularly used platforms included WhatsApp, radio and TV broadcasting, Facebook, Instagram, and Microsoft Teams. The biggest programme was the YouthStart Foundation country-wide matric revision drive that reached 24 645 matriculants over a 10-week period using cinemas, TV and social media as classrooms to conduct matric maths and science revision classes.

We are expanding our reach

Since 2018, the Sanlam Foundation committed to allocating R5 million a year to Sanlam Pan-Africa CSI initiatives across various territories. This will run until the end of 2021. In 2020, we expanded our SPA initiatives to Namibia, Morocco and Uganda - all focusing on education. These were also affected by COVID-19 and some of the funding had to be repurposed.

Contributing to COVID-19 initiatives in Africa

SEM added its weight to the fight against the spread of COVID-19 in all the markets that mirrors its business footprint in Africa and East Asia. Sanlam donated R45 million to support various initiatives that help lessen the burden on local governments and will specifically be used to contribute to national solidarity funds, personal protective equipment, food relief as well as enabling in-country e-learning.

Funding summary:

- Morocco: R6,5 million
- Malaysia: R1,43 million
- Lebanon: R1,43 million
- Namibia, Botswana, Ivory Coast and Nigeria: R2,85 million each
- Angola and India: R1,9 million each
- Nine other African countries received R1,43 million each
- 12 other African countries received R950 000 each



Measuring our impact

To ensure that we have a positive impact for generations to come, the Sanlam Foundation started a process to improve our monitoring and evaluation systems. A new service provider is developing a parallel process that develops a monitoring system while simultaneously conducting evaluations of existing partners to ensure alignment to our strategic focus areas. This will provide us with data on the outcomes achieved from our investments over the past three years, and direct our investments going forward.

Supporting our communities continued

Santam, the Emthunzini BBBEE Community Trust and P4RR

Santam is a strong advocate for the need to build local resilience and risk protection. As South Africa's leading general insurer, Santam is committed to enhancing risk-based decision-making that builds community resilience along its value chain.

Through its Partnership for Risk and Resilience (P4RR), Santam engages with government, municipalities, universities and other stakeholders to initiate projects to better understand and manage risks on the ground. The objective of P4RR is to strengthen the institutional and participatory development capacity of local municipalities to proactively reduce the impact of disasters.

Through P4RR, the Emthunzini BBBEE Community Trust invests in risk-reducing interventions that are managed by Santam and other willing partners, like SASRIA. Municipalities are selected based on vulnerability levels related to government requirements as well as potential impact on Santam in terms of fire, flood and storm surge perils. The P4RR programme has supported 48 municipalities to date.

In 2020, a forestation categorisation mobile application was implemented to understand the capacity of fire stations to respond timeously and appropriately to fires in all municipalities. A National Disaster Preparedness and Resilience Fund was established to address and respond to national catastrophe events and affiliations with key players were strengthened. These address risks impacting the insurance industry and ensure alignment with global partners around risk management and risk transfer solutions.

During the COVID-19 lockdown period, Santam maintained the pace of P4RR activities by using technology to remain in contact with key stakeholders. Further, the relationships and established operational processes we have with municipalities enabled the distribution of food parcels to vulnerable communities.

The importance of savings during a pandemic

Following the devastating economic impact of COVID-19 in South Africa, the Sanlam Foundation initiated three consumer financial education programmes that reached just over 9 000 people, 41% of which live in rural areas. 2020 was the first year that we partnered with Avovision, expanding our service providers in consumer financial education beyond ASISA's WageWise.

Avovision trains facilitators who in turn become entrepreneurs in consumer financial education. The advantage of the model is that people build businesses while ensuring that beneficiaries are trained by local people they can relate to, who are able to break down financial concepts into everyday language and many of whom can relate with their beneficiaries.

The three programmes are:

- Money fo' Sho! teaches basic financial skills in one day. This personal financial management training programme provides participants with a deeper understanding of the principles of money management. It encourages participants to take stock of their current financial situation and empowers them with the knowledge and tools to plan for the future and make informed decisions about their money.
- The Money Modular programme comprises 12 in-depth consumer financial education "Money Modules". Each module covers basic everyday topics such as saving and investing, retirement, and the importance of knowing all things tax related.
- The "Surviving COVID-19 Financially" WhatsApp webinar helps participants understand how unexpected events affect finances by identifying and understanding the difference between needs and wants, understanding how unexpected events can impact needs and wants, how to re-prioritise needs and wants, and how to create and adjust budgets.

Sanlam has been supporting the Takalani Sesame educational television series for 20 years. The programme runs for five days a week in the afternoons and has an audience reach of 600 000 per month.

Saver Waya Waya WageWise is a financial literacy initiative developed by ASISA Foundation in collaboration with the Sanlam Foundation. The WageWise website that hosts practical financial literacy resources accessible to the public, was largely funded by the Sanlam Foundation. WageWise helps consumers manage their household finances by budgeting, understand their payslip and deductions, and also emphasises the importance of saving and planning for retirement.

Making a leading contribution to B-BBEE

Sanlam supports black economic empowerment through the principles enshrined in the FSC, aimed at creating a B-BBEE model by:

- Creating opportunities for disadvantaged employees and graduates, through accelerated skills development and employment opportunities
- Procuring goods and services from black-owned enterprises while working with them to develop these enterprises
- Investing in communities, in black entrepreneurs and in projects that support infrastructure development and low-cost housing
- Ensuring that equity stakes are financed and made available to black communities

We made significant progress over the past 10 years to transform through the Group's Ubuntu-Botho partnership, numerous empowerment deals, Sanlam Sky Solutions (which is focused on creating access to financial services at the lower-income end of the market) and the initiatives run by the Sanlam Foundation.

Sanlam is a level 1 B-BBEE contributor in South Africa¹ – the highest level that a company can achieve in terms of empowerment and transformation. Sanlam is evaluated against the targets in the Financial Sector Code, which were re-evaluated during 2020, with new targets applicable from 2021.

Element	Maximum score	2019	2020
Equity ownership	23+5	28	28,00
Management control	20	13,68	14,14
Skills development	20+3	17,39	17,14
Procurement enterprise and supplier development	3+1	8,42	27,72
Socio-economic development and consumer education	3+2	4,39	6,00
Empowerment financing	15	14,20	13,19
Access to financial services	12	11,50	10,50
Additional Y.E.S points			0,00
Total score	120+19	115,82	116,68
Final score (converted)		1	105,98

¹ B-BBEE information includes all Sanlam Group South African businesses including Santam. Sanlam Emerging Markets and the international businesses of Sanlam Investments are excluded. Permanent staff and fixed-term contractors on contracts of three months or more are included.

Supporting our communities continued

Ownership

The ownership element measures effective ownership of entities by black people.

In July 2020, progress was made with the implementation of some critical aspects of the package of B-BBEE transactions approved by Sanlam shareholders in 2018. Sanlam announced that it had signed agreements with African Rainbow Capital Financial Services (ARC FS) to establish one of the largest black-empowered asset management companies in South Africa.

Through this transaction, ARC FS will own an approximate 25% economic interest in Sanlam's third-party asset management business in South Africa (other than the investment management business conducted by Sanlam Private Wealth Proprietary Limited and the Sanlam Specialised Finance division).

Further, in December 2020, Sanlam and ARC FS agreed that Sanlam would acquire a 25% non-controlling minority shareholding in ARC FS SubCo, a wholly owned subsidiary of ARC FS. The transaction, which is subject to approval by the regulatory authorities, will enable Sanlam to hold a 25% minority shareholding of ARC FS SubCo and ARC FS will retain 75% majority shareholding. ARC FS SubCo will hold the financial services assets of ARC FS, excluding the banking-related investments, comprising of TymeBank, AI Fund and Ooba.

ARC FS SubCo will hold investments in the following financial services entities: Alexander Forbes Group Holdings, AfroCentric Investment Corporation, Rand Mutual Holdings, Capital Legacy, Colourfield, Umvuso, Indwe, QED, African Rainbow Life, Global ASP, LifeCheq, Lima Mbeu, National Care Solutions, InFund Solutions, Khumo Capital, Sinayo Capital, Constellation Capital, Bravura, A2X, Edge Growth and Alternative Prosperity.

Management control

The management control element measures the effective control of entities by black people and representation ratio for total employment.

In South Africa, the black employee ratio increased from 75,1% to 75,2%. Of all promotions, 84,3% were black employees and 60.3% were African black. The portion of promotions for black employees per level were:

- Senior management 2,5%
- Middle management 14,8%
- Junior management 52,0%

Retention rates for African black employees at 79,7% were lower than the overall retention rate of 85,8%, mainly due to the number of exits among field staff such as advisors.

Due to the pandemic, we recruited for and filled only critical roles. Lower than predicted turnover for this period thus impacted opportunities for appointments, affecting our ability to achieve employment equity (EE) targets. The overall trend shows that our demographics are shifting in the right direction due to the focus on the recruitment of African black talent within management levels.

Employment equity

Preferential procurement

The preferential procurement element measures the extent to which goods and supplies are purchased from B-BBEE compliant suppliers.

Skills
development

The skills development element measures the extent to which employers carry out initiatives designed to develop the competencies of black employees and black people internally and externally.

Sanlam did not achieve our target of 17,50 out of a possible 23 points this year due to a significant number of learning and development initiatives being either cancelled or postponed to 2021 as a result of the COVID-19 pandemic. 77,2% of the training spend was invested in the development of black employees.

Our talent and development initiatives focus on skills transformation and leadership development to identify, develop and grow employees from the designated groups into senior management levels. This process includes an element of talent mobility across the Group.

The Group's Executive Leadership programme in collaboration with Gordon Institute of Business commenced in July with 26 delegates of which 50% are black, 19% are African and 38% female.

Cluster-specific programmes augment the leadership programmes delivered from the Group Office and include:

- The Santam Leadership Excellence programme, in partnership with the UCT Graduate School of Business, targeted at emerging talent across the Group. Of 28 delegates, 86% are black and 46% female.
- The Santam Senior Leadership programme, in partnership with Duke Corporate Education, targeted at future-fit top talent with 18 delegates of whom 89% are black and 44% female.
- In the Sanlam Life and Savings cluster, the Advanced Leadership Certificate in Design Thinking in collaboration with UCT Graduate School of Business, has 29 delegates of whom 59% are black, 10% African and 35% female.
- SIG's Leading into the Future programme had 11 delegates of which 36% were black, 18% were African and 55% female.

Graduate programmes build a diverse pipeline. Examples include:

- A second IT graduate programme started with 11 graduates, of which 10 are black (six African and three females).
- The Sanlam TOPP programme for CAs accepted a further five trainees, including one African male and one African female.
- The Sanlam Graduate Development programme comprised the five CA trainees and eight additional delegates (one African, four coloured and three Indian).

Socio-economic
development

The socio-economic development element measures the extent to which entities carry out initiatives that contribute towards socio-economic development or sector specific initiatives that promote access to the economy for black people.

Read more about our programmes in the section on the Sanlam Foundation from page 41.

Supporting our communities continued

Enterprise and supplier development

The enterprise and supplier development element measures the extent to which entities buy goods and services from empowering suppliers with various B-BBEE recognition levels. This element also measures the extent to which enterprises carry out supplier and enterprise development initiatives intended to assist and accelerate the growth and sustainability of black enterprises.

The Sanlam Group Enterprise Supplier Development (ESD) programme, implemented through ASISA, aims to stimulate the development and economic growth of black-owned SMMEs which are aligned to our supply chain. The programme offers business development support, investment support and access to markets. The programme consists of three streams:

- **Accelerator** focuses on 26 supply chain aligned SMMEs
- **Elevate** focuses on 10 financial planning businesses in the Sanlam Connect network
- **Migrate** focuses on seven financial planning businesses in the SA Retail Mass network

This year, the programme approved R12,4 million to assist beneficiaries with cash flow analysis and support, funding relief and personal protective equipment. We continued with the implementation of business development support using video calls and telephone interactions.

This project offers leading business development support to build high-growth SMEs and includes diagnostic assessments, growth strategies and focused business development support over 12 months.

We updated the Sanlam Group ESD supplier catalogue which will be used to promote Accelerator project beneficiaries.

Consumer education

The consumer education element consists of monetary or non-monetary contribution to the financial education process.

The ASISA WageWise CFE programme pivoted to a multi-platform social media (Facebook), digital (WageWise website) and radio campaign in response to the COVID-19 pandemic. The lockdown restrictions prohibited our regular interactive face-to face-workshops. Workshop content was repurposed for these channels and nuanced to address the economic challenges many citizens were experiencing at the time.

In partnership with SA Retail Mass, the Sanlam Foundation contracted Avovision to provide consumer financial literacy to its key accounts target market. The partnership reached over 9 000 beneficiaries, 41% of which are based in rural areas.

Access to financial services

The access to financial services element aims to enhance, improve, and grow financial access to that portion of the South African economically active population who were previously excluded.

Sanlam provides this access through four funeral products.

Protecting and nurturing human rights

All Sanlam employees have the right to work in an environment that is free from any form of unfair discrimination based on religion, gender, race, age, sexual orientation, disabilities or nationality. As a responsible corporate citizen, we accept our responsibility to help tackle structural and systemic discrimination, and strive to create workplaces that respect the inherent dignity and worth of every individual.

Current policies and procedures forbid any form of discrimination or harassment in the workplace. The policies also discourage workplace bullying and detail measures to constantly monitor the effective application of these policies. Our whistleblowing process encourages employees to report behaviours, incidents or activities that they believe are wrong through a safe and confidential channel. The grievance procedure further enables employees to raise any issues they have in the workplace.

Sanlam operates in a professional services sector where the risk of child labour is not high, we actively support the protection of children against exploitation. We stand against the procurement of goods and services where child labour is known to be involved in the production supply chain of goods and services.

The Sanlam Group is committed to providing workplaces which support freedom of association and provide employees with the right to organise themselves and participate in collective bargaining arrangements.

Sanlam does not have a recognition agreement with any union in South Africa.

Sanlam upholds remuneration practices that are fair and non-discriminatory and complies with the requirements of minimum wage legislation. Read more about our remuneration approach and implementation in the 2020 Sanlam Remuneration Report online.

The Sanlam Group actively promotes gender equality in the workplace. Read more about initiatives to support equality, transformation and diversity on page 31.

We recognise that Sanlam may only terminate employment where necessary, and only after fair processes have been followed in cases of misconduct or negligence. Termination of employment may also arise as a result of organisational restructuring. In such cases, we adhere to strict compliance with the law and internal policies and procedures.

Oversight and responsibility for human rights

The protection of human rights forms part of the SES committee's mandate. The committee reviews all sustainability-related matters on a quarterly basis, including legal, regulatory and ethical compliance related to human rights. The committee brings any relevant matters within the scope of its mandate, including transgressions, to the attention of Sanlam's Board. The Group is committed to act on any human rights issues.

No human rights incidents were reported during 2020.