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Supporting our communities

Confidence Rule 62:

MAKE THE GOAL MORE THAN A REPORT CARD. MAKE IT A FUTURE.

Everyone deserves an equal chance to live a better life, and to have confidence in their financial future.

The Sanlam Foundation

Established in 2011, the Sanlam Foundation is our primary corporate responsibility vehicle and provides a coordinated approach to community investment across the Group. The Sanlam Foundation is an independently registered trust, non-profit organisation (NPO) and public benefit organisation (PBO) with oversight by a Board of Trustees. This year, Dr Siphokazi Koyana and Adv Ndumiso Ngcobo were appointed as two independent trustees. Sanlam Group Chief Executive, Paul Hanratty, took over as Chair of the Sanlam Foundation Board of Trustees.

The Foundation contributes to the enterprise and supplier development, socio-economic development and consumer financial education elements of the Sanlam B-BBEE scorecard.

Contributing to the following SDGs



THE SANLAM FOUNDATION'S MANDATE IS TO BE THE CUSTODIAN OF SANLAM'S LEGITIMACY AS A RESPONSIBLE CORPORATE CITIZEN. TO CREATE SHARED VALUE, THE FOUNDATION DRIVES INCREASED POSITIVE SOCIAL IMPACT AND HELPS PROTECT SANLAM'S REPUTATION AS A TRUSTED, RELEVANT ORGANISATION, THAT IS PART OF THE FABRIC OF THE SOCIETIES WITHIN WHICH THE GROUP OPERATES.

Purpose

The purpose of the Sanlam Foundation is to bring about sustainable and meaningful impact and change in communities in which we operate through programmes that contribute to alleviate inequity, stimulate job creation, drive financial inclusion, build social development and protect the environment.

Vision

The most admired, caring foundation that makes a difference to the lives of stakeholders wherever it operates.

Key outcomes

- Integrate “doing good” with core business, strategic intent and core value system
- Reinforce Sanlam's active and responsible corporate citizenship
- Improve commercial and social return on investment
- Rejuvenate employee volunteerism and measure investment and impact of doing good
- Entrench the Sanlam Foundation as a fit-for-purpose implementing agent of Sanlam's shared value model and CSI initiatives

The Sanlam Foundation’s primary objectives:

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.

Our strategy is informed by the Foundation’s founding mandate while aligning with the Sanlam Group strategy and supporting the respective clusters and business units.

AN EVOLUTIONARY FOUNDATION STRATEGY

The Foundation is focusing on scaling up efforts to do good by creating greater and far-reaching impact and better socio-economic outcomes.

The Sanlam Foundation Strategy was approved in June 2020 followed by the launch of six workstreams. After the appointment of Paul Hanratty in July 2020, a new Group strategy was approved. In 2021, the Foundation Strategy was aligned more closely to the new Group strategy, and approved by the Sanlam Foundation Board of Trustees in December 2021.

The strategy provides clarity about the Foundation’s role in enabling Sanlam’s shared value ecosystem. The Foundation will continue its role as a grant-making organisation. However, it has been given a mandate to transform its role to support all entities as a functional leader of CSI across all clusters, including SEM, so that the Group CSI is better coordinated and the collective impact can be aggregated. While the Foundation has a healthy funding mechanism, we are considering ways to support new geographies and collaborate with potential new partners.

Key programmatic pillars

<p>Socio-economic development including numeracy, literacy support, and sports development at quintile one to three schools</p>	<p>Consumer financial education including workplace and community-based programmes</p>	<p>Enterprise and supplier development consists of business development support with a view to diversifying Sanlam’s supply chain</p>	<p>Sanlam Emerging Markets focusing on education initiatives and digital enablement of learners, teachers and schools</p>	<p>Staff volunteerism giving staff the opportunity to give back to communities in a measurable and impactful way</p>
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PROGRESS WITH IMPLEMENTING OUR STRATEGY

The key to the Foundation’s success is measuring the social return on our investment. This year we launched an independent evaluation of current partners to measure the impact they had made over the past three year funding cycle. Almost 95% of the Foundation’s existing three-year partnerships across programmes ended in December 2021.

This presented us with an opportunity to publish a call for expressions of interest for new implementing partners that aligns with our new strategy. This will enable us to improve the alignment of our interventions with both the social impact we want to see, as well as our desire to indirectly support Sanlam’s business.

An evaluation was done according to international best practice and criteria set out by the Organisation for Economic Co-operation and Development (OECD). We assessed relevance, performance (effectiveness and efficiency), impact and sustainability.

From the results, we developed criteria for expressions of interest to inform our partner selection process for the next three-year funding cycle.

A new Grant Management Framework was approved by the Board and sets out the process and standards for grantmaking, ensuring quality control, accountability and oversight. As part of the digitalisation of the Sanlam Foundation, we also started building a grant management system, which will integrate monitoring, evaluation and learning tools. We also plan to have a digital operations tool to replace current manual planning and tracking.

A new education strategy was developed and approved in September. We are shifting our focus to achieving impact throughout the education pipeline, from early childhood development through to foundation phases and ultimately high schools, using a phased approach. Early childhood development and the foundation phase will be included in the first phase.

Read more in the Sanlam Foundation annual report, available on the Sanlam website.

FOUNDATION PROGRAMMES UPDATE

Socio-economic development

The Foundation’s programmes have two focus areas: education and key partnerships. Read more about these partnerships on page 69.

The Foundation’s education programme provides holistic education interventions that include academic, personal leadership development and physical wellness programmes for educators and learners through our Blue Ladder Schools (BLS) Programme.

Accessing learners has been the biggest challenge in 2021 due to the Department of Basic Education’s (DBE) scheduling system to ensure COVID-19 regulations are adhered to. Implementing partners had to spend more time to reach the same number of learners, as they have to restrict numbers per session and increase the number of sessions to reach all targeted learners. As a result, we have seen an increase in operational costs in these programmes. Online platforms are used to supplement school days missed where this is possible.

Five-year reflection on the Blue Ladder Schools (BLS) Programme

As we concluded the Blue Ladder Schools Programme in 2021, we reflected on the intent, impact and learnings the past five years.

The programme was conceptualised in 2016 to drive social change. While placing strong value on preparing tertiary-focused learners, Sanlam recognised that the economy also required economically active members of society. It also required collaboration. Sanlam’s Blue Ladder Schools Programme was an ambitious plan to create a blueprint to be shared with other organisations and industries across the country to contribute toward the growth and development of South Africa.

The flagship project had 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)

The programme was aligned with South Africa’s National Development Plan as a holistic initiative to address the challenge of poor maths results. The rationale behind identifying maths was the link back to scarce skills in our industry, the link between numeracy and savings rates and the bigger correlation between numeracy levels and poverty, unemployment and inequality. Part of the holistic approach was to help address some of the barriers to effective teaching and learning.

What we did: We partnered with schools, educators and communities across the country to improve the teaching and learning of maths, upgrade key facilities, support leadership development, and find sustainable solutions to address nutrition challenges.

Why we did it: Every child educated has a compound effect on the environment and economy for generations to come.

Who benefited: The learners and educators, their communities and South Africa’s environment and economy.

What we learnt

- Aspects of the programme were too far removed from Sanlam’s core business, with the Foundation not having the skills and capacity to manage and control, for example, construction projects.
- A lack of indicators to measure effectiveness meant that impact was not tracked or data-based.
- Decisions to partner with service providers were not always informed by objective criteria.

KEY INDICATORS

75 BLS schools supported over five years

3 provinces covered

More than R120 million invested through the BLS programme since 2016

Consumer financial education

The Foundation's consumer financial education (CFE) programmes promotes basic knowledge and awareness on financial matters targeting beneficiaries in compliance with FSC requirements. We use facilitated training that focuses on money management, savings, debt and credit, and insurance. We contract with national service providers, with 2021 marking our second-year partnership with Avocado Vision, and the final year of our current three-year partnership with ASISA Foundation for the WageWise programme.

The Avocado Vision project provides consumer financial education targeted at beneficiaries who are based in urban, peri-urban and rural communities SA Retail Mass collaborates with the Foundation on this project.

The ASISA Foundation's WageWise programme is targeted at workers who are accessed through their employers. We collaborate with Sanlam Corporate to empower workers through effective financial education and healthy financial practices such as planning, product choices, financial control, financial knowledge and understanding.

Gaining financial confidence

One of our WageWise participants was a 24-year-old father with a two-year-old son, employed at a learning centre. He struggled with budgeting and saving while managing expenses such as groceries, child support, travel costs and electricity. He also had financial responsibility for his extended family, including unplanned expenses such as funeral contributions during COVID-19.

WageWise gave him tools and learnings to be confident in managing his own finances. The module on payslips is what stood out for him, as he is now able to differentiate between gross and net salary when budgeting. Some of his behaviour changes include checking his credit score and saving proactively as his employment contract is ending soon. Overall it was an enjoyable learning experience on the WhatsApp for Business platform as he could work at his own pace.

Other participants said:

"I was struggling to budget and I used to overspend. Now I know to focus on needs first and I can stay away from credit."

"I learned how to save and budget more in order to spend wisely. I also closed off most of my clothing accounts."

"Now I can see growth in my business because I can budget and track my money. I can take calculated risks now so my business is growing (I am buying more stock and diversifying it)."

"The workshop gave employees a better understanding of how money works and how to handle it responsibly. It also helped them reach financial goals through reduction of expenses and better planning. More importantly, this workshop also reduced some of the employees' anxiety and stress levels."

KEY INDICATORS

20 100

beneficiaries reached through the consumer financial education programmes

Enterprise and supplier development

The enterprise and supplier development (ESD) programme seeks to provide impactful business development support to high potential black-owned businesses to bolster their financial confidence, resilience and catalyse sustainable growth. This is done to boost job creation, create economic value and ensure equitable participation of black-owned SMEs in the Group's supply chain.

Since its inception in 2013, the ESD programme has helped 267 South African small and medium businesses and financial planning practices grow their average revenue by 26% and create 502 sustainable new jobs, while supporting 2 964 jobs in total.

This year, we adapted the programme to offer extended grant funding and additional business development support from coaches and mentors. This helped participating SMEs, of which 100% are majority black-owned, to stay afloat and strengthen their offerings. Programme beneficiaries were able to access loan funding of R23,5 million from the ASISA ESD Fund.

We have three main projects:

- **Project Elevate** aims to increase the growth and sustainability of selected Sanlam-tied, black-owned enterprises, and the financial planners that operate in them, in partnership with SanlamConnect.
- **Project Accelerator** seeks to create a pipeline of black-owned enterprises through the Accelerator mentorship, which focuses on business development support.
- **Project Migrate** aims to develop and transform the franchise capability of the SA Retail Mass cluster by providing specialist business development support to financial planning practices, using an intensive coaching-based methodology, in combination with workshops.

Our projects typically run for two years, with subject-specific masterclasses, boot camps and one-on-one coaching with assigned professional business mentors. Year one focuses on setting groundwork in good governance and year two focuses on growth.

The Foundation has been intentional about getting closer to the beneficiaries of the programmes we support. We hosted engagement sessions with ESD beneficiaries and service providers this year.

The Sanlam Foundation's key partners include:

- Sanlam's partnership with **WWF-SA**, one of the world's largest and most experienced independent conservation organisations, is helping to safeguard the resilience of freshwater sources in South Africa.
- **The University of Stellenbosch World of Words (WOW) Spelling Competition** is South Africa's largest spelling bee of its kind. It takes place across all nine provinces and encourages learners to interact with language in a fun manner, thereby increasing literacy levels.
- **The Kay Motsepe Schools Cup** is the Foundation's partnership with the Motsepe Foundation and the Sanlam/Ubuntu-Botho Community Development Trust, in association with the South African Football Association (SAFA), and the Department of Basic Education. The tournament is open to all soccer-playing high schools in the country.
- Sanlam has been supporting **Takalani Sesame** for more than 20 years with the Foundation joining the partnership in 2020 for the last two years of this partnership. Takalani Sesame is designed to meet the developmental needs of South African children in an entertaining manner and is broadcast on SABC 2 in five languages

KEY INDICATORS

308	small and medium businesses and financial planning businesses supported since 2013
58	jobs created in 2021
11	Bluestar businesses onboarded for Project Elevate of which 3 is owned by black females
26	businesses onboarded for Project Accelerator of which 13 are owned by black females
4	businesses have been re-engaged for Project Migrate

Key learnings to guide future priorities for our ESD programme

1 There is a strong need for financial management upskilling among beneficiaries.

2 Beneficiary success stories should be widely celebrated.

3 Programmes should remain agile and flexible to absorb unexpected external changes, such as COVID-19.

4 Access to markets remains a beneficiary priority.

Sanlam Emerging Markets

The Sanlam Foundation provides strategic CSI direction for SEM, its subregions and countries where appropriate. This means that we are flexible and allow discretion for SEM to focus on local priorities.

In Africa, the Foundation sees its role as being the functional leader for CSI in terms of:

- Being a centre of excellence for governance and impact measurement
- Providing strategic capability for core CSI activities
- Providing strategic oversight for resource allocation in line with Group impact objectives and non-financial performance ambition
- Facilitate and oversee Sanlam-wide staff volunteerism

We are committed to reporting across all regions on CSI impact and performance against set SDGs and non-financial performance metrics in future.

Major projects this year included the construction of a school in Uganda under the Pader cluster northern region office. Construction work started in October 2021 with excavation, material delivery as well as laying of the foundation. The school will support 729 pupils (369 boys and 360 girls) at Lamogi Omeny Ki Mac primary school and work is expected to be completed early in 2022.

The Foundation has identified the development of a SEM social investment strategy as a strategic initiative for 2022.

Staff volunteerism

The staff volunteerism programme strategy was approved following a consultative process that included structured interviews with members of the Sanlam Group Exco. These conversations explored purpose, outcomes, ideas for the types of initiatives, developmental focus areas and potential risks and challenges. Staff will have the option to volunteer for:

- Community-based projects related to specific causes, where staff can participate for one day per year.
- Matched funding where employees can donate monthly from their salaries through the payroll giving system.
- Skills-based volunteering where employees can provide professional support services to NPO or community initiatives.

The strategy will be implemented in phases, with the first phase tackling community-based volunteering and matched funding.

LEVELLING UP FINANCIAL LITERACY IS ONE OF THE MOST POWERFUL WAYS TO ENABLE PEOPLE TO LIVE WITH CONFIDENCE. THAT'S WHY WE'VE SPENT R16,4 MILLION ON FINANCIAL LITERACY PROGRAMMES THIS YEAR.

SANLAM SMALL GRANTS FUND

The small grants fund was set up to enable the Foundation to make a contribution to community-based organisations responding to an emergency or a developmental issue that falls outside our strategy. The Foundation disbursed R2 million this year with beneficiary organisations focusing on vulnerable communities and animal conservation.

THE ESSENCE OF THE SANLAM FOUNDATION'S PURPOSE FINDS RESONANCE WITH ENABLING IMPACT, DRIVING TRANSFORMATION AND BRINGING ABOUT SYSTEMIC CHANGE, CREATING LONG-TERM VALUE AND DOING GOOD.



Making a leading contribution to transformation

Our purpose is intrinsically linked to empowerment and enabling our stakeholders to live with confidence. Empowerment implies meaningful economic participation by the majority of South Africa's citizens, leading to a reallocation of wealth, increased ownership and more opportunities to reduce poverty and inequality.

For Sanlam, empowerment creates the following benefits:

- Contributing to Sanlam's license to operate in the South African economy
- Creating an additional pathway for extending financial inclusion
- Creating better access to opportunities in terms of public and private sectors stakeholders
- Accelerating the achievement of diversity and inclusiveness outcomes
- Enhancing our position and competitiveness where empowerment credentials is an important consideration for institutional clients
- Enhancing Sanlam's competitiveness in market segments where Sanlam has traditionally lagged, including third-party asset management, employee benefits and health

Sanlam supports black economic empowerment through the principles enshrined in the South African Financial Sector Code, 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 grow these enterprises and enhance their skills
- 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 more than 17 years to transform through the Group's Ubuntu-Botho (UB) partnership, numerous empowerment deals, SA Retail Mass (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 B-BBEE legislative targets as prescribed in the Financial Sector Code.

The scorecard below was verified for the period 1 January 2021 – 31 December 2021. The scorecard for the previous year is valid until 25 March 2022 after which a new verified certificate will be available on the website at <https://www.sanlam.com/transformation.php>.

Element	Maximum score	2020	2021	Read more about progress this year
Ownership	23+5	28,00	28,00	See in this chapter.
Management control	20	14,14	15,28	Empowering our people from page 41.
Skills development	20+3	17,14	16,18	Empowering our people from page 41.
Procurement, Enterprise and Supplier development	15+4	27,72	29,56	See in this chapter.
Socio-economic development and consumer education	3+2	6,00	6,00	The Sanlam Foundation from page 65.
Empowerment financing	15	13,19	14,22	Recognising the value of sustainable investment from page 88.
Access to financial services	12	10,50	11,00	See below.
Total	120+19	116,69	120,24	
Contributor level		1	1	

¹B-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.

PROUD LEADERSHIP

Sanlam is the life insurance industry leader in overall B-BBEE performance, and particularly in terms of ownership. Furthermore, 26% of ownership is in the hands of black women, exceeding the industry target of 10%.

Sanlam was one of the first major financial institutions in South Africa to conclude an ownership empowerment transaction in 2004 with Ubuntu-Botho (UB). The transaction provided opportunities for previously disadvantaged groups to acquire equity shareholding in Sanlam, enabling them to share in the economic success of the Group.

UB participants invested R1,4 billion to attain an initial 8% stake in Sanlam. UB broad-based participants did not have to put up any cash or incur personal debt.

Four years later, UB paid out its first dividend, worth R50 million, to over 700 broad-based shareholders that included the SUBCDT.

Value of over R15 billion was created when the first 10-year transaction matured. To date, over a million people have benefitted from the disbursement of funds through UB and the SUBCDT.

As a result of the empowerment deal, the SUBCDT has an endowment of more than R3 billion and is able to disburse funding of more than R150 million per annum, inter alia through the Sanlam Foundation. In 2018 Sanlam partnered with UB again to increase its direct black shareholding by a further 5%. This deal was set up to empower mostly new black entrants, and not existing UB shareholders. In 2021 through ARC, UB also invested 25% in Sanlam Investment Holdings, making Sanlam the first large 51% black-owned and controlled asset manager in South Africa.

By the end of December 2021, UB held 18,1% voting interest in Sanlam and 13,1% economic interest.

PREFERENTIAL PROCUREMENT PRINCIPLES

Sanlam is committed to its transformation agenda and strongly supports the ideology that transformation can only be achieved through meaningful black economic empowerment. Our preferential procurement strategy supports the Group's vision to become the most admired financial services group in Africa.

Our objective is to procure all goods and services in a fair, transparent and unbiased way, free of favouritism.

In turn, all suppliers are required to deliver goods and services according to the quality, service delivery and commercial standards determined by the Group.

Sanlam's preferential procurement score has shown progressively improving results over the past five years. Challenges included key suppliers not maintaining their designated supplier status, the impact of commissions paid to untransformed brokers and intermediaries, and late supplier verification results, which all have direct bearing on our score. We are proactively addressing these challenges with our suppliers.

We want to create a diverse supply base and ensure a sustainable supply chain that positively contributes towards the profitability and sustainability of the business. We will achieve this by:

- Moving beyond compliance and setting a new benchmark for the financial services sector
- Ensuring preferential procurement that is sustainable, responsible and provides the Group with a competitive advantage
- Adopt a policy to only support suppliers who are B-BBEE compliant

PROVIDING ACCESS TO FINANCIAL SERVICES

We support the general principles and policy objectives to guide sustainable improvement in financial inclusion, published by South Africa's National Treasury in 2021. Financial confidence is only achievable if people and businesses can use financial services to improve their prospects.

Sanlam has an opportunity to create a reputation as a champion of inclusion and upliftment of the previously disadvantaged and excluded members of society, enabling access and participation in financial services. The three drivers for access are:

- **Appropriate products**, targeting clients earning below the tax threshold. SA Retail Mass and Safrican's funeral and credit life insurance offerings qualify as appropriate products in terms of access.
- **Market penetration**, which measures the number of in-force Sanlam policies with policyholders earning below the tax threshold. Sanlam has achieved 142% of its in-force policy target.
- **Transaction access** requires that a client can, for example, submit a claim or pay a premium from the place where they live. Sanlam covers 93% against a target of more than 80% of the geographies where access product policyholders are located.

Read more about further initiatives to increase access in the section on financial inclusion from page 30.

A DEDICATED TRANSFORMATION OFFICE

We want to be at the forefront of transformation in the financial sector and support confidence through empowerment.

Sanlam established a transformation office which came into effect on 1 March 2021. The aim of this office is to ensure that the Group has a defined and articulated socio-economic transformation positioning and approach. The latter intends to focus on socio-economic agendas within the relevant Sanlam territories and is not necessarily limited to South Africa. However the relevant country's socio-economic legislative guidelines will be applied during implementation and activation.