

Welcome to your CDP Climate Change Questionnaire 2019

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

The Sanlam Group was established in 1918 as a life insurance company in South Africa but has, over the past 100 years, transformed into a diversified financial services group.

Sanlam's core operations lie in the life and long-term insurance sector, personal finance and asset management sector. While the Sanlam Group is responsible for centralised functions, Sanlam's financial products are provided through five clusters (i.e. Sanlam Personal Finance, Sanlam Emerging Markets, Sanlam Investment Group, Santam and Sanlam Corporate); each containing a set of entrepreneurial business units. Each cluster has its own board of directors. Through its subsidiary, Santam, Sanlam is also in the short-term insurance sector.

Sanlam currently provides a broad of range of financial solutions and products to retail (individual) and institutional clients: insurance, financial planning, retirement, investment and wealth services. Sanlam is listed on both the JSE Limited and Namibian Securities Exchanges since 1998.

Sanlam commands both a local and global presence, with business interests located throughout South Africa, Africa, India, Malaysia, Australia, UK/Ireland and the USA. Sanlam's Head Office is located in Bellville near Cape Town.

In October 2018 Sanlam acquired the remaining 53.7% shareholding in Saham Finances to become a Pan-African player with direct presence in 33 countries in Africa.

Sanlam's carbon footprint incorporates the 6 key regional South African locations subject to its Sustainability Management Framework, which constitutes about 75% of its physical footprint and includes Santam, an organisation in which Sanlam holds a 61.5% shareholding.



Santam is the leading general insurer in South Africa with a market share of more than 22%. The group provides a diverse range of general insurance products and services in Southern Africa and internationally through a network of 3 600 intermediaries and direct channels. The group serves more than 1 million policyholders who range from individuals to commercial and specialist business owners and institutions in South Africa.

The group derives revenue from insurance activities and investments. Insurance activities include commercial and personal insurance and alternative risk cover.

The group consists of the Santam branded business units (Santam Commercial and Personal, Santam Specialist, MiWay and Santam RE). Through co-ownership with Sanlam Emerging Markets (SEM) in Saham Finances, Santam offers intermediaries access to Africa, India and Malaysia.

Included in the carbon footprint are the buildings occupied by Santam, but managed by Sanlam Facilities: Head Office Campus, Auckland Park, Garsfontein, Glacier & Alice Lane.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years
Row 1	January 1, 2018	December 31, 2018	No

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

South Africa

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

ZAR



C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Director on board	<p>Sanlam recognizes that climate related issues could impact the stability and quality of society. It therefore acknowledges its responsibility to ensure that Sanlam, its solutions, support structures and business practices incorporate responsible environmental principles.</p> <p>The chairman of the Board appointed Social, Ethics and Sustainability (SES) Committee, an independent non-executive director, has the responsibility to recommend for approval, monitor and advise on all social, ethics and sustainability matters and relevant issues that have a significant impact on the Group and its material stakeholders.</p> <p>The SES committee reports on the progress of Sanlam’s sustainability journey through quarterly feedback to the Board, and to stakeholders through the yearly production of Sanlam’s Annual Reporting Suite. The Chairman of the SES committee attends Sanlam’s annual general meeting.</p>

C1.1b

(C1.1b) Provide further details on the board’s oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – all meetings	Reviewing and guiding strategy Setting performance objectives Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	Sustainability, including climate-related issues, is embedded on board agendas and it is mandatory for all business units and subsidiaries to include social, ethics and sustainability issues onto the board agendas. During 2018 the SES committee considered Sanlam’s sustainability reporting for recommendation to the Board. Other key focus areas relate to monitoring environmental performance against corporate set targets and various sustainability initiatives as can be seen in the SES committee report.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Chief Sustainability Officer (CSO)	Both assessing and managing climate-related risks and opportunities	Quarterly
Environment/ Sustainability manager	Both assessing and managing climate-related risks and opportunities	Quarterly
Facility manager	Both assessing and managing climate-related risks and opportunities	Quarterly

Other, please specify Group Sustainability Management Office (SMO)	Both assessing and managing climate-related risks and opportunities ☞ ¹	Quarterly
Other, please specify Group Energy Forum	Both assessing and managing climate-related risks and opportunities	Quarterly
Other, please specify Group Acturial and Risk Management	Assessing climate-related risks and opportunities	Quarterly

☞¹(SMO)

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

Below the Sanlam Board, each cluster is managed by a chief executive, supported by an executive committee with support committees or functions that are appropriate to their particular operational needs.

As such, the Group Sustainability Management Office (SMO) is tasked with assessing and addressing the compliance risks related to the governance for sustainability. The scopes of the risk are linked to the mandate of the Board appointed SES Committee, in which the social ethics and environmental sustainability impact, on the company and its stakeholders, are driven and monitored quarterly for the Group.

All sustainability issues, including climate-related issues, are channelled into Sanlam’s group wide Enterprise Risk Management process. The Group Acturial Risk Management committee coordinate the input of climate related risks into enterprise risk process.

A Sustainability Management Framework (SMF), which supports the business strategy, is the result of the risk and opportunity analyses and includes specific key performance indicators aimed at ensuring coordinated and effective engagement and feedback mechanisms. The nature and outcomes of these engagements will feed into the annual performance appraisals of those responsible and inform the integrated and sustainability reporting processes.

The SMF transcends the clusters and draws on established processes and systems.

Group Sustainability works cooperatively with business to provide guidance on non-financial matters, including climate-related matters, where relevant. The core focus of the Group Sustainability committee is therefore to ensure that the non-financial value of the business is entrenched and understood internally, and communicated externally. Each business cluster ensures that appropriate systems are in place to measure and report on their sustainability performance.

Risks and opportunities associated with physical assets (facilities) are monitored by Sanlam's facilities management team. Continual monitoring of essential consumption patterns such as energy, water, waste and recycling are applied and controlled through an internal IT system. The facilities manager will report any identified climate change risk or opportunity to the SMO and the Group Environmental Sustainability Committee.

The Group's Energy Forum plays an important role in improving the Group's environmental performance by setting specific targets. It reports to the organisation's Business Continuity Committee that meets at least 4 times a year. Aspects with the most material impact on Sanlam's environmental resource conservation are water and paper usage, and the responsible management of waste.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Who is entitled to benefit from these incentives?

Chief Executive Officer (CEO)

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction target

Comment

Monetary rewards for the CEO and the corporate executive team are based on progress towards the 2020 emission reduction targets.

Key performance indicators for responsibility towards greenhouse gas, energy, water, waste and paper reduction targets are included in performance scorecards.

The achievement of the targets positively impacts bonuses or discretionary pay; hence there exists a strong incentive to reach the emission reduction targets.

Who is entitled to benefit from these incentives?

Chief Sustainability Officer (CSO)

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction target

Comment

Key performance indicators for achieving greenhouse gas, energy, water, waste and paper reduction targets are included in performance scorecards.

The achievement of the targets positively impacts bonuses or discretionary pay; hence there exists a strong incentive to reach the emission reduction targets.

Who is entitled to benefit from these incentives?

Environment/Sustainability manager

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction target

Comment

Key performance indicators for achieving greenhouse gas, energy, water, waste and paper reduction targets are included in performance scorecards.

The achievement of the targets positively impacts bonuses or discretionary pay; hence there exists a strong incentive to reach the emission reduction targets.

Who is entitled to benefit from these incentives?

All employees

Types of incentives

Recognition (non-monetary)

Activity incentivized

Behavior change related indicator

Comment

Responsible for reducing business kilometres travelled by 10% per full-time employee by 2020 from a 2014 base year.

Who is entitled to benefit from these incentives?

Facilities manager



Types of incentives

Monetary reward

Activity incentivized

Emissions reduction project

Comment

Key performance indicators for implementing energy, water and waste reduction projects with related targets are included in performance scorecards.

The achievement of the targets positively impacts bonuses or discretionary pay; hence there exists a strong incentive to reach the emission reduction targets.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	1	2	This is aligned with business plans, which focus on short term changes and actions, This also aligns with annual reduction targets and budgeting for CAPEX to implement projects.
Medium-term	2	5	This 5 year horizon is used in forward looking business plans which include a longer term view of operations, reduction targets and project identification, design and approval of capital for implementation.
Long-term	5	10	This aligns with more strategic view of climate-related risks and opportunities.

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	>6 years	<p>Risk management is a 'tight' principle defined by the Sanlam Business Philosophy, which means that there are specific structures, roles and responsibilities allocated to the clusters, with a strong central control of risk management.</p> <p>The cluster risk management teams provide the bottom-up risk management support to the Group risk management function, performing line 2 risk management and embedding a risk culture in Sanlam operations and decision-making.</p>

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

The Insurance Act of 2017 and related Prudential Standards became effective on 1 July 2018 and requires Sanlam to conduct a forward-looking, risk-based Own Risk and Solvency Assessment (ORSA). This is an ongoing process of identifying, assessing, controlling, monitoring and reporting the risks to which the Group is exposed, which include climate-related risks.

The Sanlam Board adopted the three lines of defence model for managing risks. This model defines the roles, responsibilities and accountabilities for managing, reporting and escalating risks and other matters throughout the Group. The model incorporates the oversight, management and assurance

of risk management, essentially giving three independent views of risk. This approach ensures that risk management is embedded in the culture and daily activities of business units and provides assurance to the Board and Group Exco that risks are managed effectively.

At COMPANY level (first line of defence) a top-down approach is undertaken at an executive and senior management level, and considers the key strategic risks affecting Sanlam in the medium to long term, coupled with a quarterly scan of external risk reports.

The Board is ultimately responsible for overseeing risk management. The Risk and Compliance committee is mandated by the Board to advise and assist with the design and implementation of Sanlam's Group risk assurance framework and responsibilities. Therefore, the Risk and Compliance committee takes responsibility for approving the risk appetite and level of risk tolerance for the Group for recommendation to the Board and monitoring the implementation of the Group risk assurance framework and supporting policies.

At ASSET level (second line of defence) the risks associated with the clusters' day-to-day operations inform the bottom-up approach to risk management. The maintenance of risk registers and reports in each area controls this process. Risk registers are aggregated and reviewed by each cluster's finance and risk committees or forums. Significant and emerging risks are escalated to Group level for consideration.

At the third line of defence independent verification provides objective assurance that the risk management process is functioning as designed as well as identifies improvement opportunities.

Risks identified are assessed and prioritized as Level 1 or 2 risk categories.

Level 2 risk categories include a detailed breakdown of level 1 risks.

For each level 2 risk, the relevant policies are listed and a second level of defence oversight body is identified, for example the compliance function, estate committees or actuarial forum.

Additionally, for each level 2 risk, the Group risk oversight responsibilities are set out in detail, for example IT infrastructure and cyber-risks are monitored and reported by the Group Technology Infrastructure Audit and Risk committee with oversight performed by the Board Risk and Compliance committee.

Sanlam distinguishes between strategic and operational risks, which are mitigated through a mature risk management governance structure. Risks are managed on a preventive basis as far as possible through various risk management activities. Should risks with substantive financial impact (as defined in the risk appetite statement) materialise, Sanlam's financial capital is available to absorb the financial impact to ensure it remains solvent to honour commitments to clients. Sanlam's solvency ratio remains fairly stable and at 215% it is well above the 100% minimum regulatory requirement.

C2.2c

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	<p>Current regulatory risks such as increased water and energy tariffs are considered by all divisions.</p> <p>For example, the increased water tariffs in the Cape Town region as a regulatory measure aims to affect behavior change in encouraging business and industry to reduce their water consumption.</p> <p>Both the Sanlam and Santam head offices are located in Cape Town, therefore facilities management assess these risks.</p> <p>The Group's Energy Forum consider current regulatory risks when setting specific targets for environmental performance that include energy, water and waste.</p>
Emerging regulation	Relevant, always included	<p>South Africa's emerging climate-related regulation such as carbon taxes, national greenhouse gas reporting regulations and draft bills on climate change to enable a transition to a low carbon economy will have an impact on Sanlam's business operations.</p> <p>The Sanlam Group Sustainability Management Office monitors and assesses emerging regulation and will proactively implement any requirements from government or other reporting bodies, and respond where necessary.</p> <p>Sanlam and Santam have therefor assessed all its facilities to determine if it needs to register with the DEA, using a specific template of the National Atmospheric Emissions Inventory system (NAEIS).</p>
Technology	Relevant, sometimes included	<p>New technologies are assessed and sometimes piloted in operations to determine feasibility.</p> <p>In order to offer convenience to clients, speeds up sales and processes and reduce paperwork, E-sign capability was designed in-house and introduced in 2018.</p>

		<p>It allows a client to sign documents electronically in a secure and authenticated way, removing the need for an intermediary to visit a client just to obtain a signature. This technology reduced paper consumption by almost 17,5% in 2018.</p>
Legal	Relevant, always included	<p>Climate-related litigation claims could stem from non-compliance with the proposed carbon tax, national greenhouse gas reporting regulations and the draft bill on climate change and could include monetary fines and/or prison sentences for those responsible of such oversight at Sanlam.</p> <p>Compliance risks are identified and assessed as part of the compliance management processes.</p> <p>Sanlam also has a Group Office function that consists of key individuals who represent a wide range of business functions. The Group Compliance office engages with regulatory bodies, shareholders, Government and Business partners on key issues impacting the business, including climate-related issues in order to manage and mitigate possible litigation claims.</p>
Market	Relevant, always included	<p>Environmental issues such as climate change represent specific risks and opportunities for the insurance sector.</p> <p>Sanlam has a responsible investment policy where sustainability is embedded into core investment processes with broadened and extended investment horizons.</p> <p>The Sanlam Investment Group (SIG), through its Socially Responsible Investment (SRI) funds, provides retail and institutional clients in South Africa, the United Kingdom and elsewhere in Europe access to a comprehensive range of specialised investment management and risk management expertise.</p> <p>It therefore assesses the risk of climate change, water shortages, land degradation, pollution and other environmental, social and governance (ESG) issues as part of its decision-making process to better understand the potential for companies to deliver their cash flows into the future.</p> <p>Expansion into credit assets means that Sanlam is investing more in longer-term infrastructure projects, such as renewable energy.</p>

<p>Reputation</p>	<p>Relevant, always included</p>	<p>Climate change can and will alter consumer behavior and choice of service provider, according to their determination of being a climate-responsible organisation.</p> <p>In 2010, Sanlam performed a market analysis that identified environmental issues as one of the key drivers affecting business going forward in South Africa.</p> <p>Although Sanlam is a 'low-impact' business, it is imperative, from a business perspective, to address environmental and climate change issues in order to manage reputational risk while maintaining competitive advantage and market share.</p> <p>As such Sanlam decided to make all sponsorship events carbon neutral.</p> <p>Sanlam is annually hosting two premier, carbon neutral events, namely the Sanlam Benchmark Symposium and Sanlam Cape Town Marathon (SCTM).</p> <p>The SCTM is also the only IAAF climate-neutral marathon in Africa. Our approach was first to reduce our usage and then to offset what we were unable to reduce.</p> <p>The SCTM won the 2017 Association of International Marathons and Distance Races Green Award for excellence in environmental practice.</p> <p>This was mainly due to the SCTM #RunGreen campaign, which involved ongoing communication about initiatives such as "chuck zones" along the route where runners could dispose of litter.</p>
<p>Acute physical</p>	<p>Relevant, always included</p>	<p>Santam recognises that physical risks relating to extreme weather events are increasing in intensity and frequency which poses serious risks to the stability and quality of human society and the global economy.</p> <p>The insurance sector plays three roles in society, namely risk manager, investor and risk carrier. The short-term insurance sector's role, in particular, is to pool risk and ensure consumers and businesses are left in the same financial position they were in before the incident that resulted in an insurance claim occurred.</p>

		<p>Sanlam and Santam are founding members of the UNEP FI Principles for Sustainable Insurance (PSI) and the only 2 South African insurers currently subscribing to the 4 sustainable insurance principles:</p> <ul style="list-style-type: none"> – Principle 1: Embed in decision-making ESG issues relevant to insurance business. – Principle 2: Work together with clients and business partners to raise awareness of ESG issues, manage risk and develop solutions. – Principle 3: Work together with governments, regulators and other key stakeholders to promote widespread action across society on ESG issues. – Principle 4: Demonstrate accountability and transparency by regularly disclosing publicly progress in implementing the Principles. <p>During 2017 fires and storms in South Africa caused damage amounting to billions. Santam subsequently improved its risk survey and underwriting capacity, and tightened the focus on risk selection.</p> <p>After the 2017 Knysna fires Santam hosted the “Knysna fires learning forum” workshops in 2017/8. This brought together a group of wildfire and disaster experts to discuss the catastrophic event with the intent to learn from the experience and to help ensure that such a grave urban wildfire event never happens again.</p> <p>This led to a collaborative research between Santam, the University of Stellenbosch and CSIR, supported by the Western Cape Disaster Management Centre. The research led to the “Knysna fires of 2017: learning from the disaster report, which was published in June 2019.</p> <p>The report acknowledges the impact of climate change and its role in increasing extreme weather events.</p> <p>To mitigate community risk of wildfires Santam in 2018 donated firefighting equipment to the Namakwa (Northern Cape) and Thabo Mofutsanyana (Free State) district municipalities to deal with fire risks.</p>
Chronic physical	Relevant, always included	<p>Sanlam acknowledges that water scarcity is one of the greatest risks to the global economy. As one of the 30 most water-stressed countries in the world, this is particularly relevant in South Africa during 2017 with the Western Cape experiencing the worst drought recorded in history with dam levels at their lowest ever. Without drastic measures to further drive down consumption, Cape Town was set to experience critical water shortages and the possibility of taps</p>

		<p>being turned off – a scenario known as Day Zero.</p> <p>This will have a devastating impact on business as both the Sanlam and Santam head offices are located in Cape Town.</p> <p>In November 2017 Santam started to build a water chamber next to Glacier building on Carl Cronje Drive to facilitate rainwater harvesting. Numerous storage tanks will be installed as well as a filtration system. The water from the chamber will be pumped via the filtration system into the storage tanks and in turn up to the make-up tanks on the roof of the Main and Admin buildings to feed the chillers.</p> <p>Since 2007, Sanlam has partnered with WWF-SA on various freshwater and marine projects aimed at conserving South Africa’s water systems, including ground water management.</p> <p>The scope of the partnership with WWF-SA includes: strategic advice, joint research, support into water issues affecting the business and society. Since 2012, the partnership also included a focus on influencing greater awareness of water issues in Sanlam’s business practices. This has led to a deeper understanding of water risks to drive better insurance and investment practices.</p> <p>In 2018 The Journey of Water Campaign, as part of the innovative partnership with WWF-SA, was introduced. This three-day walk connects urban water users to their water sources, which are often remote. In this way, the campaign helps to raise awareness around responsible and sustainable water stewardship.</p> <p>The Sanlam Sustainability Management Office takes direct responsibility for Sanlam’s partnership with WWF and involves bi-monthly meetings and updates on all aspects of the project, including advocacy.</p>
Upstream	Relevant, always included	<p>South Africa's Carbon Tax became effective from 1 June 2019. SA's national power supplier (Eskom) might be taxed too and will most likely pass on the costs, which will increase operational costs (electricity bills).</p> <p>In order to assist Eskom with electricity supply and financial liquidity, large annual electricity cost increases have been experienced in the last few years.</p>

		<p>The electricity increases will lead to reductions in the disposable income of clients and a potential slowing in consumer spend.</p> <p>The Sanlam facilities management team is assessing and managing this risk by installing a web-based energy management system in 5 buildings (Bellville, Sanlam Sky, Sanlynn, SI and Hyde Park) to measure real-time consumption in specific sections such as HVAC, data centres and lights. Consumption per building is continuously assessed, by the Sanlam Energy Forum.</p> <p>During 2018 Sanlam upgraded its main reception, the south atrium and north atrium 1st floor entrances as well as the archives by replacing the lighting with LED lights while Santam revamped and upgraded its head office campus by replacing the remainder of its lighting with LED lights.</p> <p>Sanlam also replace the underfloor pneumatic dampers with electric controls to improve efficiency of the air conditioning in the building to reduce energy consumption and resulting costs and carbon emissions.</p>
Downstream	Relevant, always included	<p>In addition to competing for natural resources, organisations are being called to action on environmental issues by stakeholder groups.</p> <p>Companies proactively managing their resource consumption will be in a stronger position to survive a transitioning economy while at the same time manage/benefit from reputational risks/opportunities.</p> <p>Sanlam is a service organization and a “low-impact” business. However, as a responsible and caring corporate citizen Sanlam finalised an Integrated Waste Management Plan in 2016.</p> <p>The Group Energy Forum assesses environmental performance by setting specific targets. This include greenhouse gas emissions targets and sustainability targets linked to paper consumption, electricity, water, travel, waste and recycling while recording and tracking at least 80% of its Scope 3 emissions.</p> <p>Sanlam has a zero-waste-to-landfill target. This was initially set in 2014 and related only to the Head Office as this was where the majority of employees were situated. Sanlam is on track to achieve the 2020 target and will stretch the waste</p>

		<p>target to include other significant buildings.</p> <p>Another Head office waste target is to recycle 90% of total waste by 2020. This will be achieved through training and awareness activities among employees – particularly to create an understanding of the recycling economy and its financial and social benefits.</p>
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C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

All sustainability risks and opportunities are channelled into Sanlam’s group wide Enterprise Risk Management process and the Group Sustainability Management Office (SMO) is tasked with addressing the compliance risks related to the governance for sustainability.

The enterprise-wide risk governance framework, which includes risk culture, risk appetite, risk limits and corresponding capital or liquidity needs, supported by internal control functions, are used to manage climate-related risks and opportunities.

However, the group’s system of internal control, which includes internal financial controls, is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

At cluster level, in line with Santam’s annual strategy review cycle, the Enterprise Risk Management team conducts an analysis of the group’s top inherent risks. Research, review and analyses, one-on-one interviews, risk indicators, surveys, loss-event management as well as group workshops and interviews with the executive committee, management and various operational teams are techniques applied to gather the necessary information. The process includes “deep dives” and discussion of new and emerging risks. A number of external risk reports are reviewed to identify and assess any relevant risks.

Physical risk:

A “deep dive” during 2018 included an analysis of the impact of the water crisis in the Western Cape on both insurance and operational business. Continuity plans and plans for head office facilities were reviewed and accordingly updated. Plans have been put in place to maintain the functioning of the building should water supply be disrupted.

Transitional risk:

The South African Greenhouse Gas (GHG) Reporting Regulations were effected into law in April 2017 with the purpose to introduce a single national reporting system for greenhouse gas emissions. In order to comply Sanlam and Santam assessed all its facilities to determine if it needs to register with the DEA, using a specific template of the National Atmospheric Emissions Inventory system (NAEIS).

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Enhanced emissions-reporting obligations

Type of financial impact

Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

The Department of Environmental Affairs (DEA) on 3 April 2017 gazetted regulations for mandatory reporting of greenhouse gas emissions under the National Environmental Management: Air Quality Act, 2004 (Act 39 of 2004). The purpose of the regulations is to introduce a single national reporting system for greenhouse gas emissions. The South African Revenue Service (SARS) will be the main implementing administrative authority on the tax liability assessment while the DEA will lead the monitoring, reporting and verifying emissions process, which will form the tax base. DEA will directly collect the process emissions information while the Department of Energy (DOE) will supply the energy combustion data. All information will feed into the National Atmospheric Emissions Inventory System (NAEIS). Companies will self assess and submit their emissions to SARS and if found to be incorrect, could be penalized.

Both the Carbon Tax Act and the Customs and Excise Amendment Act came into effect on 1 June 2019. SARS has published draft rules, schedules and forms for the implementation of carbon tax, to provide details on the envisaged carbon tax administration, including the registration of clients, licensing of emissions facilities, carbon tax environmental levy accounting and application of allowances as rebates.

In order to report to the DEA an organization has to assess its company wide energy generation capacity. The threshold for registration is 10MW thermal. So, for example, if a company has fifteen small boilers with a capacity of 700 kW each, the cumulative capacity is 10,5MW, which will require the company to register and report on these activities.

It is important to keep in mind that those businesses which have identified themselves as not liable for carbon tax during the first phase will still be required to submit environmental levy accounts to the DEA regardless of whether any carbon tax payment is due.

In order to assess the carbon tax accurately, reporting of GHG emissions will be required together with verification of the reported South African emissions. This will place a financial compliance burden on both Sanlam and Santam, while non-compliance could be met with penalties. Further, emission reporting could lead to more stringent licence to operate criteria, e.g. for inclusion in the FTSE/JSE Responsible Investment Index.

Time horizon

Current

Likelihood

Very likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

0

Potential financial impact figure – maximum (currency)

5,000,000

Explanation of financial impact figure

It is estimated that penalties for non-compliance to submit GHG inventories and data would be capped at R5 000 000 for a first offence.

However, there is no potential financial impact for Sanlam or Santam as current resources would be able to cope with the emissions reporting obligation.

Management method

The Group Sustainability Management Office of Sanlam will proactively implement any requirements from government or other reporting bodies, and respond where necessary.

Sanlam and Santam have therefor assessed all its South African facilities to determine whether its associated emission activities qualify for or exceed the 10MW thermal threshold to see if it needs to register with the DEA, using a specific template of the National Atmospheric Emissions Inventory system (NAEIS). Sanlam determined that it did not meet the threshold and therefore will not be liable for carbon tax during the first phase.

Sanlam also developed and implemented an environmental dashboard to increase the efficiency in carbon reporting while monitoring progress.

There is no additional cost to existing operational costs of the Sanlam Sustainability Management Office.

The annual appointment of external consultants to compile its carbon footprint as well as the verification thereof costs approx. R550 000 per year.

Cost of management

550,000

Comment

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Customer

Risk type

Physical risk

Primary climate-related risk driver

Acute: Increased severity of extreme weather events such as cyclones and floods

Type of financial impact

Increased insurance premiums and potential for reduced availability of insurance on assets in "high-risk" locations

Company- specific description

Catastrophe events such as large-scale fires, floods and earthquakes can financially ruin businesses, families or individuals; but smaller events can also do harm. Recurring natural disasters like hail storms continually damage critical public infrastructure, housing and the means of production.

Individuals, businesses and governments can take measures to mitigate risks, but cannot entirely prevent it. The insurance sector takes on this

exposure by insuring against these risks.

The insurance sector plays three roles in society: risk manager, investor and risk carrier. The general insurance sector's role is to pool risk and ensure consumers and businesses remain in the same financial position they were in before the incident that resulted in an insurance claim.

Today most of the developing world in particular Africa continues to face ESG pressures and environmental catastrophes are increasing. Cities will continue to deal with water shortages and climate change as inhibitors for the development of optimum conditions for future generations.

Customer needs are no longer served by traditional approaches. A huge risk protection gap exists - the gap between economic losses from natural catastrophe and insured losses.

With Sanlam and Santam operating in 33 emerging markets in Africa, these conditions impact the Group, its clients and the communities within which it operates.

The insurance industry has laid the foundation for supporting a sustainable society in which people are aligned and incentivised to adopt sustainable practices. The UNEP FI Principles for Sustainable Insurance (PSI) build on this foundation with the aim to close the protection gap and support the transformation to a sustainable economy.

Sanlam and Santam are founding members and the only 2 South African insurers currently part of the initiative and subscribe to the 4 sustainable insurance principles:

- Principle 1: Embed in decision-making ESG issues relevant to insurance business.
- Principle 2: Work together with clients and business partners to raise awareness of ESG issues, manage risk and develop solutions.
- Principle 3: Work together with governments, regulators and other key stakeholders to promote widespread action across society on ESG issues.
- Principle 4: Demonstrate accountability and transparency by regularly disclosing publicly progress in implementing the Principles.

Time horizon

Current

Likelihood

Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

200,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Sustainable insurance is a strategic approach where all activities in the insurance value chain, including interactions with stakeholders, are done in a responsible and forward-looking way by identifying, assessing, managing and monitoring risk and opportunities associated with ESG issues.

According to Swiss Re the insurance protection gap for 2016 losses was USD 121 billion.

After the high volume of catastrophe events and commercial fires in 2017, the reinsurance premium rates increased. Santam subsequently improved its risk survey and underwriting capacity, and tightened the focus on risk selection. The aim was to contain and manage exposures better and improve risk management practices. This resulted in an immediate and significant saving of at least R200 million on known avoided fire claims in South Africa during 2018.

Management method

Often the risks insured are beyond direct control – due to events such as hailstorms, floods and fires. To reduce the risk for the Group and clients, Santam engages with government, municipalities, universities and other stakeholders to initiate projects to better understand and

manage these risks.

The objective of P4RR is to strengthen the institutional and development capacity of local municipalities to reduce poverty through providing support to local government infrastructure, economic development, and governance.

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.

During 2018, Santam invested R8 million in municipalities to better respond to the risk of fires and floods. The P4RR programme supports 43 municipalities and is on track to support 53 municipalities by 2020.

In response to a request from the National Disaster Management Centre as part of their Local Government Support Programme, Santam in 2018 donated firefighting equipment to the Namakwa (Northern Cape) and Thabo Mofutsanyana (Free State) district municipalities to deal with fire risks.

The donations provide poorly equipped fire stations with the necessary equipment to reduce the loss of life and damage to property resulting from fires. Firefighting equipment provided includes fire hoses, communication radios, protective fire suits, breathing apparatus and smoke alarms.

Cost of management

8,000,000

Comment

In 2018, Santam facilitated the investment of R8 million in vulnerable communities through P4RR (Partnership for Risk and Resilience Programme).

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Customer

Risk type

Physical risk

Primary climate-related risk driver

Acute: Increased severity of extreme weather events such as cyclones and floods

Type of financial impact

Increased insurance claims liability arising from climate-related impacts

Company- specific description

According to the WEF Global Risk Landscape 2018, environmental risks have become more prominent in recent years. Five risks in the environmental category have been ranked higher for impact and likelihood in the past 10 years. These risks are:

- extreme weather events;
 - natural disasters;
 - failure of climate change mitigation and adaptation;
 - man-made environmental disasters; and
 - biodiversity loss and ecosystem collapse.
- Extreme weather events and natural disasters can cause more damage in emerging markets where city infrastructure is underdeveloped and in poor condition.
 - Changing climate makes it difficult for insurers to develop models to assess the risk of catastrophic events and price insurance products appropriately.
 - As extreme weather events become more common, insurance related costs will rise. This compels insurers to consider how they cover such risks, and how they price the coverage. Insurers will need improved models and data, and some will forge new partnerships to obtain them.

These trends can lead to some areas being uninsurable. This is driving greater engagement between insurers, policyholders, local authorities and intermediaries to mitigate risk proactively.

Insurers can play a critical role in reducing the socio-economic impact of severe weather events. However, low insurance penetration, especially

in developing markets, has seen the protection gap widening over time. This reduces the risk-bearing impact of insurance and increases the burden on governments and taxpayers. Insurers will have to look at ways of addressing penetration proactively, including raising awareness around the role they can play in risk transfer and risk management.

Since acquiring the remaining 53.7% shareholding in Saham Finances, Sanlam and Santam now operate in 33 emerging markets across Africa that could be affected by extreme weather events. Climate change will therefore affect the Group's business through liability claims, impacts on certain investment portfolios and changing market dynamics.

Time horizon

Current

Likelihood

Very likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,000,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

During 2018 Sanlam paid R87 billion in value to clients, which include Santam's gross claims of R18.4 billion. A 5% increase in Santam's claims could result in additional R1 billion paid to clients.

Management method

In April 2018 Santam hosted the first UNEP PSI Initiative Regional Market Event for Africa at Sanlam's offices in Johannesburg at no additional cost. The aim of the event was to stimulate conversation within the African insurance industry about how to respond to the systemic risks and opportunities presented by global ESG trends.

The 52 participants included PSI members and other leading insurance organisations (both African and global organisations), insurance regulators, city, local and national government officials, key international initiatives, business and industry leaders, civil society organisations and academia.

The following matters were identified as key to sustainable insurance development in Africa:

- The risk protection gap, and how the industry can reshape business models to address the needs of a larger client base
- Sustainable food systems as the basis of any credible economic development in Africa, and how the industry can collaborate with the agriculture industry, specifically small-scale farmers
- Resilient societies, and how insurers can partner with governments and other stakeholders on data sharing and disaster management, among other things.

Opportunities to do more exist in the creation of open-access ESG data platforms, integrating ESG risks into credit-rating risk models and rewarding clients who demonstrate beyond best practice.

The UNEP FI ESG guide for non-life insurance underwriting was launched in the first quarter of 2019.

Cost of management

0

Comment

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Chronic: Changes in precipitation patterns and extreme variability in weather patterns

Type of financial impact

Reduced revenue and higher costs from negative impacts on workforce (e.g., health, safety, absenteeism)

Company- specific description

Water scarcity is one of the greatest risks to the global economy. This is particularly relevant in South Africa, which is facing an ongoing drought situation, compounded by a rainfall climate of great variability.

In particular, the Western Cape recently experienced the worst drought recorded in history with dam levels at their lowest ever. Without drastic measures to further drive down consumption, Cape Town was set to experience critical water shortages and the possibility of taps being turned off – a scenario known as Day Zero. This would have had a devastating impact on business as both the Sanlam and Santam head offices are located in Cape Town.

Sanlam appreciates that its business activities have broad social and environmental consequences that affect a wide range of stakeholders, not just policyholders and shareholders. Although a non-water-intensive business, it recognizes its responsibility to preserve water and reduce consumption in light of the systematic risks associated with water crises and the resultant impact on the economies in which it functions.

Since 2007, Sanlam has partnered with WWF-SA on various freshwater and marine projects aimed at conserving South Africa's water systems, including ground water management. The partnership's vision is for government, civil society and the private sector to work together to build a future in which healthy, freshwater ecosystems underpin the sustainable development of South Africa and enhance the quality of life of all its people.

Supporting these projects is integrally related to Sanlam's goal of promoting long-term wealth creation and developing solutions to alleviate a water crisis. The scope of the partnership with WWF-SA includes: strategic advice, joint research, support into water issues affecting the business and society. Since 2012, the partnership also included a focus on influencing greater awareness of water issues in Sanlam's business practices. This has led to a deeper understanding of water risks to drive better insurance and investment practices. As one of the 30 most water-stressed countries in the world, this is particularly relevant in South Africa.

Time horizon

Current

Likelihood

Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

175,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Temporary office closure due to water shortages or Day Zero will impact on continued operations, employees and customers resulting in loss of income.

Other costs relate to the repair of damaged equipment.

A one week shut down of country wide operations could result in loss of profits of approximately R175 million based on current normalised headline earnings.

Management method

Sanlam has committed a total of R50 million to the Water Balance Project through its partnership with WWF-SA and in its own operations is committed to ensuring that water consumption is properly managed and tracked accurately against saving water targets.

Since 2014 the Water Balance Project has seen 700 hectares of land cleared of alien plants, with 880 hectares under management. An estimated 1 billion litres of water was released back into the rivers and aquifers of affected areas.

The Journey of Water Campaign also forms part of the innovative partnership with WWF-SA. This three-day walk connects urban water users to their water sources, which are often remote. In this way, the campaign helps to raise awareness around responsible and sustainable water stewardship.

In light of the serious drought in the Western Cape, Santam started to build a water chamber next to Glacier building on Carl Cronje Drive to facilitate rainwater harvesting costing in excess of R3 million. Numerous storage tanks will be installed as well as a filtration system. The water from the chamber will be pumped via the filtration system into the storage tanks and in turn up to the make-up tanks on the roof of the Main and Admin buildings to feed the chillers.

Other water savings initiatives include replacement of internal plants with water wise plants. Left over drinking water from training centres are collected and used for watering.

Cost of management

53,000,000

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Move to more efficient buildings

Type of financial impact

Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company-specific description

Increases in electricity tariffs or anticipated increases in energy taxes or levies are likely to substantially increase the operational costs in South Africa.

For both Sanlam and Santam, Scope 2 emissions constitute more than 55% of its total carbon footprint while energy consumption constitutes one of the largest operational considerations throughout South Africa.

Through responsible property management and proven energy savings Sanlam and Santam can unlock large operational cost savings and benefit from potential tax allowances for energy-efficient equipment and renewable energy technologies.

Time horizon

Current

Likelihood

Virtually certain

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

630,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Financial impact relates to the energy costs savings as well as the tax allowances that can be claimed on the equipment installed.

Eskom subsidies or rebates, when available, help to defray the capital costs of energy efficiency technology and equipment.

The energy efficiency initiatives installed during 2018 reduced Sanlam and Santam's electricity consumption by approximately 470 MWhs with cost savings of approximately R630 000 per annum.

Strategy to realize opportunity

In order to reduce the environmental impact of business operations Sanlam has developed environmental efficiency targets for the period to 2020, with 2014 as the base year.

The Group Energy Forum incorporates an external company to oversee the accurate measurement of performance and to facilitate a monthly review of all data and actions taken, with the aim of identifying and responding to environmental priorities.

Resource consumption is managed by Sanlam's Facilities Management. Sanlam installed a web-based energy management system to measure real-time consumption per building, in specific sections such as HVAC, data centres and lights.

During 2018 the Group spent capital of approx. R985 500 to upgrade Sanlam's main reception, the south atrium and north atrium 1st floor entrances as well as the archives by replacing the lighting with LED lights while Santam revamped and upgraded its head office campus by replacing the remainder of its lighting with LED lights.

Sanlam also replace the underfloor pneumatic dampers with electric controls to improve efficiency of the air conditioning in the building resulting in large cost savings while reducing carbon emissions.

Cost to realize opportunity

985,500

Comment

Identifier

Opp2

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Development of climate adaptation and insurance risk solutions

Type of financial impact

Increased revenue through new solutions to adaptation needs (e.g., insurance risk transfer products and services)

Company-specific description

If it wants to survive another 100 years, then Sanlam has to adapt to the changing environment and it needs to do more than only rolling out products and services; it needs to understand what the level of risk on the ground is.

Sanlam recognises that climate change presents an important business and global risk that could impact the stability and quality of human society, thereby eroding the financial resilience and prosperity of clients and the societies in which it operate. This also represents specific opportunities for the insurance sector.

The Group is therefore embarking on a mind shift away from the conventional way of doing insurance by embedding ESG into thinking thereby improving strategy for both the life and general insurance business resulting in a valuable source of new ideas with improved outcomes.

Sanlam understands that sustainable business requires a sustainable environment and therefore continuously investigates how best to bring socio-economic and environmental factors into investment decisions, while increasing its share of investments in environmentally-responsible markets where feasible.

The Sanlam Investment Group (SIG) provides retail and institutional clients in South Africa, the United Kingdom and elsewhere in Europe access to a comprehensive range of specialised investment management and risk management expertise.

This is guided by a responsible investment policy where sustainability is embedded into core investment processes with broadened and extended investment horizons.

The expansion into credit assets means that Sanlam is investing more in longer-term infrastructure projects, such as renewable energy.

Time horizon

Medium-term

Likelihood

Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

75,000,000

Potential financial impact figure – maximum (currency)

150,000,000

Explanation of financial impact figure

According to the Global Sustainable Investment Alliance, Global Sustainable Investment Review (2018), the total amount of funds invested in sustainable, responsible and impact investment (SRI) at the start of 2018 was USD30,7 trillion, growing from USD22,9 trillion in 2016 - a 34 percent increase in two years.

At December 2018 the Sanlam Investment Group had invested R7,9 billion in renewable energy and climate-related funds.

The Climate Investor One (CIO) fund has \$525 million available for green energy projects in emerging markets, in particular Africa.

Sanlam's opportunity relates to the profits made by the fund and investments and has conservatively estimated its share to be between R75 and R150 million per annum.

Strategy to realize opportunity

The Sanlam Investment Group (SIG) together with FMO, the Dutch development bank, provided seed capital of R5.3 billion to establish Climate Investor One (CIO) - a green renewable energy fund

- The fund is designed to combat the detrimental effects of climate change
- A truly global initiative designed to fast-track renewable energy projects in emerging markets
- This award winning blended finance initiative is widely regarded as highly innovative
- The fund combines 3 investment funds into 1 facility to finance renewable energy projects at different stages of the project lifecycle (from idea development to construction through to refinancing) with the ability to recycle the capital.

With the support of broad public and private sector commitment, CIO today has \$525 million available to build approximately 30 renewable energy projects over its lifetime, delivering an estimated 1 600 MW of additional capacity in 11 developing and emerging market target countries in Africa.

CIO therefore gives SIG's clients the opportunity to invest in a fund that has a positive impact on the environment, while benefiting from the unique profile of an asset class that delivers long-term assets to meet the long-term cash-flow needs of clients.

Sanlam Capital Markets (SCM), a division of SIG, is committed to making a meaningful contribution towards a resilient society in South Africa. It currently has committed in excess of R2,5 billion in debt and equity funding to nine renewable energy projects.

Cost to realize opportunity

7,500,000,000

Comment

Identifier

Opp3

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Resilience

Primary climate-related opportunity driver

Resource substitutes/diversification

Type of financial impact

Increased revenue through new products and services related to ensuring resiliency

Company-specific description

The world is facing increasing ESG challenges. The changing risk landscape is leading to diverse, interconnected and complex risk that also present new opportunities.

It is prudent for the insurance industry to adjust the range of risk factors considered in managing its business to maintain viability.

Risk pooling is integral to the efficient functioning of markets, economies and society. By managing the risk pool, it ensures proactive and sustainable risk management.

Santam's corporate social investment strategy is directed primarily at investing in social and environmental programmes for building resilience in communities. It recognises that developing emerging farmers is key to ensuring food security, transformation and creating income-generating opportunities.

Agricultural production has drastically increased in recent years, and studies predict that aggregate agricultural consumption worldwide will increase by 69% from 2010 to 2050.

In order to contribute to a resilient society, Santam developed and implemented an emerging market strategy through appropriate channels in the business to support growth and diversification to reach the insured and uninsured markets in Africa.

Time horizon

Current

Likelihood

Likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

36,500,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

General insurance companies have three main sources of revenue: premiums, investment income on insurance funds from insurance activities, and investment returns on shareholder investments. Insurance income is generated by upfront premiums.

The gross written premiums for crop insurance in 2018 was R729 million. A 5% increase in crop insurance sold could increase premium income by R36.5 million.

Strategy to realize opportunity

In 2018, Santam invested R12 million in CSI projects, with the majority allocated to environmental and development programmes such as the Consumer Financial Education (CFE) that reached 575 black farmers in three provinces. Santam contracted two service providers to offer consumer education to the targeted group of farmers:

- Farm for Africa in the Eastern Cape and Limpopo; and
- Buhle Farmers' Academy in Gauteng who helped develop a CFE module for 2019 and beyond.

In the agricultural sector, subsidisation of small-scale farmers by governments, NGOs and others, makes crop insurance affordable and accessible to previously uninsured farmers.

As a member of SAIA, Santam Agri participated in creating a public-private partnership to provide crop insurance solutions to emerging farmers.

Santam Agri specialists support and work closely with underwriting and claims teams in the SEM markets. They jointly underwrite, monitor and conduct loss assessments. They also conduct training and capacity building programmes. This collaboration and practical knowledge exchange ensures that a pool of local experts is retained in these markets.

As drones become smaller, easier to use and more affordable, more people use them. With advanced sensors and digital imaging capabilities, farmers can use drones to take pictures and use information to improve crop yields and farm efficiency.

Santam Aviation developed insurance cover for drone owners and operators in the private and commercial spaces.

Cost to realize opportunity

12,000,000

Comment

Identifier

Opp4

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of recycling

Type of financial impact

Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company-specific description

In addition to competing for natural resources, organisations are being called to action on environmental issues by stakeholder groups.

Sanlam understands that economic and social prosperity cannot be created without safeguarding the natural resources on which businesses and people rely. Companies that proactively manage their environmental risks and opportunities will be in a stronger position to survive a transitioning economy while at the same time benefit from reputational opportunities.

Sanlam is a service organization and a “low-impact” business and by managing the resources consumed and the associated environmental impacts, will be recognised as a responsible and caring corporate citizen in South Africa in addition to achieving cost savings.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

The reduction in paper consumption during the year of about 18 500 reams resulted in cost savings of approximately R1 million.

Strategy to realize opportunity

In order to manage and enhance Sanlam's reputation as a responsible and caring corporate citizen, it has greenhouse gas emissions targets and sustainability targets linked to paper consumption, electricity, water, travel, waste and recycling while recording and tracking at least 80% of Scope 3 emissions.

Typically, general waste disposed of at landfills is made up of tissue paper and single-use packaging from canteen and restaurants. In previous years, paper towels from bathrooms and kitchens were recycled. However, these towels are now being made from a recycled product and require additional processing. It has become a challenge to find a suitable recycler or alternative solutions such as composting paper towels.

Despite the increase in waste to landfill, Sanlam is on target to achieve zero-waste-to-landfill by 2020: a goal set in 2014 to achieve zero-waste-to-landfill which relates only to Head Office as this was where the majority of employees were situated. Sanlam is on track to achieve the 2020 target and will stretch the waste target to include other significant buildings.

E-sign capability was developed in-house with no additional costs other than salaries and introduced in 2018. It allows a client to sign documents electronically in a secure and authenticated way, removing the need for an intermediary to visit a client just to obtain a signature. E-sign offers convenience to clients, speeds up sales and processes and reduced paper consumption by almost 17,5%.

Cost to realize opportunity

0

Comment

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Impacted for some suppliers, facilities, or product lines	<p>The Sanlam Investment Group (SIG), in line with the objectives of the UN PRI and CRISA, incorporates ESG issues into their decision-making and ownership practices.</p> <p>It recognises renewable energy projects as financially attractive business opportunities and is committed to developing actively managed funds that bring about social, environmental and economic change through active engagement in South Africa.</p> <p>The expansion into credit assets means that Sanlam is investing more in longer-term infrastructure projects - an asset class that delivers long-term assets to meet the long-term cash-flow needs of clients.</p> <p>Sanlam Capital Markets (SCM) provides debt and equity funding to nine different projects under the South African government's Renewable Energy Independent Power Producer programme to the value of more than R2,5 billion.</p> <p>Sanlam's opportunity relates to the profits made by the fund and investments and has conservatively estimated its share to be between R75 and R150 million per annum.</p> <p>Impact - high</p>
Supply chain and/or value chain	Impacted for some suppliers, facilities, or product lines	<p>Sanlam's Integrated Waste Management Plan was finalised in 2016.</p> <p>Two local companies, Ywaste and Recycle 1st, have been consulted to run a food waste and composting process at Sanlam Head Office.</p> <p>Sanlam also found suitable recycling partners to assist in the disposal of difficult materials, including soft tissue paper and polystyrene.</p> <p>Sanlam spends about R200 000 annually on the waste management companies while the waste and recycle</p>

		<p>process running expenses are about R100 000. Impact - low</p>
<p>Adaptation and mitigation activities</p>	<p>Impacted for some suppliers, facilities, or product lines</p>	<p>Santam has over the last few years expanded its disaster risk management tactics to a more holistic shared risk management method in line with Sustainable Insurance principles.</p> <p>The Partnerships for Risk and Resilience Programme (P4RR) initiative is one of four focus areas of Santam’s ESG framework.</p> <p>P4RR helps municipalities develop disaster resilience through a range of pragmatic preventive measures. Done well, this can be a substantial win-win situation that reduces the likelihood of flood or fire reaching catastrophic proportions, thereby leading to fewer losses and, ultimately, fewer claims.</p> <p>P4RR identifies and reduces systemic risk at municipal level through on-the-ground initiatives to protect the lives of vulnerable communities and people living in disaster-prone, high-risk areas.</p> <p>During 2018, Santam invested R8 million in municipalities to better respond to the risk of fires and floods. The P4RR programme supports 43 municipalities and is on track to support 53 municipalities by 2020 positively impacting the lives of five million people.</p> <p>In response to a request from the National Disaster Management Centre as part of their Local Government Support Programme, Santam donated firefighting equipment to the Namakwa (Northern Cape) and Thabo Mofutsanyana (Free State) district municipalities to deal with fire risks.</p> <p>The donations are aimed at providing poorly equipped fire stations with the necessary equipment to reduce the loss of life and damage to property resulting from fires. Firefighting equipment provided includes fire hoses, communication radios, protective fire suits, breathing apparatus and smoke alarms.</p> <p>These actions resulted in an immediate and significant saving of at least R200 million on known avoided fire claims during 2018.</p>

		Impact – medium
Investment in R&D	Impacted for some suppliers, facilities, or product lines	<p>For millennials insurance has to provide a range of choices, quick-service options, and enough information packaged in a way that will educate, reward and entertain.</p> <p>Sanlam introduced an online virtual advice platform allowing clients to screen, select, book and pay an adviser for a needs-specific advice session – either face-to-face or via Skype, Google Hangouts or telephone.</p> <p>This resulted in paperless application submissions for 75% of Sanlam Life’s new business resulting in reduced emissions from paper consumption.</p> <p>E-sign capability was designed in-house and introduced in 2018. It allows a client to sign documents electronically in a secure and authenticated way, removing the need for an intermediary to visit a client just to obtain a signature. E-sign offers convenience to clients, speeds up sales and processes and reduced paper consumption by almost 17,5%.</p> <p>Impact - low</p>
Operations	Impacted	<p>Increases in electricity tariffs or anticipated increases in energy taxes or levies are likely to substantially increase the operational costs in South Africa.</p> <p>Through responsible property management and proven energy savings Sanlam and Santam can unlock large operational cost savings.</p> <p>Resource consumption is managed by Sanlam’s Facilities Management. Sanlam installed a web-based energy management system to measure real-time consumption per building, in specific sections such as HVAC, data centres and lights.</p> <p>During 2018 the Group spent capital of approx. R985 500 to upgrade Sanlam’s main reception, the south atrium and north atrium 1st floor entrances as well as the archives by replacing the lighting with LED lights while Santam revamped and upgraded its head office campus by replacing the remainder of its lighting with LED lights.</p>

		<p>Sanlam also replace the underfloor pneumatic dampers with electric controls to improve efficiency of the air conditioning in the building resulting in large cost savings while reducing carbon emissions.</p> <p>The energy efficiency initiatives installed during 2018 reduced Santam's electricity consumption by approximately 470 MWhs with cost savings of approximately R630 000 per annum.</p> <p>Impact - low</p>
Other, please specify		

C2.6

(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.

	Relevance	Description
Revenues	Impacted	<p>In South Africa during 2017 ravaging fires, rain- and hailstorms caused huge damage to property and land.</p> <p>These events can mean financial ruin for businesses, families or individuals.</p> <p>Most of these events also have a systemic impact beyond the primary incident, thereby placing a drain on national and local governments, small businesses in the area or vulnerable communities.</p> <p>The insurance sector plays three roles in society, namely risk manager, investor and risk carrier. The short-term insurance sector's role, in particular, is to pool risk and ensure consumers and businesses are left in the same financial position they were in before the incident that resulted in an insurance claim occurred.</p> <p>Catastrophe events continue to leave a trail of destruction and uninsured losses. Only around 11% of total economic losses from catastrophe events in emerging markets were covered by insurance in 2016.</p>

		<p>For the Knysna fires Santam processed client claims totalling R823 million in 2017.</p> <p>As reinsurance premium rates increased, Santam subsequently improved its risk survey and underwriting capacity, and tightened the focus on risk selection.</p> <p>The aim was to contain and manage exposures better and improve risk management practices. This resulted in an immediate and significant saving of at least R200 million on known avoided fire claims during 2018. Impact - medium</p>
Operating costs	Impacted	<p>Sanlam proactively implement any requirements from government or other reporting bodies, and respond where necessary.</p> <p>Sanlam has therefor assessed all its facilities to determine if it needs to register with the DEA through NAEIS.</p> <p>Further, Sanlam developed and implemented an environmental dashboard to increase the efficiency in carbon reporting while monitoring progress.</p> <p>Costs incurred annually for consultants to undertake carbon footprint compilation and verification is approx. R550 000 per year. Impact - low</p>
Capital expenditures / capital allocation	Impacted	<p>During 2017 the Western Cape experienced the worst drought recorded in history with dam levels at their lowest ever. Without drastic measures to further drive down consumption, Cape Town was set to experience critical water shortages and the possibility of taps being turned off – a scenario known as Day Zero.</p> <p>Santam, in November 2017, started to build a water chamber next to Glacier building on Carl Cronje Drive to facilitate rainwater harvesting. Numerous storage tanks will be installed as well as a filtration system. The water from the chamber will be pumped via the filtration system into the storage tanks and in turn up to the make-up tanks on the roof of the Main and Admin buildings to feed the chillers. Impact - low</p>

Acquisitions and divestments	Impacted for some suppliers, facilities, or product lines	<p>Sanlam has a Space Acquisition Strategy - the principle is to investigate the possibilities of consolidating office space from inefficient buildings into green buildings. During 2015/6 several Johannesburg offices were consolidated into one location - the Alice Lane office, which is a 4 star green-rated building. The new Glacier building in TygerValley, Cape Town, is also a 4 star green-rated building.</p> <p>Impact – medium</p>
Access to capital	Impacted for some suppliers, facilities, or product lines	<p>The Sanlam Investment Group (SIG) together with FMO, the Dutch development bank, provided seed capital of R5.3 billion to establish the Climate Investor One (CIO) - a green renewable energy fund</p> <ul style="list-style-type: none"> > The fund is designed to combat the detrimental effects of climate change > A truly global initiative designed to fast-track renewable energy projects in emerging markets > This award winning blended finance initiative is widely regarded as highly innovative > The fund combines 3 investment funds into 1 facility to finance renewable energy projects at different stages of the project lifecycle (from idea development to construction through to refinancing) with the ability to recycle the capital. <p>With the support of broad public and private sector commitment, CIO today has \$525 million (R7.5 billion) available to build approximately 30 renewable energy projects over its lifetime, delivering an estimated 1 600 MW of additional capacity in 11 developing and emerging market target countries in Africa.</p> <p>CIO therefore gives SIG’s clients the opportunity to invest in a fund that has a positive impact on the environment, while benefiting from the unique profile of an asset class that delivers long-term assets to meet the long-term cash-flow needs of clients.</p> <p>Sanlam’s opportunity relates to the profits made by the fund and investments and has conservatively estimated its share to be between R75 and R150 million per annum.</p> <p>Impact - high</p>
Assets	Impacted for some suppliers, facilities, or product lines	<p>During 2018 the Group spent capital of approx. R985 500 to upgrade Sanlam’s main reception, the south atrium and north atrium 1st floor entrances as well as the archives by replacing the lighting with LED lights while Santam revamped and upgraded its head office campus by replacing the remainder of its lighting with LED lights.</p>

		<p>Sanlam also replace the underfloor pneumatic dampers with electric controls to improve efficiency of the air conditioning in the building resulting in large cost savings while reducing carbon emissions.</p> <p>The energy efficiency initiatives installed during 2018 reduced Santam's electricity consumption by approximately 470 MWhs with cost savings of approximately R630 000 per annum.</p> <p>Impact - low</p>
Liabilities	Not impacted	No direct impact on liabilities identified
Other		

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

No, but we anticipate doing so in the next two years

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

- i) Climate-related issues integrated into business strategy are reflected in that Sanlam implemented responsible investment guidelines. Sanlam's Credit Risk Framework incorporates ESG principles since 2013 as well as a responsible lending policy for hedge funds. In December 2015, the Sanlam

Investments management fixed interest team obtained approval from the Sanlam Central Credit committee to incorporate ESG factors into the credit approval process. These policies will ensure that ESG principles are considered when making lending decisions.

The insurance industry has laid the foundation for supporting a sustainable society in which people are aligned and incentivised to adopt sustainable practices. Sanlam and Santam are founding members of the UNEP FI Principles for Sustainable Insurance (PSI) and the only 2 South African insurers currently part of the initiative to subscribe to the 4 sustainable insurance principles.

Santam is currently updating its Climate Change Position Statement supporting business strategy through its commitment to understanding what risks climate change poses to business as per the recommendations of the Task Force for Climate-Related Financial Disclosure (TCFD).

ii) Business strategy influenced by climate change is reflected in Sanlam and Santam's commitments to environmental targets to reduce their office buildings' scope 1 and scope 2 emissions intensity by 10% per employee by 2020, from a 2014 base year. Apart from greenhouse emission targets, Sanlam will also have environmental sustainability targets linked to electricity, water, paper, travel, waste and recycling. This means committing to recording and tracking at least 80% of scope 3 emissions.

iii) According to the WEF Global Risk Landscape 2018, environmental risks have become more prominent in recent years. Five risks in the environmental category have been ranked higher for impact and likelihood in the past 10 years. These risks are:

- extreme weather events;
- natural disasters;
- failure of climate change mitigation and adaptation;
- man-made environmental disasters; and
- biodiversity loss and ecosystem collapse.

As extreme weather events become more common, insurance related costs will rise and some areas could become uninsurable. This compels insurers to consider how they cover such risks, and how they price the coverage. Insurers will need improved models and data, which are driving greater engagement between insurers, policyholders, local authorities and intermediaries to mitigate risk proactively.

With this in mind Santam in April 2018 hosted the first UNEP PSI Initiative Regional Market Event for Africa in Johannesburg. The aim of the event was to stimulate conversation within the African insurance industry about how to respond to the systemic risks and opportunities presented by global ESG trends.

The 52 participants included PSI members and other leading insurance organisations (both African and global organisations), insurance regulators, city, local and national government officials, key international initiatives, business and industry leaders, civil society organisations and academia.

The following matters were identified as key to sustainable insurance development in Africa:

- The risk protection gap, and how the industry can reshape business models to address the needs of a larger client base
- Sustainable food systems as the basis of any credible economic development in Africa, and how the industry can collaborate with the agriculture industry, specifically small-scale farmers
- Resilient societies, and how insurers can partner with governments and other stakeholders on data sharing and disaster management, among other things.

Opportunities to do more exist in the creation of open-access ESG data platforms, integrating ESG risks into credit-rating risk models and rewarding clients who demonstrate beyond best practice.

iv) Sanlam believes that implementing its sustainable development strategy (as per the Sustainability Management Framework) in support of the business strategy will enable lower operational costs of scarce resources such as electricity and water, maintain customer loyalty, attract and retain talented employees and identify and realize strategic business opportunities from climate change induced changes in consumer behaviour that could result in new products or services.

v) Short term strategy influenced by climate change include linking Sanlam's annual direct environmental performance to a 6 year environmental reduction strategy, which includes environmental targets (carbon, electricity, water, paper, travel and waste management) set for 2020, based on 2014 as baseline year.

The targets and how it will be achieved are as follows:

- Greenhouse gas emissions: 10% reduction in tonne per full time employee (FTE) – Measures for energy efficiency, travelling and paper will bring down levels of carbon emissions.
- Electricity: 10% reduction (kWh/m² of office space) – Implementation of energy reduction projects are completed or underway.
- Municipal water: 10% reduction (kl/m² of office space) – Water conservation interventions per the Water Balance programme are underway and water savings awareness created.
- Paper: 10% reduction (kg/FTE) – Office paper consumption will be reduced through technology and behaviour changes.

- Business travel: 10% reduction in air, road travel (km/FTE) and hotel nights/FTE – Enforcement of the updated travel policy, with more stringent lead times to booking business trips and promoting the efficient use of the trip by arranging multiple appointments at a time.

Sanlam has a waste management policy, which was adopted in 2014 and incorporated into a Group Environmental Policy to assist the Sanlam Head Office in Cape Town to become a zero waste-to-landfill business, as this was where the majority of employees were situated. Sanlam is on track to achieve the 2020 target and will stretch the waste target to include other significant buildings.

vi) Long term strategy (greater than 5 years) influenced by climate change relate to Sanlam's Space Acquisition Strategy - the principle is to investigate the possibilities of consolidating office space from inefficient buildings into green buildings. Several Johannesburg offices were consolidated into one location - the Alice Lane office, which is a 4 star green-rated building. The new Glacier building in TygerValley, Cape Town, is also a 4 star green-rated building.

vii) Sanlam's strategic advantage therefore emanates from implementing its responsible investment guidelines, which supports the link between good sustainability performance and enhanced investment returns. Further, green buildings will reduce the cost of doing business in the long term, through energy, water, waste and resource management, which will minimise Sanlam's environmental footprint and prepare it for a low-carbon economy and enhance its reputation as a responsible corporate citizen.

C3.1g

(C3.1g) Why does your organization not use climate-related scenario analysis to inform your business strategy?

While Sanlam does consider climate change scenarios, especially in consideration of its responsible investment policy, formal climate-related scenario analyses are a relatively new lens through which to inform business strategy.

Sanlam has contracted with a service provider to assist them over the next year in adopting such climate-related scenario analyses for TCFD reporting in its annual integrated reporting procedures.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Intensity target

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Scope

Scope 1+2 (location-based)

% emissions in Scope

100

Targeted % reduction from base year

10

Metric

Metric tons CO₂e per unit FTE employee

Base year

2014

Start year

2015

Normalized base year emissions covered by target (metric tons CO2e)

5.91

Target year

2020

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

% of target achieved

100

Target status

Achieved

Please explain

As per CDP2018:

The target relates to company wide Scope 1 & 2 (location-based) emissions only.

Sanlam and Santam has exceeded the target and will continue to reduce office buildings' Scope 1 and Scope 2 emissions through energy efficiency initiatives.

% change anticipated in absolute Scope 1+2 emissions

7.28

% change anticipated in absolute Scope 3 emissions

0

Target reference number

Int 2

Scope

Scope 3: Purchased goods & services

% emissions in Scope

100

Targeted % reduction from base year

10

Metric

Metric tons CO₂e per unit FTE employee

Base year

2014

Start year

2015

Normalized base year emissions covered by target (metric tons CO₂e)

0.0977

Target year

2020

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

% of target achieved

100

Target status

Achieved

Please explain

As per CDP2018:

The target relates to company wide emissions from Scope 3 – paper only.

Sanlam and Santam will continue to reduce office paper consumption through technology and behaviour changes.

% change anticipated in absolute Scope 1+2 emissions

0

% change anticipated in absolute Scope 3 emissions

7.28

Target reference number

Int 3

Scope

Scope 3: Business travel

% emissions in Scope

100

Targeted % reduction from base year

10

Metric

Metric tons CO2e per unit FTE employee

Base year

2014

Start year

2015

Normalized base year emissions covered by target (metric tons CO2e)

0.8351

Target year

2020

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

% of target achieved

0

Target status

Underway

Please explain

As per CDP2018:

Target relates to company wide emissions from Scope 3 – business travel only.

Air and road travel as well as overnight accommodation will be reduced by using video- and tele-conferencing where appropriate instead of travelling.

% change anticipated in absolute Scope 1+2 emissions

0

% change anticipated in absolute Scope 3 emissions

7.28

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	1	
To be implemented*	6	1,600.78
Implementation commenced*	0	0
Implemented*	2	445.2
Not to be implemented	3	

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative type

Energy efficiency: Building services

Description of initiative

Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

169.7

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

378,800

Investment required (unit currency – as specified in C0.4)

35,440

Payback period

<1 year

Estimated lifetime of the initiative

6-10 years

Comment

Replace light fittings with LED fittings at Sanlam Main reception, entrance South Atrium, entrance North Atrium 1st floor and Archives as well as in the Santam Main Building.

Initiative type

Energy efficiency: Building services

Description of initiative

HVAC

Estimated annual CO2e savings (metric tonnes CO2e)

275.5

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

250,000

Investment required (unit currency – as specified in C0.4)

950,000

Payback period

1-3 years

Estimated lifetime of the initiative

16-20 years

Comment

Replace underfloor pneumatic dampers with electric controls to improve efficiency of the air conditioning in the building.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for energy efficiency	<p>Projects are considered against feasibility and ROI measures that in the first instance need to make financial and business sense.</p> <p>However, Sanlam’s resource consumption and efficiency is managed primarily by Facilities Management who report to the Finance unit, but have a co-operative relationship with the Sustainability unit.</p> <p>This co-operation identified the need for a dedicated budget for energy efficiency to reduce energy consumption and associated carbon emissions.</p>
Partnering with governments on technology development	Sanlam and Santam make use of the Government’s Section 12I tax allowance incentive as well as the Eskom Demand Side Management (DSM) subsidies and rebates where available to help defray the capital costs of equipment.
Employee engagement	Sanlam and Santam continually encourage staff to reduce their footprint and consider the environment.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

No

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1, 2014

Base year end

December 31, 2014

Base year emissions (metric tons CO2e)

137.84

Comment

Scope 2 (location-based)

Base year start

January 1, 2014

Base year end

December 31, 2014

Base year emissions (metric tons CO2e)

46,116.66

Comment

Scope 2 (market-based)

Base year start

January 1, 2014

Base year end

December 31, 2014

Base year emissions (metric tons CO2e)

46,116.66

Comment

No instruments purchased during 2014.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

162.86

Start date

January 1, 2018

End date

December 31, 2018

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO₂e?

Reporting year

Scope 2, location-based

38,022.49

Scope 2, market-based (if applicable)

38,022.49

Start date

January 1, 2018

End date

December 31, 2018

Comment

No contractual instruments purchased.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source

Facilities falling outside the Group Sustainability Management Framework.

Relevance of Scope 1 emissions from this source

Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source

Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable)

Emissions are not relevant

Explain why this source is excluded

Sanlam's carbon footprint incorporates the 6 key regional South African locations subject to its Sustainability Management Framework, as well as the 5 regional offices of Santam. These facilities constitute about 75% of the physical footprint.

Facilities and offices outside the regional 11 Sanlam and Santam offices are not material and therefore not included.

C6.5

(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO2e

639.65

Emissions calculation methodology

Consumption of office and policy paper

Emission factors: Mondi Rotatrim Paper Profile and Sappi Typek Paper Profile - released August 2018 and March 2018 respectively indicating electricity usage and CO2 emissions per tonne of paper.

Tonnes of paper purchased provided by the service providers were used to calculate emissions according to the GHG Protocol using the provided emission factors.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Capital goods

Evaluation status

Relevant, not yet calculated

Explanation

Information of the production of capital goods (assets) purchased or acquired by the Group is not available.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

3,448.44

Emissions calculation methodology

Losses from Transmission & Distribution Kilowatt-hours purchased from Eskom were used to calculate emissions according to the GHG Protocol using Defra's 2017 emission factors for Transmission and Distribution.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

734.87

Emissions calculation methodology

Courier services - tonne.kilometres provided by courier service providers were used to calculate emissions according to the GHG Protocol using Defra's 2018 freighting goods emission factors.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

859.6

Emissions calculation methodology

Waste to landfill, recycled & composted

Tonnes of waste to landfill and tonnes of municipal waste recycled and composted were used to calculate emissions according to the GHG Protocol using Defra's 2018 emission factors for municipal waste.

Emission factor for waste was sourced from Friedrich and Trois (2013). The specific factor used is for "landfill sites without gas collection" and includes carbon storage – 100 years.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

14,317.77

Emissions calculation methodology

Business travel in rental cars, commercial airlines, hotel accommodation, travel claims and third party vehicle fleet

Car rental - kilometres travelled, car engine size and type of fuel used provided by service provider. Defra's 2018 emission factors for business travel - land used.

Air travel - flight information provided by service provider, including class of travel, departure dates and destination of each leg. Carbon Calculated determined the distance travelled. Defra's 2018 emission factors for business travel - air used.

Hotel accommodation - bednights provided by service provider. Defra's 2018 emission factors for hotel stay used.

Travel claims - claims for kilometres travelled in an unknown vehicle - Defra's 2018 emission factors for business travel - land used.

Third party vehicles - kilometres travelled, car engine size and type of fuel used provided by service provider. Defra's 2018 emission factors for business travel - land used.

Data for business travel was extrapolated to reflect 69% of FTEs.

Emissions were calculated according to the GHG Protocol.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

16,200.15

Emissions calculation methodology

An employee commuting survey carried out by Sanlam and Santam in 2018 revealed an average 1.8421 and 2.04188 tCO2e per employee for annual commuting respectively. This is multiplied by number of employees covered in report – 8 543.

Kilometres travelled according to the mode of transport was used to calculate emissions according to the GHG Protocol using Defra's 2018 emission factors. 12 public holidays were included in the calculation.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Upstream leased assets

Evaluation status

Relevant, calculated

Metric tonnes CO2e

1,739.48

Emissions calculation methodology

Santam's leased vehicle fleet

Litres of fuel consumption provided by the service provider were used to calculate emissions according to the GHG Protocol using Defra's 2018 fuel emission factors.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Explanation

Sanlam and Santam are financial services and insurance providers and hence, do not produce any goods requiring transportation and distribution.

Courier services are accounted for under upstream transportation and distribution.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Explanation

Sanlam and Santam are financial services and insurance providers and its sold products do not need third-party processing that generate GHG emissions.

Use of sold products

Evaluation status

Not relevant, explanation provided

Explanation

Sanlam and Santam are financial services and insurance providers and its sold products do not consume energy when used to generate GHG emissions.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Explanation

Sanlam and Santam are financial services and insurance providers and hence, do not produce sold products that need to be treated at end of life.

Policy paper used is already accounted for under purchased goods and services.

Downstream leased assets

Evaluation status

Relevant, calculated

Metric tonnes CO2e

806.82

Emissions calculation methodology

Electricity consumption of tenants that occupy a portion of the Sanlam Head Office
Kilowatt-hours purchased from Eskom were used to calculate emissions according to Eskom's 2018 emissions factor.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Franchises

Evaluation status

Relevant, not yet calculated

Explanation

Information on franchises is not available.

Investments

Evaluation status

Relevant, not yet calculated

Explanation

Information on investments is not available.

Other (upstream)

Evaluation status

Explanation

Other (downstream)

Evaluation status

Explanation

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO₂e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.0000042166

Metric numerator (Gross global combined Scope 1 and 2 emissions)

38,185.35

Metric denominator

unit total revenue

Metric denominator: Unit total

9,056,000,000

Scope 2 figure used

Location-based

% change from previous year

2.13

Direction of change

Decreased

Reason for change

A 9.88% decrease in Scope 1 & 2 emissions mainly as a result of energy efficiency initiatives such as installing LED lights and replacing underfloor pneumatic dampers with electric controls reducing electricity consumption by 1.05%, offset by a 7.92% decrease in revenue earned, resulted in a decrease in the intensity figure for revenue.

Intensity figure

0.2243

Metric numerator (Gross global combined Scope 1 and 2 emissions)

38,185.35

Metric denominator

square meter

Metric denominator: Unit total

170,246



Scope 2 figure used

Location-based

% change from previous year

11.16

Direction of change

Decreased

Reason for change

A 9.88% decrease in Scope 1 & 2 emissions mainly as a result of energy efficiency initiatives such as installing LED lights and replacing underfloor pneumatic dampers with electric controls reducing electricity consumption by 1.05%, coupled with a 1.44% increase in square meters occupied by facilities, resulted in a decrease in the intensity figure per square meter.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

No

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
South Africa	162.86

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

By activity

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Sanlam	90.17
Santam	72.69

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Stationary fuel	73.38
Fugitive emissions	83
Mobile fuel	6.48

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
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South Africa	38,022.49	38,022.49	40,023.67	0
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C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

By facility

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Sanlam	31,052.66	31,052.66
Santam	6,969.83	6,969.83

C7.6b

(C7.6b) Break down your total gross global Scope 2 emissions by business facility.

Facility	Scope 2 location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Sanlam Head Office, Bellville	24,354.98	24,354.98
Sanlam Investments (SI), Bellville	2,077.75	2,077.75
Sanlam Sky, Houghton	1,387.71	1,387.71
Sanlynn, Pretoria	137.49	137.49
Sanlam Alice Lane, Sandton	2,397.18	2,397.18
Sanlam Glacier, Bellville	697.55	697.55
Santam Head Office, Bellville	2,329.11	2,329.11

Santam Auckland Park	2,584.4	2,584.4
Santam Garsfontein, Pretoria	557.58	557.58
Santam Alice Lane, Sandton	1,205.55	1,205.55
Santam Glacier, Bellville	293.19	293.19

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	The Sanlam Group has not generated any renewable energy during the reporting year.
Other emissions reduction activities	445.2	Decreased	1.05	Energy efficiency initiatives such as Sanlam's upgrade of its main reception, the south atrium and north atrium 1st floor entrances as well as the archives by replacing the lighting with LED lights, together with Santam's revamp and upgrade of its head office campus by replacing the remainder of its lighting with LED lights, as well as the replacement of the underfloor pneumatic dampers with electric

				controls to improve efficiency of the air conditioning resulted in reduced electricity consumption and carbon emissions by 445.20 tCO ₂ e. Total Scope 1 & 2 emissions for 2017 were 42 372.37 tCO ₂ e. We therefore arrived at 1.05% through $(445.20/42\ 372.37) * 100 = 1.05\%$.
Divestment				
Acquisitions				
Mergers				
Change in output				
Change in methodology	1,200.71	Decreased	2.83	The emissions factor for purchased electricity from Eskom (Scope 2) decreased from 0.98 in 2017 to 0.95 kg CO ₂ e per kWh in 2018. Total Scope 1 & 2 emissions for 2017 were 42 372.37 tCO ₂ e. We therefore arrived at 2.83% through $(1\ 200.71/42\ 372.37) * 100 = 2.83\%$.
Change in boundary	2,541.12	Decreased	6	The portion of the building that is occupied by Sanlam employees changed due to changes in tenant occupancy. Total Scope 1 & 2 emissions for 2017 were 42 372.37 tCO ₂ e. We therefore arrived at 6% through $(2\ 541.12/42\ 372.37) * 100 = 6\%$.
Change in physical operating conditions				
Unidentified				
Other				

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	337.39	337.39

Consumption of purchased or acquired electricity		0	40,023.67	40,023.67
Total energy consumption		0	40,361.06	40,361.06

C8.2b

(C8.2b) Select the applications of your organization’s consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Diesel

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

181.04

MWh fuel consumed for self-generation of electricity

174.88

MWh fuel consumed for self-generation of heat

6.16

Comment

Diesel used in generators and vehicles.

Fuels (excluding feedstocks)

Liquefied Petroleum Gas (LPG)

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

135.88

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

135.88

Comment

Fuels (excluding feedstocks)

Petrol

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

20.47

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

20.47

Comment

Petrol used in vehicles.

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Diesel

Emission factor

2.68779

Unit

kg CO₂e per liter

Emission factor source

Defra 2018 - Guidelines to Defra's GHG Conversion Factors for Company Reporting, Fuels, updated July 2018. Available:
www.ukconversionfactorscarbonsmart.co.uk

Comment

Liquefied Petroleum Gas (LPG)

Emission factor

2,937.32

Unit

kg CO2e per metric ton

Emission factor source

Defra 2018 - Guidelines to Defra's GHG Conversion Factors for Company Reporting, Fuels, updated July 2018. Available:
www.ukconversionfactorscarbonsmart.co.uk

Comment

Petrol

Emission factor

2.30531

Unit

kg CO2e per liter

Emission factor source

Defra 2018 - Guidelines to Defra's GHG Conversion Factors for Company Reporting, Fuels, updated July 2018. Available:
www.ukconversionfactorscarbonsmart.co.uk

Comment

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor

No purchases or generation of low-carbon electricity, heat, steam or cooling accounted with a low-carbon emission factor

Low-carbon technology type

Region of consumption of low-carbon electricity, heat, steam or cooling

MWh consumed associated with low-carbon electricity, heat, steam or cooling

Emission factor (in units of metric tons CO₂e per MWh)

Comment

No renewable energy or instruments were purchased.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Other, please specify

Annual water consumption at the 11 regional offices of Sanlam and Santam

Metric value

167,434

Metric numerator

Total kilolitre consumption

Metric denominator (intensity metric only)

% change from previous year

5.09

Direction of change

Decreased

Please explain

Following the drought in 2018, various water-saving initiatives were implemented as a priority to deal with Day Zero.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

Verification/assurance status

Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	No third-party verification or assurance

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope

Scope 1

Verification or assurance cycle in place

Annual process


Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 Sanlam_Sustainability_Report_2018_Independent_Assurance_Report.pdf

Page/ section reference

ASSURANCE REPORT: Pages 1 - 5

Relevant standard

ISAE 3410

Proportion of reported emissions verified (%)

100

Scope

Scope 2 location-based

Verification or assurance cycle in place

Annual process


Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 Sanlam_Sustainability_Report_2018_Independent_Assurance_Report.pdf

Page/ section reference

ASSURANCE REPORT: Pages 1 - 5

Relevant standard

ISAE 3410

Proportion of reported emissions verified (%)

100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C9. Additional metrics	Other, please specify Water consumption	ISAE 3410	Year-on-year 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 was verified.

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, but we anticipate being regulated in the next three years

C11.1d

(C11.1d) What is your strategy for complying with the systems in which you participate or anticipate participating?

As part of South Africa's ongoing efforts to move towards a low carbon economy and to meet South Africa's INDC targets, the Carbon Tax Act and the Customs and Excise Amendment Act were both officially gazetted on 23 May 2019 and came into effect on 1 June 2019.

The tax rate is set at R120 per tonne of CO₂e (carbon dioxide equivalent) produced. During the first stage, a percentage-based threshold of 60% will apply, below which tax is not payable.

The intention is to provide for a tax-free liability threshold of 10 megawatts (MW) thermal capacity. The threshold is high enough to exclude non-industrial activities from the carbon tax, but low enough to make the tax applicable to most high-emitting industries in the country.

The South African Greenhouse Gas (GHG) Reporting Regulations came into law in April 2017. This mandatory regulation requires all South African companies that are in control of certain listed activities exceeding a specified threshold to report their GHG emissions to the Department of Environmental Affairs (DEA). The DEA will use the GHG emissions reported by companies as basis for carbon tax liability calculations.

An entity liable for mandatory reporting was obliged to register each facility on the internet-based National Atmospheric Emission Inventory System (NAEIS) by 3 May 2017. Once registered, liable entities are required to report their aggregated South African facilities' GHG emissions at company level for the preceding calendar year to the DEA by 31 March each year via NAEIS.

It is important to keep in mind that those businesses that have identified themselves as not liable for carbon tax during the first phase, will still be required to submit environmental levy accounts regardless of whether any carbon tax payment is due.

Sanlam and Santam are therefore complying with the carbon tax legislation by compiling its annual carbon footprint. It has also assessed all its facilities to determine whether its associated emission activities qualify for or exceed the 10MW thermal threshold to see if it needs to register with the DEA, using a specific template of the National Atmospheric Emissions Inventory system (NAEIS).

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Collect climate change and carbon information at least annually from suppliers

% of suppliers by number

1

% total procurement spend (direct and indirect)

1

% Scope 3 emissions as reported in C6.5

45

Rationale for the coverage of your engagement

Environmental analysis of suppliers is incorporated into Sanlam's Procurement Policy, in which suppliers can be asked to provide proof of their own environmental policies, quantified environmental impact and initiatives to reduce their environmental impact, inclusive of actions to reduce



their greenhouse gas emissions. Focus is placed on the environmental awareness of the goods purchased. Sanlam has committed to recording and tracking at least 80% of its Scope 3 emissions as well as setting other environment sustainability targets linked to electricity, water, travel, waste and investments.

Impact of engagement, including measures of success

During FY2018 emissions from the consumption of office and policy paper decreased by 17.47% as a result of introducing E-sign that allows a client to sign documents electronically in a secure and authenticated way, removing the need for an intermediary to visit a client just to obtain a signature. E-sign offers convenience to clients, speeds up sales and processes and reduces paper consumption.

Sanlam also engaged with travel agent’s to obtain data to calculate scope 3 emissions from travel (flights, car rental, travel claims and accommodation bookings). Emissions from business travel increased by 45.10% as a result of an increase in emission factors for hotel stay.

Comment

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

- Direct engagement with policy makers
- Trade associations

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Adaptation or resilience	Support	The Sanlam/WWF Water Partnership includes a strong advocacy role on all water legislature issues in South Africa.	Improved water efficiency, quality security and allocation, benefitting all South African citizens.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

Association for Savings and Investments (ASISA)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

ASISA provides a platform for regulated collaboration in the investment industry as South African legislation prohibits collaborative efforts, which makes it challenging to implement the UN principle that recommends companies work together to enhance their ability to implement the other principles. ASISA conducts research and raise awareness regarding the UN-PRI's environmental and social components of the ESG framework. Under ASISA's guidance, a local Code for Responsible Investing (CRISA) has been formulated.

How have you influenced, or are you attempting to influence their position?

Sanlam and the Sanlam Investment Group (SIG) are signatories to the United Nations Principles for Responsible Investment (UN PRI), which commits Sanlam to start considering social and environmental criteria in investment analysis and the decision-making processes, accompanied by annual reporting. SIG and Santam are signatories to the CRISA code and Sanlam members are active on all of the ASISA standing committees and working groups. Sanlam's corporate memberships also serve to connect Sanlam to the views of key groups of stakeholders and provide a valuable two-way communication opportunity to share learnings and to influence views, behaviours and actions.

Trade association

South African Insurance Association (SAIA)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The South African Insurance Association (SAIA) is the representative body of the short-term insurance industry. SAIA recognizes the role that industry should fulfil in wider sustainability issues such as a risk management in a changing natural and built environment, including climate change and disaster management, as well as economic and societal issues such as the energy and water crisis in South Africa. SAIA reports that climate change poses a material financial challenge to insurers and threatens both insurability and affordability. If insurers fail to adequately address climate risk it will impact on the sustainability of the sector. Changing the way insurers understand, communicate and act on climate risks can incentivize clients and policymakers to reduce their exposure to these risks and so contribute to mitigation and the promotion of resilient economies.

How have you influenced, or are you attempting to influence their position?

Santam is an active participant in various SAIA committees. Through these committees Santam shares the findings from the environmental scanning process which considers the macro and micro factors that impact the general insurance operating environment. Santam sits on the Board of both the PSI and ClimateWise. All relevant and pertinent information gathered from these committees are shared with SAIA either through the various committees or via the leadership.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

The Sanlam Sustainability Management Office takes direct responsibility for Sanlam's partnership with WWF and involves bi-monthly meetings and updates on all aspects of the project, including advocacy. If there were to be any difference of strategy, this would be shared with the Social, Ethics and Sustainability Committee of the Sanlam Board and decisions made accordingly.

Similarly, any strategy direction of ASISA will be monitored by Sanlam Investments and if divergent, will be taken to SIG Board level and then the Social, Ethics and Sustainability Committee of the Sanlam Board for review.

The Social Ethics and Sustainability Committee, consists of key individuals who represent a wide range of business functions, many of which roll up into a Group Office function. The Group Compliance office engages with regulatory bodies, representing Sanlam position on policy related debates and forums. Various business unit key representatives, including the Company Secretariat, regularly engage with Regulator, Shareholders, Government and Business partners on key policy issues impacting the business, including climate change (where applicable).

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).


Publication

In mainstream reports

Status

Complete

Attach the document

 Sanlam_Integrated_Report_2018.pdf

Page/Section reference

Sanlam Integrated Report 2018 - pg.2 -165

Content elements

Governance

Strategy

Risks & opportunities

Comment

Publication

In voluntary sustainability report

Status

Complete

Attach the document

 Sanlam Investor Relations - Sustainability 2018.pdf

Page/Section reference

Sanlam Sustainability 2018 - Pages 1-4

Content elements

Emissions figures

Comment


Publication

In voluntary communications

Status

Complete

Attach the document

 Sanlam_Resilience Advertorial_2018.pdf

Page/Section reference

Sanlam Resilience Advertorial 2018 - Pages 1-3

Content elements

Emissions figures
Emission targets
Other metrics

Comment

Publication

In mainstream reports

Status

Complete

Attach the document

 Santam Integrated Report 2018.pdf

Page/Section reference

Santam Integrated Report 2018 - pages 2 - 107

Content elements

Governance

Strategy
Risks & opportunities

Comment


Publication

In voluntary communications

Status

Complete

Attach the document

 Santam climate-change-position-statement.pdf

Page/Section reference

Climate Change Position Statement - p1-2

Content elements

Strategy

Comment



C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Sanlam - Head: Sustainability	Environment/Sustainability manager

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to
I am submitting my response	Public	Investors



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