

Welcome to your CDP Climate Change Questionnaire 2022

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 104 years, transformed into a diversified financial services group with the largest non-banking financial services footprint on the African continent.

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 four clusters (i.e., Sanlam Life and Savings (SLS), Sanlam Emerging Markets (SEM), Sanlam Investment Group (SIG) and Santam (SNT)); 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, 33 Pan-African countries, India, Malaysia, Philippines, and the UK/Ireland, amongst others. The Group's Head Office is located in Bellville, Cape Town, South Africa.

Sanlam's carbon footprint incorporates the 9 key regional South African locations subject to its Sustainability Management Framework, which constitutes about 76% of its physical footprint and includes Santam, an organisation in which Sanlam holds a 62.1% shareholding. The buildings occupied by Santam, but managed by Sanlam Facilities are Head Office Campus, Auckland Park, Glacier and Alice Lane.

Santam is the leading general insurer in South Africa with a market share of more than 23%. 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.

Santam has 6 business units, namely Santam Commercial and Personal, Santam Specialist, MiWay, Santam Re, Alternative Risk Transfer and Sanlam Emerging Markets (SEM) Partner businesses. SEM partner businesses is Santam's investments and strategic partnerships in SEM including Sanlam Pan-Africa. Through this partnership with SEM, Santam has economic participation in 33 countries across Africa, India, Middle East and Southeast Asia.

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
Reporting year	January 1, 2021	December 31, 2021	No

C0.3

(C0.3) Select the countries/areas in which you operate.

Algeria
 Angola
 Benin
 Botswana
 Burkina Faso
 Burundi
 Cameroon
 Congo
 Côte d'Ivoire
 Eswatini
 Gabon
 Ghana
 Guinea
 India
 Kenya
 Lebanon
 Lesotho
 Madagascar
 Malawi
 Malaysia
 Mali
 Mauritius
 Morocco

Mozambique
 Namibia
 Niger
 Nigeria
 Philippines
 Rwanda
 Senegal
 South Africa
 Togo
 Tunisia
 Uganda
 United Kingdom of Great Britain and Northern Ireland
 United Republic of Tanzania
 Zambia
 Zimbabwe

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 chosen approach for consolidating your GHG inventory.

Operational control

C-FS0.7

(C-FS0.7) Which activities does your organization undertake, and which industry sectors does your organization lend to, invest in, and/or insure?

	Does your organization undertake this activity?	Insurance types underwritten	Industry sectors your organization lends to, invests in, and/or insures
Banking (Bank)	No		
Investing (Asset manager)	Yes		Exposed to all broad market sectors
Investing (Asset owner)	Yes		Exposed to all broad market sectors
Insurance underwriting (Insurance company)	Yes	General (non-life) Life and/or Health	Exposed to all broad market sectors

C0.8

(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	ZAE000070660
Yes, a Ticker symbol	SLM

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
Board-level committee	<p>Sanlam recognises that climate-related issues could impact the stability and quality of human society, thereby eroding the financial resilience and prosperity of its clients and the communities which it segments serve. It therefore acknowledges its responsibility to ensure that Sanlam, its solutions, support structures and business practices incorporate responsible environmental principles.</p> <p>Sanlam accordingly ensures that climate-related issues are addressed at the highest levels of the organisation by vesting the ownership and oversight of climate change decisions with the Board sub-committee the Social, Ethics and Sustainability (SES) Committee, which is Chaired by an independent non-executive director. Through its Chairman, the SES Committee has the responsibility to recommend for approval, monitor and advise on all social, ethics and sustainability matters (including climate change) 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>

	In FY2021 the SES Committee recommended for approval the Group's Sustainability strategy.
Board-level committee	<p>The Risk and Compliance committee advises and assists the Board in overseeing risk governance by setting the direction for how risk management should be approached and addressed at Sanlam. This includes (among others) the identification, mitigation and management of climate-related risks that the Group might be exposed to. The committee meets quarterly and provides feedback at every Board meeting.</p> <p>The Chair of the Risk and Compliance committee is an independent non-executive director and has oversight roles in terms of climate change. Depending on the nature of the climate-related matter submitted to either the Risk and Compliance committee or the SES committee, it will note, provide approval, monitor or advise on the matter and relevant related issues that might impact the Group and its material stakeholders. When necessary, this committee elevates climate-related matters to the Board for its consideration and/or approval.</p> <p>In FY2021, the Risk and Compliance committee decided to incorporate ESG principles (particularly climate change considerations) into the Group's approach to risk management and responsible investing.</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	Scope of board-level oversight	Please explain
Scheduled – all meetings	Reviewing and guiding strategy Reviewing and guiding risk management policies Setting performance objectives Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and	Climate-related risks and opportunities to our own operations Climate-related risks and opportunities to our investment activities Climate-related risks and opportunities to our insurance	Sustainability, including climate-related issues, forms part of board agendas and it is mandatory for all business units and subsidiaries to include social, ethics and sustainability issues onto the board agendas. The engagement and oversight at Board level facilitates the integration of multiple functions involved in climate risk, across the business. In FY2021 the SES Committee recommended for approval the Group's Sustainability strategy. Other

	<p>targets for addressing climate-related issues</p>	<p>underwriting activities</p> <p>The impact of our own operations on the climate</p>	<p>key focus areas related to:</p> <ul style="list-style-type: none"> • Environmental performance against corporate targets; • Sustainability reporting and the disclosure on material non-financial aspects; and • Consideration of the risks and opportunities associated with the committee’s mandate and key deliverables, including reviewing emerging risks on an ongoing basis. <p>At Santam Executive Management reports on a quarterly basis to the Board on the progress of the Building a FutureFit Santam strategy which includes climate change considerations.</p> <p>The SES committee has expanded its role to include oversight of ESG matters and climate risks and opportunities. The investment committee and risk committee also assist the Board in their respective responsibilities for responsible investment and climate risk assessment.</p>
--	--	---	--

C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

	<p>Board member(s) have competence on climate-related issues</p>	<p>Criteria used to assess competence of board member(s) on climate-related issues</p>
<p>Row 1</p>	<p>Yes</p>	<p>Sanlam Board members were invited and attended a session by the Institute of Directors South Africa on climate change in April 2021. The training included an overview of climate risk oversight as a four-part video series to assist leaders in obtaining a better understanding of climate change and the associated risks, as well as the Board’s role and fiduciary responsibilities relevant to climate change and its associated risks. Further topics included the systemic nature of climate change, physical and transition risk, and net zero implications.</p>

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)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Other, please specify Head of Group Sustainability	Other, please specify Group Executive: Market Development and Sustainability	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our own operations	Quarterly
Environment/ Sustainability manager	Other, please specify Head of Group Sustainability	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our own operations	Quarterly
Facility manager	Finance - CFO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our own operations	Quarterly
Other, please specify Group Sustainability Management Office (SMO)	Corporate Sustainability/CSR reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our own operations	Quarterly
Other, please specify Group Energy Forum	Operations - COO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our own operations	Quarterly
Other, please specify Group Actuarial and Risk Management	Risk - CRO reporting line	Assessing climate-related risks and opportunities	Risks and opportunities related to our investing activities	Quarterly
Other, please specify Santam Group Strategy Unit	CEO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our insurance underwriting activities	Quarterly
Other committee, please specify	Reports to the board directly	Both assessing and managing climate-	Risks and opportunities	Quarterly

Social, Ethics and Sustainability (SES) Committee		related risks and opportunities	related to our investing activities Risks and opportunities related to our own operations	
---	--	---------------------------------	--	--

C1.3

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

	Provide incentives for the management of climate-related issues	Comment
Row 1	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).

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Chief Executive Officer (CEO)	Monetary reward	Emissions reduction target	<p>Monetary rewards for the CEO and the corporate executive team are based on progress towards the 2021 to 2025 emission reduction targets that are monitored on an annual basis.</p> <p>Key performance indicators for responsibility towards greenhouse gas, energy, water, waste and paper reduction targets are included in performance scorecards.</p> <p>The achievement of the targets positively impacts bonuses or discretionary pay; hence there exists a strong incentive to reach the emission reduction targets.</p>
Other, please specify Head of Group Sustainability	Monetary reward	Emissions reduction target	<p>Key performance indicators for achieving greenhouse gas, energy, water, waste and paper reduction targets are included in performance scorecards.</p> <p>The achievement of the targets positively impacts bonuses or discretionary pay; hence there exists a strong incentive to reach the emission reduction targets.</p>

Environment/Sustainability manager	Monetary reward	Emissions reduction target	<p>Key performance indicators for achieving greenhouse gas, energy, water, waste and paper reduction targets are included in performance scorecards.</p> <p>The achievement of the targets positively impacts bonuses or discretionary pay; hence there exists a strong incentive to reach the emission reduction targets.</p>
Facilities manager	Monetary reward	Emissions reduction project	<p>Key performance indicators for implementing energy, water and waste reduction projects with related targets are included in performance scorecards.</p> <p>The achievement of the targets positively impacts bonuses or discretionary pay; hence there exists a strong incentive to reach the emission reduction targets.</p>

C-FS1.4

(C-FS1.4) Does your organization offer its employees an employment-based retirement scheme that incorporates ESG criteria, including climate change?

	Employment-based retirement scheme that incorporates ESG criteria, including climate change	Describe how funds within the retirement scheme are selected and how your organization ensures that ESG criteria are incorporated
Row 1	Yes, as the default investment option for all plans offered	All equity and debt investments at Sanlam Investments are governed by a Responsible Investment Policy. As a result, investment processes incorporate ESG principles, including climate change, for retirement funds managed by SIG, including employment-based retirement schemes.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time 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	10	This horizon is used in forward-looking business plans, which include a longer-term view of operations, reduction targets and project identification, design and approval.
Long-term	10	30	This aligns with more visionary strategic view of climate-related risks and opportunities.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

Severe weather/ climate change was identified as one of the top-10 material risks to the group for the past 4 years. Climate-related issues are becoming increasingly apparent and receiving growing investor attention.

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. Sustainability risks are filtered into this process and prioritised based on materiality and impact on the business. Sanlam's risk appetite statement (what level of risk tolerance the Board is prepared to accept) defines the substantive financial or strategic impact. The Board sets the risk appetite statement and is the key mechanism for setting limits for the identified risk categories. Should substantive financial risks 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 173% it is well above the 100% minimum regulatory requirement, despite the impact of the COVID-19 pandemic and related lockdown on markets and reserves.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations
Upstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Medium-term

Long-term

Description of process

Process for identifying and assessing climate-related risks & opportunities that could have a substantive financial or strategic impact on the organization:

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.

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 the first line of defence (COMPANY level) 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 the second line of defence (ASSET level) 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.

How to mitigate, transfer, accept or control the identified climate-related risks and to capitalize on 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. A similar exercise is also conducted by the Risk Management team at Sanlam Investments Group.

C2.2a

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

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	<p>South Africa's current climate-related regulation such as carbon taxes, national greenhouse gas reporting regulations and climate change bill to enable a transition to a zero carbon economy will have an impact on Sanlam's business operations.</p> <p>Sanlam and Santam have therefore assessed all its facilities to determine if it needs to register with Department of Forestry, Fisheries and the Environment (DFFE), using a specific template of the National Atmospheric Emissions Inventory System (NAEIS).</p> <p>Current and emerging regulations require the insurance portion of our business to embed climate-related risks within the risk management frameworks whereas the investment portion of our business is increasingly including environmental, social and governance (ESG) considerations in their investment decisions. For example, SIG has an ESG integration framework. Through SIG's equity capability, we integrate ESG issues in our investment processes to foster a deeper understanding of company and industry-specific issues, including climate-related risks and opportunities. We can integrate material and measurable matters into our valuation process through this. Our framework embeds ESG in the investment process through the inclusion of niche ESG research material to identify material issues on a sectoral basis, a proprietary score to provide a practice assessment of ESG risk, along with an active ownership programme.</p>
Emerging regulation	Relevant, always included	<p>Emerging regulation relates to the second phase of the carbon tax coming into effect in 2025, the finalisation of the Climate Change Act, and amendment to schedule 2 of the Electricity Regulation Act, which allows for expanded self-generation of electricity. The extent to which the second phase of the Carbon Tax will affect Sanlam (e.g., through the pass through of the tax in the electricity price) and the relationship between the tax and the measures included in the Act (e.g. carbon budgets) is being monitored and considered within Sanlam's risk assessment processes.</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>
Technology	Relevant, always included	<p>New technologies are assessed and sometimes piloted in operations to determine feasibility.</p> <p>Sanlam is on a journey to become a more data and insights-driven organisation in order to increase its value offering to clients and</p>

		<p>improve efficiencies.</p> <p>During FY2021, Sanlam joined the 'Every Action Counts' coalition that connects nature conservation and climate change experts with leading digital platforms, financial institutions and consumer goods firms. This has the potential to scale green action through innovation and by leveraging technology. Furthermore, in FY2021 Sanlam Life and Savings launched a WhatsApp service capability that enables customers to conclude transactions digitally, including servicing and concluding a funeral claim.</p>
Legal	Relevant, always included	<p>Climate Change presents a direct risk, in the form of potential climate-related litigation claims associated with, for example, investments in carbon intensive assets or industries. It also presents a risk in the form of increased claims associated with insurance clients facing increasing climate-related litigation claims.</p> <p>In our own operations, climate-related litigation claims could stem from non-compliance with the proposed carbon tax, national greenhouse gas reporting regulations and the climate change bill 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>Climate change affects our business through liability claims, impacts on certain investment portfolios and changing market dynamics. Non-compliance with climate change related disclosures can lead to shareholder disinvestment and reputational damage. There is also a significant potential financial impact on the general insurance sector in terms of severe weather risks.</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</p>

		<p>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>
Reputation	Relevant, always included	<p>Climate change can and will alter consumer behaviour and choice of service provider, according to their determination of being a climate-responsible organisation. Non-compliance with climate change related disclosures can lead to shareholder disinvestment and reputational damage. Reputational factors can affect the value of financial assets and give rise to transition risks. Reputational risks are also a consideration, as stakeholders require more information from companies around how they are addressing increased weather-related risks.</p>
Acute physical	Relevant, always included	<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 combined effect of climate change and poor infrastructure maintenance means that the risks to the general insurance section of our business are expected to increase significantly. Water scarcity is one of the most significant risks to the global economy. It is particularly relevant in South Africa, which is facing an ongoing drought compounded by increased variability in rainfall patterns. Severe weather events, such as flooding, can result in increased claims as facilities are damaged or forced to shut down. There is a significant potential financial impact on the general insurance sector in terms of severe weather risks and increased liability claims.</p> <p>For example in FY2021, the drought in the Eastern Cape province of South Africa persisted and there was widespread and destructive flooding in the KwaZulu Natal province.</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</p>

		<p>for Sustainable Insurance (PSI) 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>In FY2021, Santam partnered with 63 municipalities in South Africa to manage flood and fire risk.</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. In FY2021, the drought in the Eastern Cape province of South Africa persisted with severe water restrictions and water shortages.</p> <p>Sanlam's 14-year partnership with WWF-SA, the world's largest and most experienced independent conservation organisation, has been helping to safeguard the resilience of freshwater sources. With additional contributions from the Sanlam Foundation, the partnership has been able to promote water stewardship and empower local governments to integrate freshwater protection into their policies and plans. This enables everyone to participate with confidence in a thriving, sustainable ecosystem.</p> <p>In FY2021, In the past year, WWF-SA created multiple funded water source partnerships to co-develop a model for 10 strategic water source areas (SWSAs). Sanlam's funding provides a critical foundation that supports WWF in achieving the 2025 freshwater-focused outcome of "freshwater quantity and quality improved in SWSAs for ecological systems and communities" as well as helping to pursue the intersection of finance and sustainability.</p>

C-FS2.2b

(C-FS2.2b) Do you assess your portfolio's exposure to climate-related risks and opportunities?

	We assess the portfolio's exposure
Investing (Asset manager)	Yes
Investing (Asset owner)	Yes
Insurance underwriting (Insurance company)	Yes

C-FS2.2c

(C-FS2.2c) Describe how you assess your portfolio's exposure to climate-related risks and opportunities.

	Type of risk management process	Proportion of portfolio covered by risk management process	Type of assessment	Time horizon(s) covered	Tools and methods used	Provide the rationale for implementing this process to assess your portfolio's exposure to climate-related risks and opportunities
Investing (Asset manager)	Integrated into multi-disciplinary company-wide risk management process	100	Qualitative only	Short-term Medium-term Long-term	Internal tools/methods External consultants	<p>Sanlam Investments uses all public information to assess ESG risk for all investments. Portfolio assessment of climate related risks can be done on request. However, this process does not include a quantitative analysis of carbon emissions at this stage.</p> <p>Towards the end of FY2020, Sanlam Investments entered into a strategic partnership</p>

						<p>with Robeco. Robeco is an international asset manager offering an extensive range of active investments, from equities to bonds, including sustainable investing. They launched their first sustainable investing product in 1995 and has been at the forefront of sustainable investing ever since. Through Robeco, Sanlam Investments now offer clients a wider range of sustainability solutions, ESG integration, rich data and technology, stewardship and governance, powered by leading research and insights. In FY2021, Sanlam continued to leverage the</p>
--	--	--	--	--	--	--

						<p>strategic partnership with Robeco. The partnership accelerates SIG's alignment with global best practice by providing the cluster with access to Robeco's platform, research and experience. This enables SIG to rapidly upskill its people and help embed sustainable investing practices into its investment processes. It also promotes positive long-term sustainability outcomes for South Africa. Further, sustainability engagements can be scaled, and capabilities expanded to address material issues for both domestic and international</p>
--	--	--	--	--	--	--

						<p>exposure through their value enhanced engagements. Sanlam's partnership with them provides access to niche sustainability expertise and the rigour required to track, monitor and influence change.</p>
Investing (Asset owner)	Integrated into multi-disciplinary company-wide risk management process	100	Qualitative only	Short-term Medium-term Long-term	Internal tools/methods External consultants	<p>Sanlam Corporate has embedded ESG risk assessment though our investment policy statement. Where multi-managed portfolios are concerned, the buying of securities is outsourced to external service providers who may or may not incorporate climate-related issues in their policy framework. Sanlam Corporate</p>

						<p>assesses their process and ESG integration, which feeds into our risk assessment in our manager selection process. Sanlam Corporate assesses and manage climate-related risks and opportunities through Active Ownership as a key component of our ESG framework. It encompasses two important areas: • Engaging with companies on material ESG issues • Exercising the right to vote on behalf of clients. We consider shareholder engagement as a core driver of change where investors seek to improve investee companies' practices with a specific</p>
--	--	--	--	--	--	--

					<p>objective in mind. When engaging with companies, the purpose is to either seek additional understanding or, where necessary, to seek change that will protect and enhance the value of investments for which we are responsible. Along with engagement activity, we consider voting to be a crucial aspect of being an active shareholder. It is an important element of the ESG framework and an opportunity to influence the company. Our voting and engagement activities are closely aligned as we regularly engage with companies before and after the vote. Our voting</p>
--	--	--	--	--	---

						process is governed by our internal proxy voting guidelines which provide our preferences on governance matters and expectations for companies on sustainability themes.
Insurance underwriting (Insurance company)	Integrated into multi-disciplinary company-wide risk management process	100	Qualitative only	Short-term Medium-term Long-term	Internal tools/methods External consultants	Santam is a signatory of the UN Environment's Finance Initiative's Principles for Sustainable Insurance and ClimateWise and follows their guiding principles in all underwriting. 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.

						<p>One programme is the P4RR (Partnership for Risk and Resilience Programme). Santam as underwriter is exposed to catastrophic events such as floods and fire. It therefore partnered with P4RR Programme, which brings together our proactive risk management activities in municipalities, our CSI spend, stakeholder relations functions and sustainability initiatives, and is fully aligned with the 'Help Build Resilient Societies' theme of Santam's FutureFit strategy. Through P4RR, the Emthunzini Community Trust invests in risk reducing</p>
--	--	--	--	--	--	--

						<p>interventions that are managed by Santam and other willing partners, such as the South African Special Risk Insurance (SASRIA). The objective of P4RR is to strengthen the institutional and participatory development capacity of local municipalities to proactively reduce the impact of fire and flood disaster events. Ultimately our efforts help to contribute to climate adaption efforts. We do this by assisting service delivery and providing support to local government infrastructure, economic development, and governance.</p>
--	--	--	--	--	--	--

C-FS2.2d

(C-FS2.2d) Does your organization consider climate-related information about your clients/investees as part of your due diligence and/or risk assessment process?

	We consider climate-related information
Investing (Asset manager)	Yes
Investing (Asset owner)	Yes
Insurance underwriting (Insurance company)	Yes

C-FS2.2e

(C-FS2.2e) Indicate the climate-related information your organization considers about clients/investees as part of your due diligence and/or risk assessment process, and how this influences decision-making.

Portfolio

Investing (asset manager)

Type of climate-related information considered

Emissions data

Energy usage data

Process through which information is obtained

Data provider

Industry sector(s) covered by due diligence and/or risk assessment process

Energy

Materials

Capital Goods

Commercial & Professional Services

Transportation

Automobiles & Components

Consumer Durables & Apparel

Consumer Services

State how this climate-related information influences your decision-making

We follow the financial integration approach to foster a deeper understanding of company- and industry-specific issues. Through this, we can integrate material and measurable matters into our valuation process. Our framework embeds ESG in the investment process through the inclusion of niche ESG research to identify material issues on a sectoral basis, a proprietary score to provide a practice assessment of ESG risk, along with an active ownership programme and client reporting solutions.

Idea generation:

We look for investment opportunities that match our position as a value investor focused

on the long term.

Research process:

We apply materiality to determine relevant, measurable factors and assess these according to likelihood and scale of impact. We use third-party ESG data providers in combination with an internal assessment as input into a Sanlam propriety ESG scorecard. We integrate material matters in valuation drivers and flag areas of concern for stewardship.

Risk management:

Our stewardship role means that we engage with companies in a proactive (controversy-based) and responsive manner (theme-based). We exercise our right to vote and provide clients with regular feedback on our proxy voting and engagement. Severe escalations may include voting against boards or contributing to a decrease in holding or disinvestment.

Portfolio construction:

We apply no exclusions unless mandated by the client.

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?

Insurance underwriting portfolio

Risk type & Primary climate-related risk driver

Acute physical

Other, please specify

Increased severity and frequency of extreme weather events such as cyclones and floods

Primary potential financial impact

Increased insurance claims liability

Climate risk type mapped to traditional financial services industry risk classification

Systemic risk

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 hailstorms 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. 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.

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.

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 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

Short-term

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)

1,100,000,000

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 costs of natural disasters in 2018 was USD 155 billion while the insurance protection gap for Africa was USD 1 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. In 2021, Santam assisted farmers by paying gross crop claims of R1.1 billion toward the end of the financial year when they were adversely affected by extreme weather events. The fair and timely payment of claims of a total of R24.5 billion (including CBI claims) is testament to the value of general insurance for the economy.

Cost of response to risk

139,000,000

Description of response and explanation of cost calculation

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.

During 2020 Santam invested R5 million in municipalities to better respond to the risk of fires and floods. The objective of P4RR (Partnership for Risk and Resilience Programme) is to strengthen the institutional and participatory development capacity of local municipalities to proactively reduce the impact of disasters. The P4RR programme has supported 63 (2020: 54) municipalities to date.

Santam partners with the Department of Cooperative Governance, the South African

Local Government Association, and local district municipalities to support and promote infrastructure maintenance and resilience to mitigate disaster-related risks.

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.

Through P4RR, the Emthunzini Community Trust invested R9 million in risk-reducing interventions that are managed by Santam and other willing partners, like SASRIA.

Santam's role in the partnership is to aid service delivery and provide support to local government infrastructure, economic development, and governance.

During 2020 Santam established a National Disaster Preparedness and Resilience Fund of R125 million to address and respond to national catastrophe events.

In 2021, the group is focused on understanding climate-related risks (physical and transitional) in accordance with the recommendations of the TCFD, as these risks affect the underwriting and investment sides of our business. Santam completed our ClimateWise and carbon disclosure reports which respond to the TCFD-aligned questions on the group's climate action initiatives. Santam have committed to TCFD reporting and published our first TCFD report.

Comment

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Chronic physical

Water scarcity

Primary potential financial impact

Decreased revenues due to reduced production capacity

Climate risk type mapped to traditional financial services industry risk classification

Systemic risk

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. At present usage rates, demand for freshwater will exceed supply by 2025, placing severe pressure on freshwater ecosystems.

In particular, the Western Cape recently experienced the worst drought recorded in history in 2017 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

Short-term

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.

Cost of response to risk

75,000,000

Description of response and explanation of cost calculation

Sanlam's partnership with WWF-SA is helping to safeguard the resilience of freshwater sources for generations to come. A R10,5 million contribution from Sanlam to the Freshwater programme assisted in leveraging co-funding of R101 million to protect water source areas in South Africa. Sanlam has invested more than R75 million in the partnership with WWF-SA over the past 14 years, supporting WWF-SA with conservation activities on water-related projects.

Now in its third phase, the current partnership's aim is to secure South Africa's water source areas, promote water stewardship and empower local governments to integrate freshwater protection into their policies and plans.

South Africa has 22 water source areas that are all facing a variety of threats in their catchment areas. We live in a water scarce country with concentrated rainfall, which means that millions of South Africans live without access to drinking water.

The WWF-SA Freshwater programme focuses on securing the highest yielding water source areas in the country, on which the rest of the economy depends. The programme enables better practice of water stewardship in the sectors with the largest impacts. It realises more effective management by linking public-private and community partnerships and works with the finance sector which is at the heart of the economy.

The corporate water risk index was developed to help South African investors assess whether JSE Top 40 listed companies carry higher or lower water risks compared to their competitors.

Sanlam's long-term partnership with WWF-SA reflects a commitment to real systemic change. In the past year, WWF-SA created multiple funded water source partnerships to co-develop a model for 10 strategic water source areas (SWSAs). Sanlam's funding provides a critical foundation that supports WWF in achieving the 2025 freshwater-focused outcome of "freshwater quantity and quality improved in SWSAs for ecological systems and communities" as well as helping to pursue the intersection of finance and sustainability.

Operationally, Sanlam removed indoor plants from its head office to further mitigate water use.

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

Energy source

Primary climate-related opportunity driver

Use of new technologies

Primary potential financial impact

Reduced indirect (operating) costs

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 50% 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

Short-term

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)

5,123,057

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

In FY2022, total kWh from purchased electricity was 33 442 500 kWh. If electricity consumption was to decrease by 10% due to efficiency, technology and renewable energy, purchased electricity consumption would be 30 098 250 kWh. At a current average tariff rate for this year (153.19 c/kWh), the average current cost is ZAR 51 230 565.75. At 10% decrease in consumption, the cost would be ZAR 46 107 509.18, making the financial impact ZAR 5 123 056.58

Cost to realize opportunity

330,000

Strategy to realize opportunity and explanation of cost calculation

Working with Sanlam Corporate facilities we track indicators and manage our operational footprint. The sustainability team and the Sanlam Energy Forum track emissions from energy use, travel, waste, etc. Sanlam is dependent on energy for business operations and avoids the use of diesel generators whenever power is available. At our main offices, we use generators to mitigate the risk of power cuts and load shedding, which increase costs as well as our carbon footprint. With future diesel generator procurement, the most environmentally friendly options are selected to mitigate our impact.

The Group environmental policy describes our intent to reduce energy consumption. We continue investigating options to use solar energy in our buildings. In the past year, we installed equipment to remove the need for R22 gas in air conditioning at our data centre.

Our commitment to reduce energy consumption is embedded in the Group Environmental Policy, and we continue to investigate options to use solar energy in our buildings. In the past year, at our data centre we installed new air conditioning equipment that uses refrigerant gas with a very low global warming impact to replace ozone-depleting R-22/Freon gas.

We continue to actively replace old T8 florescent fittings with more efficient T5 or LED light fittings where it makes economic sense. We also procure equipment that complies with the latest energy-efficient regulations and is compliant with environmental standards. All future projects are assessed for environmental and energy reduction best standards.

Energy efficiency and reduction projects to date in the last 2 years have costed ZAR 330 000.

Comment

Identifier

Opp2

Where in the value chain does the opportunity occur?

Investing (Asset owner) portfolio

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Primary potential financial impact

Increased revenues resulting from increased demand for 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 operates. 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, a single figure estimate

Potential financial impact figure (currency)

11,344,488,750

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

According to the Global Sustainable Investment Alliance, Global Sustainable Investment Review (2019), 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.

The Climate Investor One fund was the first such initiative by Climate Fund Managers, Sanlam's joint venture with the Dutch Development Bank, FMO. With the support of broad public and private sector commitment, Climate Investor One mobilised US\$850 million of commercial funds. These have been allocated to renewable energy infrastructure projects, for example, a river-run-off hydro project in Uganda, an offshore wind project in India and a near-shore wind project in Vietnam. Sanlam's opportunity relates to the profits made by the fund. The financial closure of the CIO fund in 2019 generated once-off income of R68 million.

Climate Investor Two was launched in January 2020 and announced a conditional first close at US\$675 million/ R11344 million during COP26 in November 2021. Over the next two years, Climate Investor Two will continue raising funds to reach a final close goal of US\$1 billion while simultaneously putting the capital raised to work. Similarly, Sanlam's opportunity relates to the profits made by the fund.

The fund focuses on water, sanitation, and oceans infrastructure, as these are fundamental to human life and economic

development but are also the medium through which the effects of climate change will be felt on earth. Climate Investor Two provides expertise, technology, and financing to projects that help vulnerable societies mitigate and adapt to these global climate changes.

Initially, the project will oversee a significant expansion of the 133 000 km² Galapagos Marine Reserve, protecting one of the most undisturbed and scientifically significant natural ecosystems on the planet.

Cost to realize opportunity

500,000,000

Strategy to realize opportunity and explanation of cost calculation

Infrastructure is going to play a critical role in spurring the growth of our South African economy. By directing capital to these investments, we can build confidence and prosperity for our country and its people.

On 1 September 2021, Sanlam Investments launched a sustainable infrastructure fund. Through this fund, we will source, assess and invest in renewable energy, conventional energy, transportation, communication, water and waste-related assets. ESG criteria are applied to support sustainable development. The fund, which provides predominantly debt finance, received commitments of R500 million and aims to provide investors with predictable inflation-beating returns over the long term. We plan to grow investments in the fund to R5 billion by attracting further capital from institutional investors.

Comment

C3. Business Strategy

C3.1

(C3.1) Does your organization's strategy include a transition plan that aligns with a 1.5°C world?

Row 1

Transition plan

No, but our strategy has been influenced by climate-related risks and opportunities, and we are developing a transition plan within two years

Explain why your organization does not have a transition plan that aligns with a 1.5°C world and any plans to develop one in the future

In FY2020 we announced our plan to develop a proactive roadmap that will ensure a coordinated approach towards meeting the Task Force on Climate-related Financial Disclosures (TCFD) recommendations by FY2021. In line with this, in FY2021 Sanlam engaged a third-party consultant to articulate Sanlam's response to climate-matters

guided by the TCFD-recommendations. The outcome of this was: i) an analysis of the climate-related risks and opportunities of peers and industries relevant to Sanlam (i.e. a 'Landscape analysis'); and ii) a TCFD readiness diagnostic.

The above outputs allowed for both Sanlam and Santam to publish their Climate Change Resilience Report as a TCFD 'beginner report'. Both reports are available online and can be accessed by all stakeholders. This represents the first step toward our commitment to developing a plan that aligns with a 1.5°C world.

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

	Use of climate-related scenario analysis to inform strategy	Primary reason why your organization does not use climate-related scenario analysis to inform its strategy	Explain why your organization does not use climate-related scenario analysis to inform its strategy and any plans to use it in the future
Row 1	No, but we anticipate using qualitative and/or quantitative analysis in the next two years	Other, please specify A priority going forward	<p>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.</p> <p>In FY2021 Sanlam published its Climate Change Resilience Report as a TCFD 'beginner report'. Similarly, Santam published its first stand-alone climate related disclosure report aligned to TCFD recommendations in FY2021.</p> <p>In FY2022 both Sanlam and Santam intend to embark on a climate-related scenario analysis in line with TCFD recommendations to assess climate-related physical and transition risks and opportunities based on potential global warming outcomes.</p>

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

Have climate-related risks and opportunities	Description of influence

	influenced your strategy in this area?	
Products and services	Yes	<p>Climate-related issues integrated into business strategy are reflected in that Sanlam implemented responsible investment guidelines over the short, medium and long term.</p> <p>Sanlam’s Credit Risk Framework incorporates ESG principles since 2013 as well as a responsible lending policy for hedge funds.</p> <p>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.</p> <p>Sanlam Investments 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>Towards the end of 2020, Sanlam Investments entered into a strategic partnership with Robeco, a leading international asset manager offering an extensive range of active investments, from equities to bonds, including sustainable investing. They launched their first sustainable investing product in 1995 and has been at the forefront of sustainable investing ever since.</p> <p>Through Robeco, Sanlam Investments now offer clients a wider range of sustainability solutions, ESG integration, rich data and technology, stewardship and governance, powered by leading research and insights. Further, sustainability engagements can be scaled and capabilities expanded to address material issues for both domestic and international exposure through their value enhanced engagements.</p> <p>Sanlam’s partnership with them provides access to niche</p>

		<p>sustainability expertise and the rigour required to track, monitor and influence change.</p> <p>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 subscribe to the 4 sustainable insurance principles.</p>
<p>Supply chain and/or value chain</p>	<p>Yes</p>	<p>According to the 2019 WEF Global Risk report 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:</p> <ul style="list-style-type: none"> • extreme weather events; • natural disasters; • failure of climate change mitigation and adaptation; • man-made environmental disasters; and • biodiversity loss and ecosystem collapse. <p>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 in the short, medium and long term.</p> <p>With this in mind Santam in 2019 launched the Santam Short-Term Insurance Barometer (Barometer) which is the result of a survey that polled more than 400 respondents regarding the prevailing perceptions on a broad range of challenges that must be carefully navigated for future sustainability. The survey enabled Santam to gain valuable insight into how the various markets view the most prominent risks, how well actual exposures are managed, and the gaps that insurers must address.</p> <p>Santam’s aim is to take the collective “temperature” of consumers, intermediaries and corporates annually and to highlight trends and insights to minimise the impact of extreme weather events on the economy and claims over the short and medium term.</p> <p>Santam has over the last few years expanded its disaster</p>

		<p>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>Investment in R&D</p>	<p>Yes</p>	<p>Sanlam recognised severe weather/climate change as one of the top 10 strategic Group risks for the past three years.</p> <p>The business is now undertaking a series of initiatives, such as the development of a Group Climate Position Statement, to assess and articulate climate-related risks to Sanlam’s owned assets. This includes investments in stocks, bonds and shares.</p> <p>Santam and the Emthunzini Community Trust is supporting local authorities respond to climate change as required by the Department of Environmental Affairs’ draft climate adaptation strategy. The Council for Scientific and Industrial Research (CSIR) introduced the Green Book at the Risk Protection Gap Lab hosted by Santam in 2019. It is considered an important support in understanding risk exposure and assisting municipalities to address their risk exposures, including climate risk. Attendees at the Lab felt the Green Book can play a significant role to address the Risk Protection Gap in South Africa. Santam integrated the Green Book Climate Risk Profiling and Adaptation Tool into its Building a FutureFit Strategy and piloted the tool in 2 municipalities during 2020 and is looking to roll it out across the country in the short to medium term.</p> <p>The Green Book is an open-access online planning support tool that provides scientific evidence in support of local</p>

		<p>government's pursuit in the planning and design of climate-resilient, hazards-resistant settlements. The Green Book is an information-dense resource offered to South African local government to better understand their risk and vulnerabilities concerning population growth, climate change, and exposure to natural hazards and the vulnerability of critical resources. In addition to this, the Green Book forecasts to the year 2050 and provides appropriate adaptation measures that can be implemented in cities and towns, so that South African settlements can minimise the impact of climate hazards on communities and infrastructure, while also contributing to developmental goals.</p>
Operations	Yes	<p>Business strategy influenced by climate change over the short term is reflected in Sanlam and Santam's commitments to environmental targets as set out in question C4.</p> <p>We came to the end of the previous target cycle for Sanlam environmental indicators in 2020. To set new targets, we started engaging with different stakeholders internally to gain insights into Sanlam's future workspace arrangements and strategy, given the changes brought by COVID-19. This is an ongoing process as we prepare for a hybrid way of work. Until such time as we have finalised the new targets, we have set an interim blanket reduction target of 10% against 2019 values, to be achieved by 2025.</p>

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Indirect costs Capital expenditures Capital allocation Acquisitions and divestments Access to capital Assets	<p>Access to capital - climate-related opportunities influencing long-term financial planning:</p> <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).</p> <p>The green renewable energy fund is designed to combat the detrimental effects of climate change.</p> <ul style="list-style-type: none"> • It is 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.

		<ul style="list-style-type: none"> • 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 mobilised commercial funds to reach US\$850 million (R12,265 million) by June 2019 – 30% above target.</p> <p>CIO is invested in the development of a number of projects, with two having received construction financing: Cleantech Solar, currently a 116MW pan-Asia Corporate and Industrial rooftop solar platform, and Africa Hydro Holdings, a 42MW run-of-river hydro platform in Uganda.</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>Following the success of CIO, the Climate Investor Two fund was launched in January 2020, focusing on two areas of impact:</p> <ul style="list-style-type: none"> • Water, sanitation and oceans across emerging markets. • Structure and focus <p>The initiative seeks greater impact efficiency in contributing to the SDGs with greater net positive social and development impact per dollar invested. With this approach there is an increasing overlap and combination between climate, impact and infrastructure.</p> <p>Short term impact on financial planning relates to the R330 000 capital expenditure required to replace the old T8 florescent fittings in the Sanlam head office parking with more efficient T5 or LED light fittings to save on energy consumption and maintenance.</p> <p>Additional capital was required to install a small solar PV system on the roof to be used for disaster recovery as a result of increased load shedding as well as installing more smart meters providing data to Sanlam’s web-based energy management system which measures real-time consumption per building.</p>
--	--	---

C-FS3.6

(C-FS3.6) Does the policy framework for your portfolio activities include climate-related requirements for clients/investees, and/or exclusion policies?

No, but we plan to include climate-related requirements and/or exclusion policies in our policy framework in the next two years

C-FS3.6c

(C-FS3.6c) Why does the policy framework for your portfolio activities not include climate-related requirements for clients/investees, and/or exclusion policies?

This is an ongoing piece of work by SIG as will be explored in the next two years. There is an exclusion strategy but does not extend to climate-related requirements. This strategy is also referred to as negative screening. It entails adopting exclusion criteria that may exclude certain sectors, companies or countries from a portfolio’s investment universe. Common examples include tobacco, weapons, alcohol, nuclear power, gambling or other ethical criteria.

C-FS3.7

(C-FS3.7) Does your organization include climate-related requirements in your selection process and engagement with external asset managers?

Climate-related requirements included in selection process and engagement with external asset managers	
Row 1	Yes

C-FS3.7a

(C-FS3.7a) Provide details of the climate-related requirements included in your selection process and engagement with external asset managers.

Coverage

Minority of assets managed externally

Mechanisms used to include climate-related requirements in external asset manager selection

Review investment manager’s climate-related policies

Describe how you monitor and engage with asset managers to ensure investment activities are consistent with your climate strategy

Where multi-managed portfolios are concerned, the buying of securities is outsourced to external service providers who may or may not incorporate climate-related issues in their policy framework. Sanlam Corporate typically assesses their process and ESG integration, which feeds into our risk assessment in our manager selection process. Where Sanlam-managed portfolios are concerned, climate-related issues are considered as part of the Sanlam ESG policy.

C4. Targets and performance

C4.1

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

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Year target was set

2021

Target coverage

Company-wide

Scope(s)

Scope 1

Scope 2 accounting method

Scope 3 category(ies)

Base year

2019

Base year Scope 1 emissions covered by target (metric tons CO₂e)

2,391

Base year Scope 2 emissions covered by target (metric tons CO₂e)

Base year Scope 3 emissions covered by target (metric tons CO₂e)

Total base year emissions covered by target in all selected Scopes (metric tons CO₂e)

2,391

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

2025

Targeted reduction from base year (%)

10

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]

2,151.9

Scope 1 emissions in reporting year covered by target (metric tons CO2e)

1,684.08

Scope 2 emissions in reporting year covered by target (metric tons CO2e)

Scope 3 emissions in reporting year covered by target (metric tons CO2e)

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

100

% of target achieved relative to base year [auto-calculated]

958.1764951903

Target status in reporting year

Achieved

Is this a science-based target?

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

Target ambition

Please explain target coverage and identify any exclusions

This target covers Scope 1 emissions of Sanlam.

Plan for achieving target, and progress made to the end of the reporting year

List the emissions reduction initiatives which contributed most to achieving this target

Flexible work from home policies which decreased the pressure on HVAC systems and diesel generator use.

Target reference number

Abs 2

Year target was set

2021

Target coverage

Company-wide

Scope(s)

Scope 2

Scope 2 accounting method

Location-based

Scope 3 category(ies)

Base year

2019

Base year Scope 1 emissions covered by target (metric tons CO2e)

Base year Scope 2 emissions covered by target (metric tons CO2e)

41,353

Base year Scope 3 emissions covered by target (metric tons CO2e)

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

41,353

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

2025

Targeted reduction from base year (%)

10

Total emissions in target year covered by target in all selected Scopes (metric tons CO₂e) [auto-calculated]

37,217.7

Scope 1 emissions in reporting year covered by target (metric tons CO₂e)

Scope 2 emissions in reporting year covered by target (metric tons CO₂e)

35,460.09

Scope 3 emissions in reporting year covered by target (metric tons CO₂e)

Total emissions in reporting year covered by target in all selected scopes (metric tons CO₂e)

35,460.09

% of target achieved relative to base year [auto-calculated]

142.5025995696

Target status in reporting year

Achieved

Is this a science-based target?

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

Target ambition

Please explain target coverage and identify any exclusions

This target covers Scope 2 emissions of Sanlam.

Plan for achieving target, and progress made to the end of the reporting year

List the emissions reduction initiatives which contributed most to achieving this target

Flexible work from home policies which decreased the pressure on electricity usage.
 Replacement of old T8 florescent fittings with more efficient T5 or LED light fittings in owned facilities.
 Procurement of equipment that complies with the latest energy-efficient regulations to minimise electricity use.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Other climate-related target(s)

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number

Oth 1

Year target was set

2021

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Energy consumption or efficiency

kWh

Target denominator (intensity targets only)

Base year

2019

Figure or percentage in base year

39,760,000

Target year

2025

Figure or percentage in target year

35,784,000

Figure or percentage in reporting year

33,440,000

% of target achieved relative to base year [auto-calculated]

158.953722334

Target status in reporting year

Achieved

Is this target part of an emissions target?

This target feeds into the Abs 2 target in question C4.1a.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain target coverage and identify any exclusions

This target covers total electricity usage in kWh for Sanlam.

Plan for achieving target, and progress made to the end of the reporting year

List the actions which contributed most to achieving this target

Our commitment to reduce energy consumption is embedded in the Group Environmental Policy, and we continue to investigate options to use solar energy in our buildings. In the past year, at our data centre we installed new air conditioning equipment that uses refrigerant gas with a very low global warming impact to replace ozone-depleting R-22/Freon gas.

We continue to actively replace old T8 florescent fittings with more efficient T5 or LED light fittings where it makes economic sense. We also procure equipment that complies with the latest energy-efficient regulations and is compliant with environmental standards. All future projects are assessed for environmental and energy reduction best standards.

Furthermore, a number of our buildings have Energy Performance Certificates. On 8th December 2020 the Department of Mineral Resources and Energy gazetted SANS 1544:2014 for the mandatory display of Energy Performance Certificates (EPC) for certain types of non-residential buildings.

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 CO ₂ e savings in metric tonnes CO ₂ e (only for rows marked *)
Under investigation	22	
To be implemented*	4	1,060
Implementation commenced*	1	71.02
Implemented*	2	10,918
Not to be implemented	1	

C4.3b

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

Initiative category & Initiative type

Fugitive emissions reductions

Other, please specify

Replacement of R-22/ Freon gas with a lower global warming potential refrigerant gas

Estimated annual CO₂e savings (metric tonnes CO₂e)

2,120

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1

Voluntary/Mandatory

Voluntary

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

2,300,000

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

45,000,000

Payback period

4-10 years

Estimated lifetime of the initiative

21-30 years

Comment

Replacement of R-22/ Freon gas with a lower global warming potential refrigerant gas in Sanlam Head Office HVAC system.

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.

C-FS4.5

(C-FS4.5) Do any of your existing products and services enable clients to mitigate and/or adapt to the effects of climate change?

Yes

C-FS4.5a

(C-FS4.5a) Provide details of your existing products and services that enable clients to mitigate and/or adapt to climate change, including any taxonomy used to classify the products(s).

Product type/Asset class/Line of business

Investing
Infrastructure

Taxonomy or methodology used to classify product

Internally classified

Description of product

On 1 September 2021, Sanlam Investments launched a sustainable infrastructure fund. Through this fund, we will source, assess and invest in renewable energy, conventional energy, transportation, communication, water and waste-related assets. ESG criteria are applied to support sustainable development. The fund, which provides predominantly debt finance, received commitments of R500 million and aims to provide investors with predictable inflation-beating returns over the long term. We plan to grow investments in the fund to R5 billion by attracting further capital from institutional investors.

Product enables clients to mitigate and/or adapt to climate change

Mitigation
Adaptation

Portfolio value (unit currency – as specified in C0.4)

500,000,000

% of total portfolio value

Type of activity financed/insured or provided

Low-emission transport
Renewable energy

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?

No

C5.1a

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Row 1

Has there been a structural change?

No

C5.1b

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

Change(s) in methodology, boundary, and/or reporting year definition?	
Row 1	No

C5.2

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

Scope 1

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

2,390.52

Comment

Scope 2 (location-based)

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

41,352.9

Comment

Scope 2 (market-based)

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

41,352.9

Comment

No contractual instruments purchased during FY2019.

Scope 3 category 1: Purchased goods and services

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

652.84

Comment

Consumption of office and policy paper Emission factors: Mondi Rotatrim Paper Profile and Sappi Typek Paper Profile - released August 2019 and May 2019 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.

Scope 3 category 2: Capital goods

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

4,011.23

Comment

Losses from Transmission & Distribution Kilowatt-hours purchased from Eskom were used to calculate emissions according to the GHG Protocol using Eskom's 2019 emission factors for Transmission and Distribution losses.

Scope 3 category 4: Upstream transportation and distribution

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

816.3

Comment

Courier services - tonne.kilometres provided by courier service providers were used to calculate emissions according to the GHG Protocol using Defra's 2019 freighting goods emission factors.

Scope 3 category 5: Waste generated in operations

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

509.2

Comment

Waste to landfill, recycled & composted Tonnes of waste to landfill and tonnes of food and municipal waste recycled and composted were used to calculate emissions according to the GHG Protocol using Defra's 2019 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.

Scope 3 category 6: Business travel

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

11,332.12

Comment

Business travel in rental cars, commercial airlines, hotel accommodation, travel claims and travel by shuttle, chauffeur and bus. Car rental - kilometres travelled, car engine size and type of fuel used provided by service provider. Defra's 2019 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 2019 emission factors for business travel - air used. Hotel accommodation - bed nights provided by service provider. Defra's 2019 emission factors for hotel stay used. Travel claims - claims for kilometres travelled in an unknown vehicle - Defra's 2019 emission factors for business travel - land used. Travel by shuttle, chauffeur and bus - kilometres travelled in an unknown vehicle - Defra's 2019 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.

Scope 3 category 7: Employee commuting

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

16,949.31

Comment

An employee commuting survey carried out by Sanlam and Santam in 2018 revealed an average 1.82550 and 2.02179 tCO2e per employee for annual commuting respectively. This is multiplied by number of employees covered in the report – 9 010. Kilometres travelled according to the mode of transport was used to calculate emissions according to the GHG Protocol using Defra's 2019 emission factors. 12 public holidays were included in the calculation.

Scope 3 category 8: Upstream leased assets

Base year start**Base year end****Base year emissions (metric tons CO2e)****Comment**

Scope 3 category 9: Downstream transportation and distribution

Base year start**Base year end****Base year emissions (metric tons CO2e)****Comment**

Scope 3 category 10: Processing of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 11: Use of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 12: End of life treatment of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 13: Downstream leased assets

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

809.55

Comment

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 2019 emissions factor.

Scope 3 category 14: Franchises

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 15: Investments

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (upstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (downstream)

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

ISO 14064-1

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)

1,684.08

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

35,460.09

Scope 2, market-based (if applicable)

35,460.09

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 which only includes 4 Santam South African facilities and 7 Sanlam South African facilities.

Relevance of Scope 1 emissions from this source

Emissions are relevant but not yet calculated

Relevance of location-based Scope 2 emissions from this source

Emissions are relevant but not yet calculated

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

Emissions are relevant but not yet calculated

Explain why this source is excluded

The reporting boundary for Sanlam covers the Group Sustainability Management Framework which includes 4 Santam South African facilities and 7 Sanlam South African facilities and is the focus based on materiality of emissions. The Group also operates numerous smaller offices around South Africa, but due to data availability and the significant reporting burden relative to their GHG contribution, these sites were excluded from the reporting boundary in FY2021. Sanlam will extend the GHG

reporting/target boundary to include all facilities/operations in South Africa as soon as possible.

Estimated percentage of total Scope 1+2 emissions this excluded source represents

23

Explain how you estimated the percentage of emissions this excluded source represents

Based on number of FTE employees, the reported facilities constitute for approximately 77% of the Group's operations in South Africa. Therefore, using the FTE metric as an estimation for emissions, the estimated percentage of total Scope 1 and 2 emissions this excluded source represents is 23% i.e., 100-77.

C6.5

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

Purchased goods and services

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

212

Emissions calculation methodology

Hybrid method

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

5.62

Please explain

Purchased goods and services covers purchased paper products and water. The emission factors for paper was sourced from the paper supplier Sappi in their Sappi Annual Report 2020 and water was sourced from Rand Water Annual Report 2017. Emissions were calculated according to the GHG Protocol using the provided emissions factors.

Capital goods

Evaluation status

Relevant, not yet calculated

Please explain

Data is currently not assessed. The reporting boundary is planned to be expanded to include this Scope 3 category in the near-term.

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

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

5,133

Emissions calculation methodology

Average data method

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

0

Please explain

This Scope 3 category covers Well-to-Tank emissions of diesel, petrol and LPG and transmission and distribution losses. Emission factors were sourced from DEFRA (UK Department of Environment Food and Rural Affairs) 2021 and Eskom Integrated Report 2021.

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

155

Emissions calculation methodology

Distance-based method

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

0

Please explain

This Scope 3 category covers the following transportation modes: heavy goods vehicle, international freight airline, domestic freight airline and short haul freight airline. Emission factors were sourced from DEFRA 2021.

Waste generated in operations

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

152

Emissions calculation methodology

Average data method

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

0

Please explain

This Scope 3 category covers emissions from the following sources: municipal solid waste, recycled municipal waste, recycled paper and food compost. Emission factors are sourced from DEFRA 2021 and Friedrich, E. and Trois, C., 2010. Greenhouse gases accounting and reporting for waste management– A South African perspective.

Business travel

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

2,391

Emissions calculation methodology

Distance-based method

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

0

Please explain

This Scope 3 category covers car travel, air travel and accommodation. Emission factors were sourced from DEFRA 2021.

Employee commuting

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

6,399

Emissions calculation methodology

Distance-based method

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

0

Please explain

This Scope 3 category covers car, bus, taxi and rail transportation modes. Emission factors were sourced from DEFRA 2021.

Upstream leased assets

Evaluation status

Relevant, not yet calculated

Please explain

Information is currently unavailable.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Please explain

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

Please explain

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

Please explain

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

Please explain

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.

Downstream leased assets

Evaluation status

Relevant, not yet calculated

Please explain

Information is currently unavailable and has not been assessed.

Franchises

Evaluation status

Not relevant, explanation provided

Please explain

Sanlam do not have franchises.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Please explain

Sanlam does not have any other upstream emissions.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Please explain

Sanlam does not have any other downstream emissions.

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

0.0000041

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e)

37,144.17

Metric denominator

unit total revenue

Metric denominator: Unit total

9,041,000,000

Scope 2 figure used

Location-based

% change from previous year

9

Direction of change

Increased

Reason for change

In FY2021, Scope 1 emissions are 1 684.08 tCO₂e and Scope 2 emissions are 35 460.09 tCO₂e (total Scope 1 and 2 emissions are 37 144.17 tCO₂e) compared to Scope 1 emissions of 1 640.09 tCO₂e and Scope 2 emissions of 33 150.38 tCO₂e (total Scope 1 and 2 emissions are 34 790.48 tCO₂e) in FY2020. Revenue for decreased from 9 249 million in FY2020 to 9 041 million in FY2021. Therefore, the overall intensity metric increased. Emissions increase is mainly due to the increase in South Africa's grid emission factors for Scope 2 emissions and employees returning to the office since COVID-19 protocol and lockdown levels were relaxed in South Africa.

Intensity figure

0.21

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e)

37,144.17

Metric denominator

square meter

Metric denominator: Unit total

178,667

Scope 2 figure used

Location-based

% change from previous year

1.4

Direction of change

Increased

Reason for change

In FY2021, Scope 1 emissions are 1 684.08 tCO₂e and Scope 2 emissions are 35 460.09 tCO₂e (total Scope 1 and 2 emissions are 37 144.17 tCO₂e) compared to Scope 1 emissions of 1 640.09 tCO₂e and Scope 2 emissions of 33 150.38 tCO₂e (total Scope 1 and 2 emissions are 34 790.48 tCO₂e) in FY2020. Square meterage largely stayed the same between FY2020 and FY2021. Therefore, the overall intensity metric increased. Emissions increase is mainly due to the increase in South Africa's grid emission factors for Scope 2 emissions and employees returning to the office since COVID-19 protocol and lockdown levels were relaxed in South Africa.

C7. Emissions breakdowns

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?

Increased

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	Sanlam Head office installed a small solar PV system on its roof for the purpose of disaster recovery - to charge batteries and other equipment in the event of a power outage. It is not available to the building to use as an alternative to grid power.
Other emissions reduction activities	2,120	Decreased	5.91	Replacement of R-22/ Freon gas with a lower global warming potential refrigerant gas at Sanlam Head Office's HVAC system resulted in emission savings of 2,120 tCO2e. Total Scope 1 and 2 emissions for 2020 were 35,865 tCO2e. We therefore arrived at 5.91% through $(2,120/35,865) * 100 = 5.91\%$.
Divestment				
Acquisitions				
Mergers				
Change in output				
Change in methodology				
Change in boundary				

Change in physical operating conditions	1,239.09	Increased	3.45	In 2020, Scope 1 and 2 emissions decreased mainly as a result of the outbreak of the coronavirus pandemic (COVID-19), followed by the declaration of states of disaster and emergency requiring employees to work from home and restrict travel. The shift to work-from-home since lockdown in March 2020, followed by approximately 20% occupancy in buildings for the rest of the year, resulted in reduced electricity consumption and travel. However, in the reporting year of 2021 many employees returned to the office in a flexible working schedule and Scope 1 and 2 emissions thereby increased in 2021. Total Scope 1 and 2 emissions for 2020 were 35,865 tCO ₂ e and the increased electricity usage in 2021 is 1,239.09. We therefore arrived at 3.45% through $(1,239.09/35,865) * 100 = 3.45\%$.
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 undertook this energy-related activity in the reporting year

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 (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	6,314.5	6,314.5
Consumption of purchased or acquired electricity		0	33,442.5	33,442.5
Total energy consumption		0	39,757	39,757

C8.2g

(C8.2g) Provide a breakdown of your non-fuel energy consumption by country.

Country/area

South Africa

Consumption of electricity (MWh)

33,442.5

Consumption of heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

33,442.5

C9. Additional metrics

C9.1

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

Description

Other, please specify

Annual water consumption across the reporting boundary

Metric value

0.49

Metric numerator

Total kilolitre consumption

Metric denominator (intensity metric only)

Square metres

% change from previous year

25

Direction of change

Decreased

Please explain

As a result of strict hygiene and cleaning regulations associated with the onset of COVID-19, FY2020's water consumption was higher than FY2021 (when such policies such regulations became less stringent).

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	Third-party verification or assurance process in place

C10.1a

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

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 2021 GHG Verification Statement.pdf

Page/ section reference

Pages 1-3

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1b

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

Scope 2 approach

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 2021 GHG Verification Statement.pdf

Page/ section reference

Pages 1-3

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Purchased goods and services

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)

Scope 3: Upstream transportation and distribution

Scope 3: Waste generated in operations

Scope 3: Business travel

Scope 3: Employee commuting

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 2021 GHG Verification Statement.pdf

Page/section reference

Pages 1-3

Relevant standard

ISO14064-3

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?

 Sanlam 2021 GHG Verification Statement.pdf

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C7. Emissions breakdown	Year on year change in emissions (Scope 1)	ISO 14064-3	Change in year-on-year change Scope 1 emissions in tCO ₂ e between FY2020 (1 January 2020-31 December 2020) and FY2021 (1 January 2021-31 December 2021) for the following buildings: Sanlam: Head Office, Houghton/Sky, Sanlam Investment Management, Sanlynn, Alice Lane, Glacier, West End D, and Santam: Head Office/Admin, Auckland Park, Alice Lane, Glacier. 100% of data is verified annually.
C7. Emissions breakdown	Year on year change in emissions (Scope 2)	ISO 14064-3	Change in year-on-year change Scope 2 emissions in tCO ₂ e between FY2020 (1 January 2020-31 December 2020) and FY2021 (1 January 2021-31 December 2021) for the following buildings: Sanlam: Head Office, Houghton/Sky, Sanlam Investment Management, Sanlynn, Alice Lane, Glacier, West End D, and Santam: Head Office/Admin, Auckland Park, Alice Lane, Glacier. 100% of data is verified annually.
C7. Emissions breakdown	Year on year change in emissions (Scope 1 and 2)	ISO 14064-3	Change in year-on-year change Scope 1 and 2 emissions in tCO ₂ e between FY2020 (1 January 2020-31 December 2020) and FY2021 (1 January 2021-31 December 2021) for the following buildings: Sanlam: Head Office, Houghton/Sky, Sanlam Investment Management, Sanlynn, Alice Lane, Glacier, West End D, and Santam: Head Office/Admin, Auckland Park, Alice Lane, Glacier. 100% of data is verified annually.

C7. Emissions breakdown	Year on year change in emissions (Scope 3)	ISO 14064-3	Change in year-on-year change Scope 3 emissions in tCO ₂ e between FY2020 (1 January 2020-31 December 2020) and FY2021 (1 January 2021-31 December 2021) for the following buildings: Sanlam: Head Office, Houghton/Sky, Sanlam Investment Management, Sanlynn, Alice Lane, Glacier, West End D, and Santam: Head Office/Admin, Auckland Park, Alice Lane, Glacier. 100% of data is verified annually.
C8. Energy	Energy consumption	ISO 14064-3	Total energy consumed (fuels and purchased/acquired electricity) in MWhs during the period 1 January 2021 to 31 December 2021 in the following buildings: Sanlam: Head Office, Houghton/Sky, Sanlam Investment Management, Sanlynn, Alice Lane, Glacier, West End D, and Santam: Head Office/Admin, Auckland Park, Alice Lane, Glacier. 100% of data is verified annually.
C9. Additional metrics	Other, please specify Municipal water consumption	ISO 14064-3	Water consumption in kl during the period 1 January 2021 to 31 December 2021 in the following buildings: Sanlam: Head Office, Houghton/Sky, Sanlam Investment Management, Sanlynn, Alice Lane, Glacier, West End D, and Santam: Head Office/Admin, Auckland Park, Alice Lane, Glacier. 100% of data is verified annually.
C7. Emissions breakdown	Year on year emissions intensity figure	ISO 14064-3	Year-on-year emission intensity figures for FY2019/2020 and FY2020/2021 in the following buildings: Sanlam: Head Office, Houghton/Sky, Sanlam Investment Management, Sanlynn, Alice Lane, Glacier, West End D, and Santam: Head Office/Admin, Auckland Park, Alice Lane, Glacier. 100% of data is verified annually.

C11. Carbon pricing

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, but we 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

% of supplier-related Scope 3 emissions as reported in C6.5

0

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

While the significant decrease in Scope 3 emissions (particularly those linked to business travel, employee commuting and office waste) can be attributed to COVID-19 restrictions and working from home, the reduction can also be attributed to our engagement with suppliers and associated initiatives. Emissions from the consumption of office and policy paper have decreased 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. Wasteful printing is contained by means of a print management solution that locks printing and has default duplex page settings.

Sanlam also engages with travel agents to obtain data to calculate Scope 3 emissions from travel (flights, car rental, travel claims and accommodation bookings). As a result of COVID-19 and employees working from home there was a significant reduction in paper usage as more transactions were paperless. The pandemic resulted in a steep increase in digitally reported claims which could be processed in two days compared to 10 days when done conventionally at Sanlam Corporate and with much less paper. The drastic reduction of people in the office resulted in lower consumption of utilities (energy, water, waste, travel and paper) and most GHG and sustainability targets were exceeded in both FY2020 and FY2021. This was mainly due to abnormal circumstances relating to the lockdown caused by the COVID-19 pandemic with the resultant ban on travel in FY2020 and decreased levels of travel in FY2021.

Success is measured by the percentage of suppliers engaged and the conversion of paper to digitised processes (from a zero threshold) as well as the turn-around rate for processing digitally reported claims.

Comment

C-FS12.2

(C-FS12.2) Does your organization exercise voting rights as a shareholder on climate-related issues?

Exercise voting rights as a shareholder on climate-related issues	
Row 1	Yes

C-FS12.2a

(C-FS12.2a) Provide details of your shareholder voting record on climate-related issues.

Method used to exercise your voting rights as a shareholder

Exercise voting rights through an external service provider

How do you ensure your shareholder voting rights are exercised in line with your overall climate strategy?

Other, please specify

Alignment with Sanlam Investment Management Responsible Stewardship Guidelines

Percentage of voting disclosed across portfolio

Climate-related issues supported in shareholder resolutions

Do you publicly disclose the rationale behind your voting on climate-related issues?

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

Direct or indirect engagement that could influence policy, law, or regulation that may impact the climate

Yes, we engage directly with policy makers

Yes, we engage indirectly through trade associations

Yes, we engage indirectly by funding other organizations whose activities may influence policy, law, or regulation that may significantly impact the climate

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?

Yes

Attach commitment or position statement(s)

 Santam Climate Change Position Statement.pdf

Describe the process(es) your organization has in place to ensure that your engagement activities are consistent with your overall climate change strategy

The Sanlam Sustainability Management Office takes direct responsibility for Sanlam's partnership with WWF (refer to C12.3c) and includes 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 Association for Savings and Investments (ASISA) and South African Insurance Association (SAIA) (refer to C12.3b) are 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).

C12.3a

(C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?

Focus of policy, law, or regulation that may impact the climate

Adaptation and/or resilience to climate change
Climate-related targets
Mandatory climate-related reporting

Specify the policy, law, or regulation on which your organization is engaging with policy makers

South Africa's Climate Change Bill

Policy, law, or regulation geographic coverage

National

Country/region the policy, law, or regulation applies to

South Africa

Your organization's position on the policy, law, or regulation

Neutral

Description of engagement with policy makers

The engagement with policy makers on South Africa's Climate Change Bill is through Sanlam's involvement with Business Unity South Africa (BUSA). Sanlam's position on the policy is in general agreement with BUSA's position wherein the policy lacks specificity in order to support long-term corporate planning associated with the risks and opportunities of climate change.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

Have you evaluated whether your organization's engagement is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

C12.3b

(C12.3b) Provide details of the trade associations your organization engages with which are likely to take a position on any policy, law or regulation that may impact the climate.

Trade association

Other, please specify

Association for Savings and Investments (ASISA)

Is your organization's position on climate change consistent with theirs?

Consistent

Has your organization influenced, or is your organization attempting to influence their position?

We publicly promote their current position

State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)

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.

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.

Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)

Describe the aim of your organization's funding

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Trade association

Other, please specify

South African Insurance Association

Is your organization's position on climate change consistent with theirs?

Consistent

Has your organization influenced, or is your organization attempting to influence their position?

We publicly promote their current position

State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)

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 incentivise clients and policymakers to reduce their exposure to these risks and so contribute to mitigation and the promotion of resilient economies.

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.

Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)

Describe the aim of your organization's funding

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

C12.3c

(C12.3c) Provide details of the funding you provided to other organizations in the reporting year whose activities could influence policy, law, or regulation that may impact the climate.

Type of organization

Non-Governmental Organization (NGO) or charitable organization

State the organization to which you provided funding

World Wide Fund for Nature (WWF)

Funding figure your organization provided to this organization in the reporting year (currency as selected in C0.4)

75,000,000

Describe the aim of this funding and how it could influence policy, law or regulation that may impact the climate

Sanlam has invested more than R75 million in the partnership with WWF-SA over the past 14 years, supporting WWF-SA with conservation activities on water-related projects. 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.

Sanlam's funding provides a critical foundation that supports WWF in achieving the 2025 freshwater-focused outcome of "freshwater quantity and quality improved in strategic water source areas for ecological systems and communities" as well as helping to pursue the intersection of finance and sustainability.

The Sanlam/ WWF Water Partnership includes a strong advocacy role on all water legislature issues in South Africa and has resonated in the policy discourse leading to a sharper focus on ecological infrastructure on a national scale. With additional contributions from the Sanlam Foundation, the partnership has been able to promote water stewardship and empower local governments to integrate freshwater protection into their policies and plans. This enables everyone to participate with confidence in a thriving, sustainable ecosystem.

Have you evaluated whether this funding is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

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 voluntary sustainability report

Status

Complete

Attach the document

 santam-task-force-on-climate-related-financial-disclosures-tcf-d-report-2021.pdf

 Climate-Change-Resilience-Report-2021.pdf

Page/Section reference

Both of the attached documents refers to climate change and GHG emissions performance throughout.

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Comment


Publication

In voluntary sustainability report

Status

Complete

Attach the document

 Sanlam-Resilience-Report-2021.pdf

Page/Section reference

Pages 83-86

Content elements

Emissions figures

Emission targets

Other metrics

Comment


Publication

In mainstream reports

Status

Complete

Attach the document

 Sanlam-IR-2021.pdf

Page/Section reference

Pages 1-196

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Other metrics

Comment


Publication

In voluntary communications

Status

Complete

Attach the document

 2021-Responsible-Investment-Report.pdf

Page/Section reference

Responsible Investment and Stewardship Report 2021 – pages 1-36

Content elements

Strategy
Risks & opportunities

Comment

Publication

In voluntary communications

Status

Complete

Attach the document

 santam-climate-change-position-statement.pdf

Page/Section reference

santam-climate-change-position-statement - climate change and GHG emissions performance referred to throughout this document

Content elements

Governance
Strategy

Comment

C-FS12.5

(C-FS12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

	Environmental collaborative framework, initiative and/or commitment	Describe your organization’s role within each framework, initiative and/or commitment
Row 1	ClimateWise Principles Principle for Responsible Investment (PRI) UNEP FI Principles for Sustainable Insurance	<p>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.</p> <p>Santam is a founding signatory of the UN Environment Programme’s Principles for Sustainable Insurance and we share the view that 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 risks and opportunities associated with sustainability or environmental, social and governance (ESG) issues.</p> <p>Santam is an active participant in various South African Insurance Association (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</p>

	gathered from these committees are shared with SAIA either through the various committees or via the leadership.
--	--

C14. Portfolio Impact

C-FS14.0

(C-FS14.0) For each portfolio activity, state the value of your financing and insurance of carbon-related assets in the reporting year.

Investing in all carbon-related assets (Asset manager)

Are you able to report a value for the carbon-related assets?

No, but we plan to assess our portfolio's exposure in the next two years

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Important, but not immediate priority

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

At Sanlam Investments all equity and debt investments are governed by a Responsible Investment Policy. As a result, investment processes incorporate ESG principles, including climate change. Climate-related risks are assessed through a subscription to ESG research conducted by an external ratings provider using public information and the findings are factored into the investment process. An assessment of climate related risks can be done on request. However, this process does not include a quantitative analysis of carbon emissions at this stage. This will be further explored in FY2022 and FY2023 in relation to our TCFD scenario analysis.

Investing in coal (Asset manager)

Are you able to report a value for the carbon-related assets?

No, but we plan to assess our portfolio's exposure in the next two years

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Important, but not immediate priority

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

At Sanlam Investments all equity and debt investments are governed by a Responsible Investment Policy. As a result, investment processes incorporate ESG principles, including climate change. Climate-related risks are assessed through a subscription to ESG research conducted by an external ratings provider using public information and the findings are factored into the investment process. An assessment of climate related risks can be done on request. However, this process does not include a quantitative

analysis of carbon emissions at this stage. This will be further explored in FY2022 and FY2023 in relation to our TCFD scenario analysis.

Investing in oil and gas (Asset manager)

Are you able to report a value for the carbon-related assets?

No, but we plan to assess our portfolio's exposure in the next two years

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Important, but not immediate priority

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

At Sanlam Investments all equity and debt investments are governed by a Responsible Investment Policy. As a result, investment processes incorporate ESG principles, including climate change. Climate-related risks are assessed through a subscription to ESG research conducted by an external ratings provider using public information and the findings are factored into the investment process. An assessment of climate related risks can be done on request. However, this process does not include a quantitative analysis of carbon emissions at this stage. This will be further explored in FY2022 and FY2023 in relation to our TCFD scenario analysis.

Investing all carbon-related assets (Asset owner)

Are you able to report a value for the carbon-related assets?

No, but we plan to assess our portfolio's exposure in the next two years

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Important, but not immediate priority

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

At Sanlam Investments all equity and debt investments are governed by a Responsible Investment Policy. As a result, investment processes incorporate ESG principles, including climate change. Climate-related risks are assessed through a subscription to ESG research conducted by an external ratings provider using public information and the findings are factored into the investment process. An assessment of climate related risks can be done on request. However, this process does not include a quantitative analysis of carbon emissions at this stage. This will be further explored in FY2022 and FY2023 in relation to our TCFD scenario analysis.

Investing in coal (Asset owner)

Are you able to report a value for the carbon-related assets?

No, but we plan to assess our portfolio's exposure in the next two years

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Important, but not immediate priority

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

At Sanlam Investments all equity and debt investments are governed by a Responsible Investment Policy. As a result, investment processes incorporate ESG principles, including climate change. Climate-related risks are assessed through a subscription to ESG research conducted by an external ratings provider using public information and the findings are factored into the investment process. An assessment of climate related risks can be done on request. However, this process does not include a quantitative analysis of carbon emissions at this stage. This will be further explored in FY2022 and FY2023 in relation to our TCFD scenario analysis.

Investing in oil and gas (Asset owner)

Are you able to report a value for the carbon-related assets?

No, but we plan to assess our portfolio's exposure in the next two years

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Important, but not immediate priority

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

At Sanlam Investments all equity and debt investments are governed by a Responsible Investment Policy. As a result, investment processes incorporate ESG principles, including climate change. Climate-related risks are assessed through a subscription to ESG research conducted by an external ratings provider using public information and the findings are factored into the investment process. An assessment of climate related risks can be done on request. However, this process does not include a quantitative analysis of carbon emissions at this stage. This will be further explored in FY2022 and FY2023 in relation to our TCFD scenario analysis.

Insuring all carbon-related assets

Are you able to report a value for the carbon-related assets?

No, but we plan to assess our portfolio's exposure in the next two years

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Important, but not immediate priority

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

At Sanlam Investments all equity and debt investments are governed by a Responsible Investment Policy. As a result, investment processes incorporate ESG principles, including climate change. Climate-related risks are assessed through a subscription to ESG research conducted by an external ratings provider using public information and the findings are factored into the investment process. An assessment of climate related

risks can be done on request. However, this process does not include a quantitative analysis of carbon emissions at this stage. This will be further explored in FY2022 and FY2023 in relation to our TCFD scenario analysis.

Insuring coal

Are you able to report a value for the carbon-related assets?

No, but we plan to assess our portfolio's exposure in the next two years

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Important, but not immediate priority

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

At Sanlam Investments all equity and debt investments are governed by a Responsible Investment Policy. As a result, investment processes incorporate ESG principles, including climate change. Climate-related risks are assessed through a subscription to ESG research conducted by an external ratings provider using public information and the findings are factored into the investment process. An assessment of climate related risks can be done on request. However, this process does not include a quantitative analysis of carbon emissions at this stage. This will be further explored in FY2022 and FY2023 in relation to our TCFD scenario analysis.

Insuring oil and gas

Are you able to report a value for the carbon-related assets?

No, but we plan to assess our portfolio's exposure in the next two years

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Important, but not immediate priority

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

At Sanlam Investments all equity and debt investments are governed by a Responsible Investment Policy. As a result, investment processes incorporate ESG principles, including climate change. Climate-related risks are assessed through a subscription to ESG research conducted by an external ratings provider using public information and the findings are factored into the investment process. An assessment of climate related risks can be done on request. However, this process does not include a quantitative analysis of carbon emissions at this stage. This will be further explored in FY2022 and FY2023 in relation to our TCFD scenario analysis.

C-FS14.1

(C-FS14.1) Does your organization measure its portfolio impact on the climate?

	We conduct analysis on our portfolio's impact on the climate	Please explain why you do not measure the impact of your portfolio on the climate
Investing (Asset manager)	No, but we plan to do so in the next two years	At Sanlam Investments all equity and debt investments are governed by a Responsible Investment Policy. As a result, investment processes incorporate ESG principles, including climate change. Climate-related risks are assessed through a subscription to ESG research conducted by an external ratings provider using public information and the findings are factored into the investment process. An assessment of climate related risks can be done on request. However, this process does not include a quantitative analysis of carbon emissions at this stage. This will be further explored in FY2022 and FY2023 in relation to our TCFD scenario analysis.
Investing (Asset owner)	No, but we plan to do so in the next two years	At Sanlam Investments all equity and debt investments are governed by a Responsible Investment Policy. As a result, investment processes incorporate ESG principles, including climate change. Climate-related risks are assessed through a subscription to ESG research conducted by an external ratings provider using public information and the findings are factored into the investment process. An assessment of climate related risks can be done on request. However, this process does not include a quantitative analysis of carbon emissions at this stage. This will be further explored in FY2022 and FY2023 in relation to our TCFD scenario analysis.
Insurance underwriting (Insurance company)	No, but we plan to do so in the next two years	In September 2021, the board formally adopted the TCFD recommendations and Santam became a TCFD signatory and in the reporting year Santam released its inaugural TCFD report. This report introduces our approach to identifying, assessing and addressing climate-related risks and opportunities. In the next reporting year, Santam will work to achieve mature TCFD reporting, align with TCFD recommendations and integrate climate change into the existing risk management framework. Measuring Santam's impact of our portfolio on the climate will be explored in relation to the climate scenario analysis and formulation of our climate change response.

C-FS14.3

(C-FS14.3) Did your organization take any actions in the reporting year to align your portfolio with a 1.5°C world?

	Actions taken to align our portfolio with a 1.5°C world
Investing (Asset manager)	Yes
Investing (Asset owner)	Yes
Insurance underwriting (Insurance company)	Yes

C-FS14.3a

(C-FS14.3a) Does your organization assess if your clients/investees' business strategies are aligned with a 1.5°C world?

	Assessment of alignment of clients/investees' strategies with a 1.5°C world	Please explain why you are not assessing if your clients/investees' business strategies are aligned with a 1.5°C world
Investing (Asset manager)	Yes, for some	<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).</p> <p>The green renewable energy fund is designed to combat the detrimental effects of climate change.</p> <ul style="list-style-type: none"> • It is 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>Following the success of CIO, the Climate Investor Two fund was launched in January 2020, focusing on two areas of impact:</p> <ul style="list-style-type: none"> • Water, sanitation and oceans across emerging markets. • Structure and focus <p>The initiative seeks greater impact efficiency in contributing to the SDGs with greater net positive social and development impact per dollar invested. With this approach there is an increasing overlap and combination between climate, impact and infrastructure.</p>

Investing (Asset owner)	Yes, for some	<p>Sanlam Corporate will continue to participate in the Sanlam Group's initiatives to assess and articulate climate-related risks and opportunities to the group's owned assets (such as investments in stocks, bonds, shares) to align to a 1.5C world.</p> <p>Where Sanlam-managed portfolios are concerned, climate-related issues are considered as part of the overall ESG policy for Sanlam Corporate.</p>
Insurance underwriting (Insurance company)	Yes, for some	<p>Global responses required to meet the Paris Agreement's goal of reducing average temperatures to below 1.5°C will require drastic changes to local and international energy infrastructure, as well as the infrastructure required to meet climate adaptation goals. Santam identified various opportunities to develop climate adaptation and insurance risk solutions to address physical climate risks. As such Santam's subsidiaries Emerald and Mirabilis provide insurance cover for renewable energy projects.</p>

C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity	Scope of board-level oversight
Row 1	Yes, board-level oversight	<p>Sanlam recognises that biodiversity-related issues could impact the stability and quality of human society, thereby eroding the financial resilience and prosperity of its clients and the communities which it segments serve. It therefore acknowledges its responsibility to ensure that Sanlam, its solutions, support structures and business practices incorporate responsible environmental principles.</p> <p>Sanlam accordingly ensures that biodiversity-related issues are addressed at the highest</p>	<p>Risks and opportunities to our own operations</p> <p>The impact of our investing activities on biodiversity</p> <p>The impact of our insurance underwriting activities on biodiversity</p>

	<p>levels of the organisation by vesting the ownership and oversight of decisions which are linked with biodiversity concerns with the Board sub-committee the Social, Ethics and Sustainability (SES) Committee, which is Chaired by an independent non-executive director. Through its Chairman, the SES Committee 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> <p>In FY2021 the SES Committee considered for approval application to the Task Force on Nature-related Financial Disclosures.</p>	
--	---	--

C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Initiatives endorsed
Row 1	Yes, we have endorsed initiatives only	SDG Other, please specify 'Every Action Counts' coalition

C15.3

(C15.3) Does your organization assess the impact of its value chain on biodiversity?

	Does your organization assess the impact of its value chain on biodiversity?
Row 1	No, but we plan to assess biodiversity-related impacts within the next two years

C15.4

(C15.4) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity-related commitments
Row 1	Yes, we are taking actions to progress our biodiversity-related commitments	Land/water protection Land/water management Education & awareness


C15.5


(C15.5) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	No, we do not use indicators, but plan to within the next two years	

C15.6

(C15.6) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
In other regulatory filings	Content of biodiversity-related policies or commitments Impacts on biodiversity Biodiversity strategy	Pages 86-87  1

 1Sanlam-Resilience-Report-2021.pdf

C16. 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.

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Group Executive: Market Development and Sustainability	Other C-Suite Officer

FW-FS Forests and Water Security (FS only)

FW-FS1.1

(FW-FS1.1) Is there board-level oversight of forests- and/or water-related issues within your organization?

	Board-level oversight of this issue area
Forests	Yes
Water	Yes

FW-FS1.1a

(FW-FS1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for forests- and/or water-related issues.

Issue area(s)	Position of individual(s)	Please explain
Forests Water	Board-level committee	<p>Sanlam recognises that environmental issues (inclusive of water and forestry related issues) related to climate change could impact the stability and quality of human society, thereby eroding the financial resilience and prosperity of its clients and the communities which it segments serve. It therefore acknowledges its responsibility to ensure that Sanlam, its solutions, support structures and business practices incorporate responsible environmental principles.</p> <p>Sanlam accordingly ensures that water-related and forestry-related issues are addressed at the highest levels of the organisation by vesting the ownership and oversight of water-related and forestry-related decisions with the Board sub-committee the Social, Ethics and Sustainability (SES) Committee, which is Chaired by an independent non-executive director. Through its Chairman, the SES Committee 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</p>

		<p>through the yearly production of Sanlam's Annual Reporting Suite. The Chairman of the SES committee attends Sanlam's annual general meeting.</p> <p>In FY2021 the SES Committee recommended for approval the Group's Sustainability strategy inclusive of water-related and forestry-related issues.</p>
Forests Water	Board-level committee	<p>The Risk and Compliance committee advises and assists the Board in overseeing risk governance by setting the direction for how risk management should be approached and addressed at Sanlam. This includes (among others) the identification, mitigation and management of water-related and forestry-related risks that the Group might be exposed to. The committee meets quarterly and provides feedback at every Board meeting.</p> <p>The Chair of the Risk and Compliance committee is an independent non-executive director and has oversight roles in terms of environmental issues. Depending on the nature of the water-related or forestry-related matter submitted to either the Risk and Compliance committee or the SES committee, it will note, provide approval, monitor or advise on the matter and relevant related issues that might impact the Group and its material stakeholders. When necessary, this committee elevates water-related or forestry-related matters to the Board for its consideration and/or approval.</p> <p>In FY2021, the Risk and Compliance committee made a decision to incorporate ESG principles (inclusive of water and forestry issues) into the Group's approach to risk management and responsible investing and implementation on this commenced.</p>

FW-FS1.1b

(FW-FS1.1b) Provide further details on the board's oversight of forests- and/or water-related issues.

Issue area(s)

Forests

Frequency with which the issue area(s) is a scheduled agenda item

Scheduled - all meetings

Governance mechanisms into which this issue area(s) is integrated

Reviewing and guiding strategy

Reviewing and guiding risk management policies

Setting performance objectives

Monitoring implementation and performance of objectives

Monitoring and overseeing progress against goals and targets for addressing forests- and/or water-related issues

Scope of board-level oversight

- Risks and opportunities to our investment (asset management) activities
- Risks and opportunities to our investment (asset ownership) activities
- Risks and opportunities to our insurance underwriting activities

Please explain

Sustainability, including forestry-related issues, forms part of board agendas and it is mandatory for all business units and subsidiaries to include social, ethics and sustainability issues onto the board agendas.

The engagement and oversight at Board level facilitates the integration of multiple functions involved in forestry-related risk, across the business.

In FY2021 the SES Committee recommended for approval the Group’s Sustainability strategy. Other key focus areas related to:

- Environmental performance against corporate targets;
- Sustainability reporting and the disclosure on material non-financial aspects; and
- Consideration of the risks and opportunities associated with the committee’s mandate and key deliverables, including reviewing emerging risks on an ongoing basis.

At Santam Executive Management reports on a quarterly basis to the Board on the progress of the Building a FutureFit Santam strategy which includes forestry considerations.

The SES committee has expanded its role to include oversight of ESG matters and environmental risks and opportunities. The investment committee and risk committee also assist the Board in their respective responsibilities for responsible investment and forestry risk assessment.

Issue area(s)

Water

Frequency with which the issue area(s) is a scheduled agenda item

Scheduled - all meetings

Governance mechanisms into which this issue area(s) is integrated

- Reviewing and guiding strategy
- Reviewing and guiding risk management policies
- Setting performance objectives
- Monitoring implementation and performance of objectives
- Monitoring and overseeing progress against goals and targets for addressing forests- and/or water-related issues

Scope of board-level oversight

Risks and opportunities to our investment (asset management) activities
 Risks and opportunities to our investment (asset ownership) activities
 Risks and opportunities to our insurance underwriting activities

Please explain

Sustainability, including water-related issues, forms part of board agendas and it is mandatory for all business units and subsidiaries to include social, ethics and sustainability issues onto the board agendas.

The engagement and oversight at Board level facilitates the integration of multiple functions involved in water-related risk, across the business.

In FY2021 the SES Committee recommended for approval the Group's Sustainability strategy. Other key focus areas related to:

- Environmental performance against corporate targets;
- Sustainability reporting and the disclosure on material non-financial aspects; and
- Consideration of the risks and opportunities associated with the committee's mandate and key deliverables, including reviewing emerging risks on an ongoing basis.

At Santam Executive Management reports on a quarterly basis to the Board on the progress of the Building a FutureFit Santam strategy which includes water considerations.

The SES committee has expanded its role to include oversight of ESG matters and environmental risks and opportunities. The investment committee and risk committee also assist the Board in their respective responsibilities for responsible investment and water risk assessment.

FW-FS1.1c

(FW-FS1.1c) Does your organization have at least one board member with competence on forests- and/or water-related issues?

Forests

Board member(s) have competence on this issue area

Yes

Criteria used to assess competence of board member(s) on this issue area

Sanlam Board members were invited and attended a session by the Institute of Directors South Africa on climate change in April 2021. The training included an overview of climate risk oversight as a four-part video series to assist leaders in obtaining a better understanding of climate change and the associated risks, as well as the Board's role and fiduciary responsibilities relevant to climate change and its associated risks. Further topics included the systemic nature of climate change, physical and transition risk, and net zero implications. The topics directly intersected forestry-related issues connected to extreme events (e.g., fires) and impact on land and agricultural products.

Water

Board member(s) have competence on this issue area

Yes

Criteria used to assess competence of board member(s) on this issue area

Sanlam Board members were invited and attended a session by the Institute of Directors South Africa on climate change in April 2021. The training included an overview of climate risk oversight as a four-part video series to assist leaders in obtaining a better understanding of climate change and the associated risks, as well as the Board's role and fiduciary responsibilities relevant to climate change and its associated risks. Further topics included the systemic nature of climate change, physical and transition risk, and net zero implications. The topics directly related to water through issues such as changes in water availability, quality and extreme events.

FW-FS1.2

(FW-FS1.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests- and/or water-related issues.

Name of the position(s) and/or committee(s)

Other, please specify

Head of Group Sustainability

Reporting line

Other, please specify

Group Executive: Market Development and Sustainability

Issue area(s)

Forests

Water

Responsibility

Both assessing and managing risks and opportunities

Coverage of responsibility

Risks and opportunities related to our investing (asset management) activities

Risks and opportunities related to our investing (asset ownership) activities

Risks and opportunities related to our insurance underwriting activities

Frequency of reporting to the board on forests- and/or water-related issues

Quarterly

Name of the position(s) and/or committee(s)

Environment/Sustainability manager

Reporting line

Other, please specify
Head of Group Sustainability

Issue area(s)

Forests
Water

Responsibility

Both assessing and managing risks and opportunities

Coverage of responsibility

Risks and opportunities related to our investing (asset management) activities
Risks and opportunities related to our investing (asset ownership) activities
Risks and opportunities related to our insurance underwriting activities

Frequency of reporting to the board on forests- and/or water-related issues

Quarterly

Name of the position(s) and/or committee(s)

Other, please specify
Group Actuarial and Risk Management

Reporting line

Risk – CRO reporting line

Issue area(s)

Forests
Water

Responsibility

Assessing risks and opportunities

Coverage of responsibility

Risks and opportunities related to our investing (asset management) activities
Risks and opportunities related to our investing (asset ownership) activities

Frequency of reporting to the board on forests- and/or water-related issues

Quarterly

Name of the position(s) and/or committee(s)

Other, please specify
Santam Group Strategy Unit

Reporting line

CEO reporting line

Issue area(s)

Forests

Water

Responsibility

Both assessing and managing risks and opportunities

Coverage of responsibility

Risks and opportunities related to our insurance underwriting activities

Frequency of reporting to the board on forests- and/or water-related issues

Quarterly

Name of the position(s) and/or committee(s)

Other committee, please specify

Social, Ethics and Sustainability (SES) Committee

Reporting line

Reports to the Board directly

Issue area(s)

Forests

Water

Responsibility

Both assessing and managing risks and opportunities

Coverage of responsibility

Risks and opportunities related to our investing (asset management) activities

Risks and opportunities related to our investing (asset ownership) activities

Frequency of reporting to the board on forests- and/or water-related issues

Quarterly

FW-FS2.1

(FW-FS2.1) Do you assess your portfolio's exposure to forests- and/or water-related risks and opportunities?

	We assess our portfolio's exposure to this issue area
Investing (Asset manager) – Forests exposure	Yes
Investing (Asset manager) – Water exposure	Yes
Investing (Asset owner) – Forests exposure	Yes
Investing (Asset owner) – Water exposure	Yes
Insurance underwriting – Forests exposure	Yes
Insurance underwriting – Water exposure	Yes

FW-FS2.1a

(FW-FS2.1a) Describe how you assess your portfolio's exposure to forests- and/or water-related risks and opportunities.

Portfolio

Investing (Asset manager)

Exposure to

Forests-related risks and opportunities

Type of risk management process

Integrated into multi-disciplinary company-wide risk management process

Proportion of portfolio covered by risk management process

100

Type of assessment

Qualitative only

Time horizon(s) covered

Short-term

Medium-term

Long-term

Tools and methods used

External consultants

Internal tools/methods

Provide the rationale for implementing this process to assess your portfolio's exposure to forests- and/or water-related risks and opportunities

Sanlam Investments uses all public information to assess ESG risk for all investments (inclusive of forestry-related issues).

Towards the end of FY2020, Sanlam Investments entered into a strategic partnership with Robeco. Robeco is an international asset manager offering an extensive range of active investments, from equities to bonds, including sustainable investing. They launched their first sustainable investing product in 1995 and has been at the forefront of sustainable investing ever since. Through Robeco, Sanlam Investments now offer clients a wider range of sustainability solutions, ESG integration, rich data and technology, stewardship and governance, powered by leading research and insights. In FY2021, Sanlam continued to leverage the strategic partnership with Robeco. The partnership accelerates SIG's alignment with global best practice by providing the cluster with access to Robeco's platform, research and experience. This enables SIG to rapidly upskill its people and help embed sustainable investing practices into its investment processes. It also promotes positive long-term sustainability outcomes for South Africa. Further, sustainability engagements can be scaled, and capabilities

expanded to address material issues for both domestic and international exposure through their value enhanced engagements. Sanlam's partnership with them provides access to niche sustainability expertise and the rigour required to track, monitor and influence change.

Portfolio

Investing (Asset manager)

Exposure to

Water-related risks and opportunities

Type of risk management process

Integrated into multi-disciplinary company-wide risk management process

Proportion of portfolio covered by risk management process

100

Type of assessment

Qualitative only

Time horizon(s) covered

Short-term

Medium-term

Long-term

Tools and methods used

External consultants

Internal tools/methods

Provide the rationale for implementing this process to assess your portfolio's exposure to forests- and/or water-related risks and opportunities

Sanlam Investments uses all public information to assess ESG risk for all investments (inclusive of water-related issues).

Towards the end of FY2020, Sanlam Investments entered into a strategic partnership with Robeco. Robeco is an international asset manager offering an extensive range of active investments, from equities to bonds, including sustainable investing. They launched their first sustainable investing product in 1995 and has been at the forefront of sustainable investing ever since. Through Robeco, Sanlam Investments now offer clients a wider range of sustainability solutions, ESG integration, rich data and technology, stewardship and governance, powered by leading research and insights. In FY2021, Sanlam continued to leverage the strategic partnership with Robeco. The partnership accelerates SIG's alignment with global best practice by providing the cluster with access to Robeco's platform, research and experience. This enables SIG to rapidly upskill its people and help embed sustainable investing practices into its investment processes. It also promotes positive long-term sustainability outcomes for South Africa. Further, sustainability engagements can be scaled, and capabilities expanded to address material issues for both domestic and international exposure

through their value enhanced engagements. Sanlam's partnership with them provides access to niche sustainability expertise and the rigour required to track, monitor and influence change.

Portfolio

Investing (Asset owner)

Exposure to

Forests-related risks and opportunities

Type of risk management process

Integrated into multi-disciplinary company-wide risk management process

Proportion of portfolio covered by risk management process

100

Type of assessment

Qualitative only

Time horizon(s) covered

Short-term

Medium-term

Long-term

Tools and methods used

External consultants

Internal tools/methods

Provide the rationale for implementing this process to assess your portfolio's exposure to forests- and/or water-related risks and opportunities

Sanlam Corporate has embedded ESG risk assessment through our investment policy statement. Where multi-managed portfolios are concerned, the buying of securities is outsourced to external service providers who may or may not incorporate forestry-related issues in their policy framework. Sanlam Corporate assesses their process and ESG integration, which feeds into our risk assessment in our manager selection process. Sanlam Corporate assesses and manage forestry-related risks and opportunities through Active Ownership as a key component of our ESG framework. It encompasses two important areas: • Engaging with companies on material ESG issues • Exercising the right to vote on behalf of clients. We consider shareholder engagement as a core driver of change where investors seek to improve investee companies' practices with a specific objective in mind. When engaging with companies, the purpose is to either seek additional understanding or, where necessary, to seek change that will protect and enhance the value of investments for which we are responsible. Along with engagement activity, we consider voting to be a crucial aspect of being an active shareholder. It is an important element of the ESG framework and an opportunity to influence the company. Our voting and engagement activities are closely aligned as we regularly engage with companies before and after the vote. Our voting process is

governed by our internal proxy voting guidelines which provide our preferences on governance matters and expectations for companies on sustainability themes.

Portfolio

Investing (Asset owner)

Exposure to

Water-related risks and opportunities

Type of risk management process

Integrated into multi-disciplinary company-wide risk management process

Proportion of portfolio covered by risk management process

100

Type of assessment

Qualitative only

Time horizon(s) covered

Short-term

Medium-term

Long-term

Tools and methods used

External consultants

Internal tools/methods

Provide the rationale for implementing this process to assess your portfolio's exposure to forests- and/or water-related risks and opportunities

Sanlam Corporate has embedded ESG risk assessment through our investment policy statement. Where multi-managed portfolios are concerned, the buying of securities is outsourced to external service providers who may or may not incorporate water-related issues in their policy framework. Sanlam Corporate assesses their process and ESG integration, which feeds into our risk assessment in our manager selection process. Sanlam Corporate assesses and manage water-related risks and opportunities through Active Ownership as a key component of our ESG framework. It encompasses two important areas: • Engaging with companies on material ESG issues • Exercising the right to vote on behalf of clients. We consider shareholder engagement as a core driver of change where investors seek to improve investee companies' practices with a specific objective in mind. When engaging with companies, the purpose is to either seek additional understanding or, where necessary, to seek change that will protect and enhance the value of investments for which we are responsible. Along with engagement activity, we consider voting to be a crucial aspect of being an active shareholder. It is an important element of the ESG framework and an opportunity to influence the company. Our voting and engagement activities are closely aligned as we regularly engage with companies before and after the vote. Our voting process is governed by our internal proxy voting guidelines which provide our preferences on governance matters and expectations for companies on sustainability themes.

Portfolio

Insurance underwriting (Insurance company)

Exposure to

Forests-related risks and opportunities

Type of risk management process

Integrated into multi-disciplinary company-wide risk management process

Proportion of portfolio covered by risk management process

100

Type of assessment

Qualitative only

Time horizon(s) covered

Short-term

Medium-term

Long-term

Tools and methods used

External consultants

Internal tools/methods

Provide the rationale for implementing this process to assess your portfolio's exposure to forests- and/or water-related risks and opportunities

Santam is a signatory of the UN Environment's Finance Initiative's Principles for Sustainable Insurance and ClimateWise and follows their guiding principles in all underwriting. 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. One programme is the P4RR (Partnership for Risk and Resilience Programme). Santam as underwriter is exposed to catastrophic events such as floods and fire. It therefore partnered with P4RR Programme, which brings together our proactive risk management activities in municipalities, our CSI spend, stakeholder relations functions and sustainability initiatives, and is fully aligned with the 'Help Build Resilient Societies' theme of Santam's FutureFit strategy. Through P4RR, the Emthunzini Community Trust invests in risk reducing interventions that are managed by Santam and other willing partners, such as the South African Special Risk Insurance (SASRIA). The objective of P4RR is to strengthen the institutional and participatory development capacity of local municipalities to proactively reduce the impact of fire and flood disaster events. Ultimately our efforts help to contribute to climate adaption efforts cross cutting water and forestry-related issues. We do this by assisting service delivery and providing support to local government infrastructure, economic development, and governance.

Portfolio

Insurance underwriting (Insurance company)

Exposure to

Water-related risks and opportunities

Type of risk management process

Integrated into multi-disciplinary company-wide risk management process

Proportion of portfolio covered by risk management process

100

Type of assessment

Qualitative only

Time horizon(s) covered

Short-term

Medium-term

Long-term

Tools and methods used

External consultants

Internal tools/methods

Provide the rationale for implementing this process to assess your portfolio's exposure to forests- and/or water-related risks and opportunities

Santam is a signatory of the UN Environment's Finance Initiative's Principles for Sustainable Insurance and ClimateWise and follows their guiding principles in all underwriting. 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. One programme is the P4RR (Partnership for Risk and Resilience Programme). Santam as underwriter is exposed to catastrophic events such as floods and fire. It therefore partnered with P4RR Programme, which brings together our proactive risk management activities in municipalities, our CSI spend, stakeholder relations functions and sustainability initiatives, and is fully aligned with the 'Help Build Resilient Societies' theme of Santam's FutureFit strategy. Through P4RR, the Emthunzini Community Trust invests in risk reducing interventions that are managed by Santam and other willing partners, such as the South African Special Risk Insurance (SASRIA). The objective of P4RR is to strengthen the institutional and participatory development capacity of local municipalities to proactively reduce the impact of fire and flood disaster events. Ultimately our efforts help to contribute to climate adaptation efforts cross cutting water and forestry-related issues. We do this by assisting service delivery and providing support to local government infrastructure, economic development, and governance.

FW-FS2.2

(FW-FS2.2) Does your organization consider forests- and/or water-related information about clients/investees as part of its due diligence and/or risk assessment process?

	We consider forests- and/or water-related information	Explain why information related to this issue area is not considered and any plans to address this in the future
Investing (Asset manager) – Forests-related information	No, but we plan to do so within the next two years	Forestry-related information is not focused on as a material issue, but this will be explored in the near-future.
Investing (Asset manager) – Water-related information	No, but we plan to do so within the next two years	Water-related information is not focused on as a material issue, but this will be explored in the near-future.
Investing (Asset owner) – Forests-related information	No, but we plan to do so within the next two years	Forestry-related information is not focused on as a material issue, but this will be explored in the near-future.
Investing (Asset owner) – Water-related information	No, but we plan to do so within the next two years	Water-related information is not focused on as a material issue, but this will be explored in the near-future.
Insurance underwriting – Forests-related information	No, but we plan to do so within the next two years	Forestry-related information is not focused on as a material issue, but this will be explored in the near-future.
Insurance underwriting – Water-related information	No, but we plan to do so within the next two years	Water-related information is not focused on as a material issue, but this will be explored in the near-future.

FW-FS2.3

(FW-FS2.3) Have you identified any inherent forests- and/or water-related risks in your portfolio with the potential to have a substantive financial or strategic impact on your business?

	Risks identified for this issue area
Forests	Yes
Water	Yes

FW-FS2.3a

(FW-FS2.3a) Provide details of forests- and/or water-related risks in your portfolio with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk1

Portfolio where risk driver occurs

Insurance underwriting (Insurance company) portfolio

Issue area risk relates to

Forests

Risk type & Primary risk driver

Acute physical
Wildfire

Primary potential financial impact

Increased insurance claims liability

Risk type mapped to traditional financial services industry risk classification

Systemic risk

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 hailstorms 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. 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.

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.

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 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

Short-term

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)

1,100,000,000

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 costs of natural disasters in 2018 was USD 155 billion while the insurance protection gap for Africa was USD 1 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. In 2021, Santam assisted farmers by paying gross crop claims of R1.1 billion toward the end of the financial year when they were adversely affected by extreme weather events. The fair and timely payment of claims of a total of R24.5 billion (including CBI claims) is testament to the value of general insurance for the economy.

Cost of response to risk

139,000,000

Description of response and explanation of cost calculation

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.

During 2020 Santam invested R5 million in municipalities to better respond to the risk of fires and floods. The objective of P4RR (Partnership for Risk and Resilience Programme) is to strengthen the institutional and participatory development capacity of local municipalities to proactively reduce the impact of disasters. The P4RR programme has supported 63 (2020: 54) municipalities to date.

Santam partners with the Department of Cooperative Governance, the South African Local Government Association, and local district municipalities to support and promote infrastructure maintenance and resilience to mitigate disaster-related risks. 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.

Through P4RR, the Emthunzini Community Trust invested R9 million in risk-reducing interventions that are managed by Santam and other willing partners, like SASRIA. Santam's role in the partnership is to aid service delivery and provide support to local government infrastructure, economic development, and governance.

During 2020 Santam established a National Disaster Preparedness and Resilience Fund of R125 million to address and respond to national catastrophe events.

In 2021, the group is focused on understanding climate-related risks (physical and transitional) in accordance with the recommendations of the TCFD, as these risks affect the underwriting and investment sides of our business. Santam completed our ClimateWise and carbon disclosure reports which respond to the TCFD-aligned questions on the group's climate action initiatives. Santam have committed to TCFD reporting and published our first TCFD report.

Comment

Identifier

Risk2

Portfolio where risk driver occurs

Investing (Asset manager) portfolio

Issue area risk relates to

Water

Risk type & Primary risk driver

Chronic physical
Water scarcity

Primary potential financial impact

Decreased revenues due to reduced production capacity

Risk type mapped to traditional financial services industry risk classification

Systemic risk

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. At present usage rates, demand for freshwater will exceed supply by 2025, placing severe pressure on freshwater ecosystems.

In particular, the Western Cape recently experienced the worst drought recorded in history in 2017 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

Short-term

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 (from which our asset management business is based) 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.

Cost of response to risk

75,000,000

Description of response and explanation of cost calculation

Sanlam's partnership with WWF-SA is helping to safeguard the resilience of freshwater sources for generations to come. A R10,5 million contribution from Sanlam to the Freshwater programme assisted in leveraging co-funding of R101 million to protect water source areas in South Africa. Sanlam has invested more than R75 million in the partnership with WWF-SA over the past 14 years, supporting WWF-SA with conservation activities on water-related projects.

Now in its third phase, the current partnership's aim is to secure South Africa's water source areas, promote water stewardship and empower local governments to integrate freshwater protection into their policies and plans.

South Africa has 22 water source areas that are all facing a variety of threats in their catchment areas. We live in a water scarce country with concentrated rainfall, which means that millions of South Africans live without access to drinking water.

The WWF-SA Freshwater programme focuses on securing the highest yielding water source areas in the country, on which the rest of the economy depends. The programme enables better practice of water stewardship in the sectors with the largest impacts. It realises more effective management by linking public-private and community partnerships and works with the finance sector which is at the heart of the economy.

The corporate water risk index was developed to help South African investors assess whether JSE Top 40 listed companies carry higher or lower water risks compared to their competitors.

Sanlam's long-term partnership with WWF-SA reflects a commitment to real systemic change. In the past year, WWF-SA created multiple funded water source partnerships to co-develop a model for 10 strategic water source areas (SWSAs). Sanlam's funding provides a critical foundation that supports WWF in achieving the 2025 freshwater-focused outcome of "freshwater quantity and quality improved in SWSAs for ecological systems and communities" as well as helping to pursue the intersection of finance and sustainability.

Comment

Identifier

Risk3

Portfolio where risk driver occurs

Insurance underwriting (Insurance company) portfolio

Issue area risk relates to

Water

Risk type & Primary risk driver

Acute physical

Flood (coastal, fluvial pluvial, groundwater)

Primary potential financial impact

Increased insurance claims liability

Risk type mapped to traditional financial services industry risk classification

Systemic risk

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 hailstorms 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. 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.

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.

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 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

Short-term

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)

1,100,000,000

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 costs of natural disasters in 2018 was USD 155 billion while the insurance protection gap for Africa was USD 1 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. In 2021, Santam assisted farmers by paying gross crop claims of R1.1 billion toward the end of the financial year when they were adversely affected by extreme weather events. The fair and timely payment of claims of a total of R24.5 billion (including CBI claims) is testament to the value of general insurance for the economy.

It is estimated that the magnitude of fire-related claims can be used as a proxy for flood-related claims.

Cost of response to risk

139,000,000

Description of response and explanation of cost calculation

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.

During 2020 Santam invested R5 million in municipalities to better respond to the risk of fires and floods. The objective of P4RR (Partnership for Risk and Resilience Programme) is to strengthen the institutional and participatory development capacity of local municipalities to proactively reduce the impact of disasters. The P4RR programme has supported 63 (2020: 54) municipalities to date.

Santam partners with the Department of Cooperative Governance, the South African Local Government Association, and local district municipalities to support and promote infrastructure maintenance and resilience to mitigate disaster-related risks.

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.

Through P4RR, the Emthunzini Community Trust invested R9 million in risk-reducing interventions that are managed by Santam and other willing partners, like SASRIA. Santam's role in the partnership is to aid service delivery and provide support to local government infrastructure, economic development, and governance.

During 2020 Santam established a National Disaster Preparedness and Resilience Fund of R125 million to address and respond to national catastrophe events.

In 2021, the group is focused on understanding climate-related risks (physical and transitional) in accordance with the recommendations of the TCFD, as these risks affect the underwriting and investment sides of our business. Santam completed our ClimateWise and carbon disclosure reports which respond to the TCFD-aligned questions on the group's climate action initiatives. Santam have committed to TCFD reporting and published our first TCFD report.

Comment

FW-FS2.4

(FW-FS2.4) Have you identified any inherent forests- and/or water-related opportunities in your portfolio with the potential to have a substantive financial or strategic impact on your business?

	Opportunities identified for this issue area
Forests	Yes
Water	Yes

FW-FS2.4a

(FW-FS2.4a) Provide details of forests- and/or water-related opportunities in your portfolio with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Portfolio where opportunity occurs

Insurance underwriting (Insurance company) portfolio

Issue area opportunity relates to

Forests

Opportunity type & Primary opportunity driver

Products and services
Ability to diversify business activities

Primary potential financial impact

Increased revenues through access to new and emerging markets

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.

Nature loss would be material for the insurance sector/Santam through increased claims. Santam is/will be exposed through 3 key channels - physical, transition, and liability risks. Land-related damages could result in unexpected increase in claims for our agricultural and property engineering businesses. Business interruptions as results of land degradation could exacerbate the claims, ultimately impacting underwriting margins. Furthermore our liability business could be vulnerable to nature-related litigation as claimants may look to hold companies accountable for the (perceived) role in causing nature related loss.

Time horizon

Short-term

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)

56,500,000

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 2021 was R 1 130 million. A conservative 5% increase in crop insurance sold could increase premium income by R56.5 million.

Cost to realize opportunity

16,000,000

Strategy to realize opportunity and explanation of cost calculation

In the last 2 years, Santam invested R16 million in CSI projects, with the majority allocated to environmental and development programmes such as the Consumer Financial Education (CFE) that offer consumer education for clients in the agriculture sectors. Other focus areas relate to community risk awareness, increased capacity for disaster response and relief as well as addressing fire related high-risk hotspots. Over 1.4 million people were reached through CFE initiatives during 2020. 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 employs a full-time agricultural meteorologist who forecasts seasonal climate variability to identify extreme weather events that may impact crops. In addition, training and advice is provided to farmers on adaptive farming methods given the anticipated climate conditions. Santam sponsors the annual national agriculture silage competition that contributes towards the promotion of good silage practices. The competition is meant to assist farmers to adapt to climate-related risks such as drought. Silage is the production of animal feed using compacted maize, forage sorghum and oats. Climate change is altering weather patterns, water distribution and availability leading to ecosystem disruption and extreme weather events. This is expected to have an impact on agriculture. Therefore, good silage practice allows for the safe storage of animal feed thus providing a buffer to extreme weather events such as extended droughts. In 2020 Santam Agri partnered with Sanlam Pan-Africa General Insurance (SPA GI) to provide crop cover for South African domiciled clients that are expanding to other African countries. Santam Agri also supports the SPA GI project team that is considering crop index insurance solutions for smallholder farmers and aggregators in various African countries. This will promote financial inclusion and reduce the risk protection gap for smallholder farmers in Africa. Crop insurance to farmers acts as a hedge against climate, environmental and other risks. Financial settlements for weather damage not only make it possible for growers to continue their livelihoods, but also help stabilise the region's food supply.

Comment

Identifier

Opp2

Portfolio where opportunity occurs

Investing (Asset owner) portfolio

Issue area opportunity relates to

Water

Opportunity type & Primary opportunity driver

Products and services

Development and/or expansion of financing products and solutions supporting water security

Primary potential financial impact

Increased revenues resulting from increased demand for 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 operates. 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, a single figure estimate

Potential financial impact figure (currency)

11,344,488,750

Potential financial impact figure - minimum (currency)**Potential financial impact figure - maximum (currency)****Explanation of financial impact figure**

According to the Global Sustainable Investment Alliance, Global Sustainable Investment Review (2019), 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.

The Climate Investor One fund was the first such initiative by Climate Fund Managers, Sanlam's joint venture with the Dutch Development Bank, FMO. With the support of broad public and private sector commitment, Climate Investor One mobilised US\$850 million of commercial funds. These have been allocated to renewable energy infrastructure projects, for example, a river-run-off hydro project in Uganda, an offshore wind project in India and a near-shore wind project in Vietnam. Sanlam's opportunity relates to the profits made by the fund. The financial closure of the CIO fund in 2019 generated once-off income of R68 million.

Climate Investor Two was launched in January 2020 and announced a conditional first close at US\$675 million/ R11344 million during COP26 in November 2021. Over the next two years, Climate Investor Two will continue raising funds to reach a final close goal of US\$1 billion while simultaneously putting the capital raised to work. Similarly, Sanlam's opportunity relates to the profits made by the fund.

The fund focuses on water, sanitation, and oceans infrastructure, as these are fundamental to human life and economic development but are also the medium through which the effects of climate change will be felt on earth. Climate Investor Two provides expertise, technology, and financing to projects that help vulnerable societies mitigate and adapt to these global climate changes.

Initially, the project will oversee a significant expansion of the 133 000 km² Galapagos Marine Reserve, protecting one of the most undisturbed and scientifically significant natural ecosystems on the planet.

Cost to realize opportunity

500,000,000

Strategy to realize opportunity and explanation of cost calculation

Infrastructure is going to play a critical role in spurring the growth of our South African economy. By directing capital to these investments, we can build confidence and prosperity for our country and its people.

On 1 September 2021, Sanlam Investments launched a sustainable infrastructure fund. Through this fund, we will source, assess and invest in renewable energy, conventional energy, transportation, communication, water and waste-related assets. ESG criteria are applied to support sustainable development. The fund, which provides predominantly debt finance, received commitments of R500 million and aims to provide investors with predictable inflation-beating returns over the long term. We plan to grow investments in the fund to R5 billion by attracting further capital from institutional investors.

Comment

FW-FS3.1

(FW-FS3.1) Do you take forests- and/or water-related risks and opportunities into consideration in your organization's strategy and/or financial planning?

Forests

Risks and opportunities related to this issue area taken into consideration in strategy and/or financial planning

Yes, we take these risks and opportunities into consideration in the organization's strategy and financial planning

Description of influence on organization's strategy including own commitments

Forestry-related issues integrated into business strategy are reflected in that Sanlam implemented responsible investment guidelines over the short, medium and long term in its products and services.

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.

Sanlam Investments recognises land 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.

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.

Towards the end of 2020, Sanlam Investments entered into a strategic partnership with

Robeco, a leading international asset manager offering an extensive range of active investments, from equities to bonds, including sustainable investing. They launched their first sustainable investing product in 1995 and has been at the forefront of sustainable investing ever since.

Through Robeco, Sanlam Investments now offer clients a wider range of sustainability solutions, ESG integration, rich data and technology, stewardship and governance, powered by leading research and insights. Further, sustainability engagements can be scaled and capabilities expanded to address material issues for both domestic and international exposure through their value enhanced engagements.

Sanlam's partnership with them provides access to niche sustainability expertise and the rigour required to track, monitor and influence change.

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 subscribe to the 4 sustainable insurance principles.

Financial planning elements that have been influenced

Revenues
Access to capital

Description of influence on financial planning

Forest-related risks and opportunities are considered in Sanlam's access to capital and influences the organisation's revenues. For example, 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).

The green renewable energy fund is designed to combat the detrimental effects of climate change.

- It is 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 mobilised commercial funds to reach US\$850 million (R12,265 million) by June 2019 – 30% above target.

CIO is invested in the development of a number of projects, with two having received construction financing: Cleantech Solar, currently a 116MW pan-Asia Corporate and Industrial rooftop solar platform, and Africa Hydro Holdings, a 42MW run-of-river hydro platform in Uganda.

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. The infrastructure angle of this project intersects with land and forestry-related issues.

Following the success of CIO, the Climate Investor Two fund was launched in January 2020, focusing on two areas of impact:

- Water, sanitation and oceans across emerging markets.
- Structure and focus

The initiative seeks greater impact efficiency in contributing to the SDGs with greater net positive social and development impact per dollar invested. With this approach there is an increasing overlap and combination between climate, impact, land and infrastructure.

Water

Risks and opportunities related to this issue area taken into consideration in strategy and/or financial planning

Yes, we take these risks and opportunities into consideration in the organization's strategy and financial planning

Description of influence on organization's strategy including own commitments

Water-related risks and opportunities are integrated into Sanlam's strategy largely through the Santam cluster.

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 in the short, medium and long term.

With this in mind Santam in 2019 launched the Santam Short-Term Insurance Barometer (Barometer) which is the result of a survey that polled more than 400 respondents regarding the prevailing perceptions on a broad range of challenges that must be carefully navigated for future sustainability. The survey enabled Santam to gain valuable insight into how the various markets view the most prominent risks, how well actual exposures are managed, and the gaps that insurers must address.

Santam's aim is to take the collective "temperature" of consumers, intermediaries and corporates annually and to highlight trends and insights to minimise the impact of extreme weather events on the economy and claims over the short and medium term.

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.

The Partnerships for Risk and Resilience Programme (P4RR) initiative is one of four focus areas of Santam's ESG framework.

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.

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.

Financial planning elements that have been influenced

Revenues
Capital allocation

Description of influence on financial planning

Infrastructure is going to play a critical role in spurring the growth of the South African economy. By understanding the intersection between water-related risks and opportunities and infrastructure to strategically direct capital to these investments, Sanlam can build associated revenues.

On 1 September 2021, Sanlam Investments launched a sustainable infrastructure fund. Through this fund, we will source, assess and invest in renewable energy, conventional energy, transportation, communication, water and waste-related assets. ESG criteria are applied to support sustainable development. The fund, which provides predominantly debt finance, received commitments of R500 million and aims to provide investors with predictable inflation-beating returns over the long term. We plan to grow investments in the fund to R5 billion by attracting further capital from institutional investors.

FW-FS3.2

(FW-FS3.2) Has your organization conducted any scenario analysis to identify forests-and/or water-related outcomes?

Forests

Scenario analysis conducted to identify outcomes for this issue area

No, we have not conducted any scenario analysis to identify outcomes for this issue area, but we plan to in the next two years

Explain why your organization has not conducted scenario analysis for this issue area and any plans to address this in the future

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

In FY2021 Sanlam published its Climate Change Resilience Report as a TCFD 'beginner report'. Similarly, Santam published its first stand-alone climate related disclosure report aligned to TCFD recommendations in FY2021.

In FY2022 both Sanlam and Santam intend to embark on a climate-related scenario analysis in line with TCFD recommendations to assess climate-related physical and transition risks and opportunities based on potential global warming outcomes and how this impacts forest-related outcomes.

Water

Scenario analysis conducted to identify outcomes for this issue area

No, we have not conducted any scenario analysis to identify outcomes for this issue area, but we plan to in the next two years

Explain why your organization has not conducted scenario analysis for this issue area and any plans to address this in the future

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

In FY2021 Sanlam published its Climate Change Resilience Report as a TCFD 'beginner report'. Similarly, Santam published its first stand-alone climate related disclosure report aligned to TCFD recommendations in FY2021.

In FY2022 both Sanlam and Santam intend to embark on a climate-related scenario analysis in line with TCFD recommendations to assess climate-related physical and transition risks and opportunities based on potential global warming outcomes and how this impacts water-related outcomes.

FW-FS3.3

(FW-FS3.3) Do any of your existing products and services enable clients to mitigate deforestation and/or water insecurity?

	Existing products and services that enable clients to mitigate deforestation and/or water insecurity	Explain why your organization does not offer products and services which enable clients to mitigate deforestation and/or water insecurity and any plans to address this in the future
Forests	No, but we plan to address this within the next two years	This is not an immediate business priority but we will further engage in this issue in connection with the TCFD process currently been undertaken as potential opportunities for these products and services are unlocked.
Water	No, but we plan to address this within the next two years	This is not an immediate business priority but we will further engage in this issue in connection with the TCFD process currently been undertaken as potential

		opportunities for these products and services are unlocked.
--	--	---

FW-FS3.4

(FW-FS3.4) Does the policy framework for the portfolio activities of your organization include forests- and/or water-related requirements that clients/investees need to meet?

	Policy framework includes this issue area	Explain why your organization does not include this issue area in the policy framework and any plans to address this in the future
Forests	No, but we plan to include this issue area within the next two years	
Water	No, but we plan to include this issue area within the next two years	

FW-FS4.1

(FW-FS4.1) Do you engage with your clients/investees on forests- and/or water-related issues?

	We engage with clients/investees on this issue area	Explain why you do not engage with your clients/investees on the issue area and any plans to address this in the future
Clients – Forests	No, but we plan to within the next two years	This is not an immediate business priority but we will further engage in this issue in connection with the TCFD process currently been undertaken.
Clients – Water	No, but we plan to within the next two years	This is not an immediate business priority but we will further engage in this issue in connection with the TCFD process currently been undertaken.
Investees – Forests	No, but we plan to within the next two years	This is not an immediate business priority but we will further engage in this issue in connection with the TCFD process currently been undertaken.
Investees – Water	No, but we plan to within the next two years	This is not an immediate business priority but we will further engage in this issue in connection with the TCFD process currently been undertaken.

FW-FS4.2

(FW-FS4.2) Does your organization exercise its voting rights as a shareholder on forests- and/or water-related issues?

We exercise voting rights as a	Issues supported in	Give details of the impact your voting has had on this issue area
--------------------------------	---------------------	---

	shareholder on this issue area	shareholder resolutions	
Forests	Yes	Halting deforestation Reduce water withdrawal and/or consumption	<p>Sanlam Corporate assesses and manages risks and opportunities through Active Ownership as a key component of our ESG framework. It encompasses two important areas:</p> <ul style="list-style-type: none"> • Engaging with companies on material ESG issues • Exercising the right to vote on behalf of clients <p>We consider shareholder engagement as a core driver of change where investors seek to improve investee companies' practices with a specific objective in mind. When engaging with companies, the purpose is to either seek additional understanding or, where necessary, to seek change that will protect and enhance the value of investments for which we are responsible. Along with engagement activity, we consider voting to be a crucial aspect of being an active shareholder. It is an important element of the ESG framework and an opportunity to influence the company. Our voting and engagement activities are closely aligned as we regularly engage with companies before and after the vote. Our voting process is governed by our internal proxy voting guidelines which provide our preferences on governance matters and expectations for companies on sustainability themes.</p>
Water	Yes	Reduce water withdrawal and/or consumption Improve water efficiency Reduce water pollution Water, Sanitation and Hygiene (WASH) provision for all workers	<p>Sanlam Corporate assesses and manage risks and opportunities through Active Ownership as a key component of our ESG framework. It encompasses two important areas:</p> <ul style="list-style-type: none"> • Engaging with companies on material ESG issues • Exercising the right to vote on behalf of clients <p>We consider shareholder engagement as a core driver of change where investors seek to improve investee companies' practices with a specific objective in mind. When engaging with companies, the purpose is to either seek additional understanding or, where necessary, to seek change that will protect and enhance the value of investments for which we are responsible. Along with engagement activity, we consider voting to be a crucial aspect of being an active shareholder. It is an important element of the ESG framework and an</p>

			opportunity to influence the company. Our voting and engagement activities are closely aligned as we regularly engage with companies before and after the vote. Our voting process is governed by our internal proxy voting guidelines which provide our preferences on governance matters and expectations for companies on sustainability themes.
--	--	--	---

FW-FS4.3

(FW-FS4.3) Does your organization provide financing and/or insurance to smallholders in the agricultural commodity supply chain?

	Provide financing and/or insurance to smallholders in the agricultural commodity supply chain	Agricultural commodity
Row 1	Yes	Cattle products

FW-FS4.3a

(FW-FS4.3a) Describe how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity.

Cattle products

Financial service provided

Insurance

Smallholder financing/insurance approach

Financial incentives for sustainable practices

Other smallholder engagement approaches

Support for smallholders in high-risk water stress regions

Number of smallholders supported

Explain how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity

Santam Specialist is piloting index insurance for smallholder farmers in South Africa. Index insurance is a relatively new but innovative approach to insurance provision that pays out benefits based on a predetermined index for losses resulting from extreme weather and catastrophe events. This reduces the need for post-event assessments and allows for the claims settlement process to be quicker and more objective. The project aims to benefit smallholder farmers in South Africa by adopting new technologies

to increase their resilience to extreme weather shocks, such as droughts, excessive rainfall, and extreme temperatures.

FW-FS4.4

(FW-FS4.4) Does your organization engage in activities that could directly or indirectly influence policy, law, or regulation that may impact forests and/or water security?

	Direct or indirect engagement that could influence policy, law, or regulation that may impact this issue area	Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area	Explain why you do not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area
Forests	No, but we plan to in the next two years	Important but not an immediate priority	The focus on engagement activities has been on climate related issues but this will be expanded in the near future.
Water	No, but we plan to in the next two years	Important but not an immediate priority	The focus on engagement activities has been on climate related issues but this will be expanded in the near future.

FW-FS5.1

(FW-FS5.1) Does your organization measure its portfolio impact on forests and/or water security?

	We measure our portfolio impact on this issue area	Primary reason for not measuring portfolio impact on this issue area	Explain why your organization does not measure its portfolio impact on this issue area and any plans to change this in the future
Investing (Asset manager) – Impact on Forests	No, but we plan to in the next two years	Important but not an immediate priority	At Sanlam Investments all equity and debt investments are governed by a Responsible Investment Policy. As a result, investment processes incorporates ESG principles, including climate change. Climate-related risks are assessed through a subscription to ESG research conducted by an external ratings provider using public information and the findings are factored into the investment process. An assessment of climate related risks can be done on request. However, this process does not include a quantitative analysis of carbon emissions at this

			stage. This will be further explored in FY2022 and FY2023 in relation to our TCFD scenario analysis.
Investing (Asset manager) – Impact on Water	No, but we plan to in the next two years	Important but not an immediate priority	At Sanlam Investments all equity and debt investments are governed by a Responsible Investment Policy. As a result, investment processes incorporates ESG principles, including climate change. Climate-related risks are assessed through a subscription to ESG research conducted by an external ratings provider using public information and the findings are factored into the investment process. An assessment of climate related risks can be done on request. However, this process does not include a quantitative analysis of carbon emissions at this stage. This will be further explored in FY2022 and FY2023 in relation to our TCFD scenario analysis.
Investing (Asset owner) – Impact on Forests	No, but we plan to in the next two years	Important but not an immediate priority	At Sanlam Investments all equity and debt investments are governed by a Responsible Investment Policy. As a result, investment processes incorporates ESG principles, including climate change. Climate-related risks are assessed through a subscription to ESG research conducted by an external ratings provider using public information and the findings are factored into the investment process. An assessment of climate related risks can be done on request. However, this process does not include a quantitative analysis of carbon emissions at this stage. This will be further explored in FY2022 and FY2023 in relation to our TCFD scenario analysis.
Investing (Asset owner) – Impact on Water	No, but we plan to in the next two years	Important but not an immediate priority	At Sanlam Investments all equity and debt investments are governed by a Responsible Investment Policy. As a result, investment processes incorporates ESG principles, including climate change. Climate-related risks are assessed through a subscription to ESG research conducted by an external ratings provider using public information and the findings are factored into the investment process. An assessment of climate related risks can be done on request. However, this process does not include a quantitative analysis of carbon emissions at this stage. This will be further explored in FY2022 and FY2023 in relation to our TCFD scenario analysis.

Insurance underwriting – Impact on Forests	No, but we plan to in the next two years	Important but not an immediate priority	In September 2021, the board formally adopted the TCFD recommendations and Santam became a TCFD signatory and in the reporting year Santam released its inaugural TCFD report. This report introduces our approach to identifying, assessing and addressing climate-related risks and opportunities. In the next reporting year, Santam will work to achieve mature TCFD reporting, align with TCFD recommendations and integrate climate change into the existing risk management framework. Measuring Santam's impact of our portfolio on the climate will be explored in relation to the climate scenario analysis and formulation of our climate change response.
Insurance underwriting – Impact on Water	No, but we plan to in the next two years	Important but not an immediate priority	In September 2021, the board formally adopted the TCFD recommendations and Santam became a TCFD signatory and in the reporting year Santam released its inaugural TCFD report. This report introduces our approach to identifying, assessing and addressing climate-related risks and opportunities. In the next reporting year, Santam will work to achieve mature TCFD reporting, align with TCFD recommendations and integrate climate change into the existing risk management framework. Measuring Santam's impact of our portfolio on the climate will be explored in relation to the climate scenario analysis and formulation of our climate change response.

FW-FS5.2

(FW-FS5.2) Does your organization provide finance or insurance to companies operating in any stages of the following forest risk commodity supply chains, and are you able to report on the amount of finance/insurance provided?

	Finance or insurance provided to companies operating in the supply chain for this commodity	Amount of finance/insurance provided will be reported	Explain why your organization is unable to report on the amount of finance/insurance provided for this commodity
Investing (asset manager) to	Yes	No, but we plan to assess our portfolio's	This is not an immediate business priority but we will

companies operating in the timber products supply chain		exposure to this commodity in the next two years	further engage on this issue to report on the amount of finance/insurance provided for this commodity in the near future.
Investing (asset manager) to companies operating in the palm oil products supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	This is not an immediate business priority but we will further engage on this issue to report on the amount of finance/insurance provided for this commodity in the near future.
Investing (asset manager) to companies operating in the cattle products supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	This is not an immediate business priority but we will further engage on this issue to report on the amount of finance/insurance provided for this commodity in the near future.
Investing (asset manager) to companies operating in the soy supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	This is not an immediate business priority but we will further engage on this issue to report on the amount of finance/insurance provided for this commodity in the near future.
Investing (asset manager) to companies operating in the rubber supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	This is not an immediate business priority but we will further engage on this issue to report on the amount of finance/insurance provided for this commodity in the near future.
Investing (asset manager) to companies operating in the cocoa supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	This is not an immediate business priority but we will further engage on this issue to report on the amount of finance/insurance provided for this commodity in the near future.
Investing (asset manager) to companies operating in the	Yes	No, but we plan to assess our portfolio's exposure to this	This is not an immediate business priority but we will further engage on this issue to report on the amount of finance/insurance provided for

coffee supply chain		commodity in the next two years	this commodity in the near future.
Investing (asset owner) to companies operating in the timber products supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	This is not an immediate business priority but we will further engage on this issue to report on the amount of finance/insurance provided for this commodity in the near future.
Investing (asset owner) to companies operating in the palm oil products supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	This is not an immediate business priority but we will further engage on this issue to report on the amount of finance/insurance provided for this commodity in the near future.
Investing (asset owner) to companies operating in the cattle products supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	This is not an immediate business priority but we will further engage on this issue to report on the amount of finance/insurance provided for this commodity in the near future.
Investing (asset owner) to companies operating in the soy supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	This is not an immediate business priority but we will further engage on this issue to report on the amount of finance/insurance provided for this commodity in the near future.
Investing (asset owner) to companies operating in the rubber supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	This is not an immediate business priority but we will further engage on this issue to report on the amount of finance/insurance provided for this commodity in the near future.
Investing (asset owner) to companies operating in the cocoa supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	This is not an immediate business priority but we will further engage on this issue to report on the amount of finance/insurance provided for this commodity in the near future.

Investing (asset owner) to companies operating in the coffee supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	This is not an immediate business priority but we will further engage on this issue to report on the amount of finance/insurance provided for this commodity in the near future.
Insuring companies operating in the timber products supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	This is not an immediate business priority but we will further engage on this issue to report on the amount of finance/insurance provided for this commodity in the near future.
Insuring companies operating in the palm oil products supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	This is not an immediate business priority but we will further engage on this issue to report on the amount of finance/insurance provided for this commodity in the near future.
Insuring companies operating in the cattle products supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	This is not an immediate business priority but we will further engage on this issue to report on the amount of finance/insurance provided for this commodity in the near future.
Insuring companies operating in the soy supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	This is not an immediate business priority but we will further engage on this issue to report on the amount of finance/insurance provided for this commodity in the near future.
Insuring companies operating in the rubber supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	This is not an immediate business priority but we will further engage on this issue to report on the amount of finance/insurance provided for this commodity in the near future.
Insuring companies	Yes	No, but we plan to assess our portfolio's	This is not an immediate business priority but we will

operating in the cocoa supply chain		exposure to this commodity in the next two years	further engage on this issue to report on the amount of finance/insurance provided for this commodity in the near future.
Insuring companies operating in the coffee supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	This is not an immediate business priority but we will further engage on this issue to report on the amount of finance/insurance provided for this commodity in the near future.

FW-FS6.1

(FW-FS6.1) Have you published information about your organization's response to forests- and/or water-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In a voluntary sustainability report

Status

Complete

Attach the document

 Sanlam-Resilience-Report-2021.pdf

Page/Section reference

Pages 86 and 87

Content elements

Risks and opportunities

Response to forests- and/or water-related risks and opportunities

Comment

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options		Public

Please confirm below