

Sustainability Report

Sustainability through Responsibility



This annual sustainability report provides an overview of Sanlam's sustainability performance for the period 1 January 2011 to 31 December 2011. The report covers all of the South African entities over which Sanlam has management control, other than Santam, which issues its own detailed sustainability report (www.santam.co.za).

About this Report

This annual Sustainability Report provides an overview of Sanlam's sustainability performance for the period 1 January 2011 to 31 December 2011. The report covers all of the South African entities over which Sanlam has management control (hereafter referred to as Sanlam RSA), other than Santam, which issues its own detailed Sustainability Report (www.santam.co.za). Unless otherwise indicated, any specific quantitative performance data that is presented relates only to Sanlam's South African operations (excluding Santam). Further details on the reporting boundary of the Sustainability Report are provided at [Group at a glance](#). Our previous Sustainability Report was for the period 1 January 2010 to 31 December 2010. There have been no significant changes in reporting methodology or scope that would affect our reporting since that time.

This report has been made available in printed copy (in an abridged format) and online.

This report is aimed at all of our stakeholders. The focus is on those issues that have the potential to influence the assessments and decisions of our stakeholders most interested in our sustainability performance. Additional information on our sustainability performance, relevant to a wider audience, is also provided. An abridged, more focused, report is available in hard copy or can be downloaded [here](#). In compiling this report we have drawn on the recommendations provided in the G3 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI). A detailed response to each of the GRI criteria is available in a separate document on our website. We believe our report to be in accordance with a GRI B+ Application Level. Ernst & Young performed an independent limited assurance engagement on key elements of the information in this report ([see our Assurance Statement from Ernst & Young](#)).

This report forms part of our integrated reporting process undertaken in accordance with the expectations of the King Code of Governance Principles for South Africa 2009 (King III) and the guidance provided in the September 2011 Discussion Paper of the International Integrated Reporting Committee (IIRC). A copy of Sanlam's Integrated Report, which constitutes our primary strategic report to stakeholders, is available at www.sanlam.co.za

If you have any queries or comments about this report or Sanlam's sustainability performance, please contact us at sustainabilitymanagement@sanlam.co.za or +27 21 947 2893.

Message from the Chairman of the Social, Ethics and Sustainability Committee



As Chairman of the Sanlam Board's *Social, Ethics and Sustainability Committee*, I am pleased to once again introduce Sanlam's annual Sustainability Report. The report reviews performance relating to our economic, social and environmental sustainability during 2011. The report includes a transparent account of how Sanlam has delivered on the commitments that it made last year, and contains a clear set of commitments for the year ahead.

I believe that the recent history behind the establishment of Sanlam's *Social, Ethics and Sustainability Committee* reflects the broader changes in understanding and approach to sustainability that have taken place throughout the company in recent years. We started our journey with two separate committees, the *Transformation Committee* and an *Environmental, Health and Safety Committee*. These committees were merged several years ago, prior to the release of the King III Code, into the *Sustainability Committee*.

This merger reflected an important conceptual shift within the Sanlam Group, from an approach that saw sustainability simply as a compliance issue, to one where sustainability is a key strategic imperative to ensure the long-term competitiveness of the organisation. This shift in thinking is characterised, for example, by our changed approach to employee health and safety: where the initial focus was on ensuring compliance with occupational safety requirements, to an approach that is far more encompassing and includes an explicit emphasis on promoting employee wellbeing and encouraging a healthier lifestyle. This has obvious benefits for employee morale and productivity, and in turn for the longer-term success of the company.

In 2011 we renamed our committee as *Social, Ethics and Sustainability Committee* and have expanded its scope to provide for the additional focus required both by King III and the new Companies Act that sees sustainability as being not just a long-term economic imperative, but also a social and moral imperative. This change in focus has increased our ability to more explicitly appreciate the ethical implications of our decisions and activities and the impact of these on broader society.

Our 2011 Sustainability Report displays our strong stance on ethical issues, such as fighting corruption and ensuring business integrity. I believe that the board – through its various committees – has shown clear leadership in this area. As this report demonstrates, there are many areas in which Sanlam makes an important positive contribution to society. These include, for example, its activities aimed at broadening access to financial services, and encouraging a savings culture, and providing valuable opportunities for skills development amongst employees. Sanlam is also making an important positive contribution through the efforts it is taking to integrate societal considerations in to its investment decisions, through its various partnership activities such as the Living Waters Partnership with WWF, and through its commitment to initiatives such as the UN-backed Principles for Responsible Investment (PRI) and the South African Code for Responsible Investing in South Africa (CRISA).

An important and pleasing development this year is the progress that we have made with the Sustainability Management Framework, and the momentum gained in terms of setting and achieving internal performance targets and key performance indicators. While the company's progress on many fronts is most encouraging, it is still facing some significant challenges, including in particular that of meeting our goals of ensuring a workforce that sufficiently reflects the demographics of our society.

I am confident that Sanlam is well placed to deal with the current volatile business environment. The resilience that the organisation has demonstrated during the recent financial turbulence is testament to the benefits of management's prudent approach, and exemplifies their commitment to ensuring long-term value, both for the company and for the broader society.

I wish to thank management and the Group Chief Executive who have been active this year in further entrenching our sustainability principles throughout the organisation, as well as all employees who have contributed to meeting Sanlam's vision of being a leader in long-term wealth creation and protection.

As our stakeholder, I encourage you to share your thoughts, on this report and on Sanlam's performance.

Valli Moosa

Chairman of the Social, Ethics and Sustainability Committee

December 2011

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Message from the Group Chief Executive



It gives me pleasure to present Sanlam's 2011 Sustainability Report which forms part of our 2011 integrated annual reporting. I encourage you to read this report in conjunction with our 2011 Integrated Report. Together, these reports provide a strategic review of our performance during 2011, and will assist you in making an informed assessment of our prospects for the years ahead.

Sustainability is an overriding objective for all of our activities at Sanlam. We are a long-term business, a business that is dependent on building and maintaining long-term relationships based on trust. I have great difficulty with those who choose to adopt a narrow understanding of sustainability, who see it simply as being about protecting the environment or promoting corporate social responsibility, and as something quite separate from core business activities. I have a similar difficulty with those who constantly push us in business to take short-term decisions and to maximise short-term returns, when often this would be detrimental to the long-term interests of our business and of our stakeholders.

We believe focusing on long-term competitiveness rather than short-term profit ensures that we do not borrow from the future. It is for this reason that our decisions are made in a manner that will keep the sustainability of the business intact. Hence, the theme of both reports is: "Sustainability through Responsibility".

Our commitment to long-term value creation is reflected both in our history – we have prospered for 93 years and we have fared well during the current financial crises – as well as through our five strategic priorities:

Optimal capital utilisation: We're currently operating in a very volatile business environment, and need to ensure that we continuously survive a setback or two. Maintaining a buffer might mean that our immediate profits are smaller but it also means that we will be better placed to withstand potential turbulence. This is why we have consciously adopted a financially conservative approach.

Earnings growth: This same philosophy informs our approach to earnings growth. It would be very easy for us to push up our short-term profits, but short-term earnings growth should not be at any cost. In assessing the true value that we are creating, we have to measure what we take out, against what is being put in. Creating earnings growth by undermining the broader capital base upon which that growth depends would not be responsible, and is not in the long-run interests of our business.

Costs and efficiencies: An important part of our strategy is to protect value by cutting costs and maximising efficiencies. In doing so, once again, we seek to take a long-term view. It is important for us not to isolate our staff and customers by driving internal cost-efficiencies to the detriment of our service delivery. Adopting a more nuanced understanding of these relationships informs our continued success. Managing costs and efficiencies therefore requires that we adopt a very rigorous focus on our governance and compliance systems. In the interests of protecting value, we have invested significantly in these areas.

Diversification: Diversification is critical to sustainable value-creation. It is important not only that we protect value, but also that we create value. We have grown our business significantly in recent years, with an explicit focus on developing a more diversified income stream. The business now is more diversified in terms of the products and services and our client base. Not only have we diversified geographically – we're now in Africa, in the UK and in India – but we've also diversified our market in South Africa. In addition to our traditional market we now also have a very strong focus on new entrants and are more active in both the lower and higher ends of the market.

Transformation: Transformation is the core of sustainable development in South Africa. To grow and sustain our business it is imperative that our workforce reflects the demographics of our client base. This enables us to understand our clients and deliver tailor-made solutions to suit their needs. Our contribution to black economic empowerment is about the creation of wealth in a manner that enhances the long-term wellbeing of the country. If the country as a whole doesn't prosper, then our business certainly won't prosper.

I firmly believe that because we have adopted a long-term mind-set, based on prudent management of our resources and the development of good relationships with our stakeholders, we have done well relative to our peers. Our prudent approach has paid dividends, particularly during the recent financial crisis, and I have no doubt that it will stand us in good stead in an uncertain future. Despite consumers being under tremendous strain, especially in the middle market, we have

very good retention rates and a comparatively low number of complaints, an indication to us that we're doing the right thing.

The fact that the share price is published every day is misleading: it's noise in the system, when instead we should be interrogating the system as a whole."

- Johan van Zyl

While I am pleased with our performance over the past year – and with the various sustainability initiatives that we have taken and that are outlined in this report – I recognise that there are still some areas where we can do more. Although we have made great strides in fostering a more strategic appreciation of sustainability within our business, I believe that there remains scope for further integration of this thinking throughout our business. Similarly, I believe that while we have become a lot more vocal in terms of our investments with our own money – as reflected by our more active engagement with companies, which has seen us voting against proposals that we think are not in these companies' long-term interests – there are nevertheless opportunities for us to be even more vocal.

Looking to the future, I am concerned that as a country, and indeed globally, we are collectively undermining our long-term capacity to create value. I think we need to recognise that as an industry, we could play a bigger role in driving sustainability more broadly. Doing so would be to all our collective benefit.

*Johan van Zyl
Group Chief Executive
December 2011*

Group at a glance

The Sanlam Group consists of four core clusters, each of which is supported by the activities of the Corporate Office. The following section provides an overview of the various businesses and functions in the Sanlam Group, and identifies the extent to which the activities of each group fall within the boundary of this sustainable development report. The boundaries for the report are guided by the scope of our recently approved Sustainability Management Framework (SMF), which provides a clear set of roles and responsibilities for managing sustainability throughout Sanlam. (The SMF is reviewed [here](#)).

Corporate Office

The Corporate Office of the Sanlam Group is responsible for centralised functions that include strategic direction, Group financial and risk management, Group marketing and communications, Group human resources and information technology, Group sustainability management, corporate social investment and general Group services. For the purposes of our SMF and the boundaries of this report only the following six locations (covering approximately 70% of the physical footprint) are included: Sanlam head office (Bellville), Sanlynn (Pretoria), Sanlam Investment Management (Tygervally), Glacier (Tygervally), Sanlam Sky (Houghton), and Sanlam Capital Markets (Hyde Park).

SANLAM PERSONAL FINANCE

Cluster

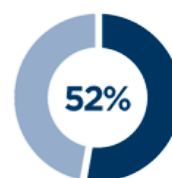
The Sanlam Personal Finance (SPF) cluster is responsible for Sanlam's retail business in South Africa. It provides clients across all market segments (entry level, middle and affluent) with a comprehensive range of appropriate and competitive financial solutions. Designed to facilitate long-term wealth creation, protection and niche financing, these solutions are engineered around client needs.

Cluster profile and shareholding structure (100% unless indicated)

- Sanlam Sky Solutions – risk products for the entry-level market
- Sanlam Individual Life and Segment Solutions – financial services to the middle, professional and small/medium enterprises markets (includes Multi-Data electronic money transfer activities)
- Glacier – financial services for the affluent market
- Strategic business development – consists of the following diversified financial services:
 - Sanlam Trust – estate and trust services
 - Sanlam Liquid – debit card and saving facilities
 - Sanlam Healthcare Management – 85% – medical scheme administration services
 - Sanlam Linked Investments – linked product provider
 - Sanlam Personal Loans – 70% – personal loans joint venture
 - Reality – loyalty programme
 - Anglo African Finance – 65% – trade and bridging finance

Contribution to net result from financial services

- Sanlam Personal Finance
- Other businesses



The performance and impacts of the whole of Sanlam Personal Finance (including Sanlam Sky) falls within the boundaries of Sanlam's SMF and our sustainable development report.

SANLAM EMERGING MARKETS

Cluster

The Sanlam Emerging Markets (SEM) cluster is responsible for Sanlam's financial business services in emerging markets outside South Africa with the aim of ensuring sustainable delivery and growth across the various

Cluster profile and shareholding structure (100% unless indicated)

- Retail and group business (financial solutions to all market segments)**
- Botswana Life, Botswana – 54% via BIHL
 - Sanlam Life, Namibia
 - Sanlam Namibia Holdings, Namibia – 54%
 - NICO Life, Malawi – 49%
 - Pan Africa Life, Kenya – 50%

Contribution to net result from financial services

- Sanlam Emerging Markets
- Other businesses

Sanlam's SMF excludes all our operations outside South Africa. For the purposes of this report, the performance and impacts of Sanlam Emerging Markets is

businesses that make up this cluster.

- African Life, Tanzania – 64%
- African Life, Zambia – 70%
- Enterprise Life Assurance, Ghana – 49%
- Sanlam Life, Uganda
- FBN Life, Nigeria – 35%
- Shriram Life, India – 26%

Investment Management

SIM Kenya – 72%
 SIM Capital Alliance, Nigeria – 50%
 SIM Namibia – 86%
 Botswana Insurance Fund Management – 54% via BIHL
 SIM Swaziland – 65%

General insurance

- Jointly responsible In partnership with Santam for managing general insurance business through NICO in some of the abovementioned African countries as well as through Shriram General Insurance in India



limited to SEM South African employees, and SEM Investments (which includes only subsidiaries and significant strategic influence entities as defined in the Group Governance Guidelines).

SANLAM INVESTMENTS

Cluster

Cluster profile and shareholding structure
 (100% unless indicated)

Contribution to net result
 from financial services

The Sanlam Investments cluster provides individual and institutional clients in South Africa, the UK and elsewhere in Europe, the United States and Australia access to a comprehensive range of specialised investment and risk management expertise through six sub-clusters and their businesses as outlined below.

Asset Management

- Sanlam Investment Management – manages institutional portfolios and retail collective investment (unit trust) funds

Wealth Management

- Sanlam Private Investments – private client wealth management and stockbroking business
- Calibre Investments – 40% – Australian investment business
- Merchant Securities Group plc – 75% – UK stockbroking firm
- Summit Trust – 65% – international independent trust services group in Switzerland
- Investment Advisory Service and Fiduciary and Tax Services

Capital Management

- Sanlam Capital Markets
- Sanlam Private Equity
- Sanlam Structured Solutions – Derivatives
- Sanlam Properties

Sanlam Employee Benefits

- Sanlam Group Risk
- Sanlam Structured Solutions
- Sanlam Umbrella Solutions
- Sanlam Retirement Fund Administration (Coris platform); and
- Simeka Consultants and Actuaries.

- Sanlam Investments
- Other businesses



Sanlam's SMF does not cover our operations outside of South Africa. In the rest of Africa and India we operate through joint ventures and partnerships; often through minority equity participation.

SANTAM

Cluster

Cluster profile and shareholding structure
 (100% unless indicated)

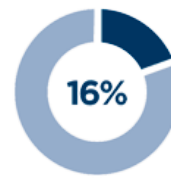
Contribution to net result
 from financial services

Sanlam has an effective 60% interest in Santam, which is the leading short-term insurer in South Africa with a market share of 23%. Santam specialises in short-term insurance products for a diversified market in South Africa and, in collaboration with Sanlam Emerging Markets,

- Santam
- Other businesses

The Santam cluster is not included within Sanlam's SMF and thus falls outside the boundary of our Sustainability Report.

elsewhere in Africa and India. These products are offered through broker networks and direct sales channels and include personal, commercial, agricultural and specialised insurance products.



A detailed review of Santam's sustainability performance is provided in Santam's own annual sustainable development report, available at www.santam.co.za.

Our growth strategy and sustainability



Sustainability: integral to our strategy

Our ability to deliver on our strategy – and to continue to create value for our shareholders over the short, medium and long term – is dependent upon our capacity to adapt to an increasingly challenging business environment. While our 94-year history and our strong performance during the recent global financial crisis bears testimony to our resilience, we believe that we are likely to face continuing business turbulence given the context of current economic, social and environmental challenges, and we recognise that we cannot rely on our past performance alone if we are to achieve our vision of being a leader in wealth creation and protection.

The global financial crisis is forcing the financial sector to rethink risk. Governments, seeing the crisis as a form of market failure, are looking to overcome this failure through more regulation of the financial services industry. While we recognise the need for regulation, these measures are significantly increasing the compliance burden that the Sanlam Group faces. A range of societal challenges – such as high unemployment and a low growth environment, persistent income disparity, governance failures, climate change and increased competition for diminishing resources – are contributing to a more challenging operating environment and are increasing stakeholders' expectations on the role of business in responding to these challenges. Through our internationalisation focus and our focus in the lower income market in South Africa, the Sanlam Group is being exposed to a greater number of stakeholders and a more diverse set of interests and expectations.

Achieving and sustaining our growth ambitions requires that we remain particularly responsive to the societal context in which we operate, that we develop and maintain effective relationships with our key stakeholders, and that we adopt a systematic approach to risk management

At Sanlam, we see sustainability as a strategic business imperative that provides the lens through which to view our business and to ensure that we remain responsive to the increasingly interconnected societal challenges and changing expectations of our stakeholders. This shift in our understanding of sustainability is aligned with the move (nationally and globally) towards integrated reporting, a process that seeks to prompt a more informed appreciation by companies of the resources and relationships that impact on our ability to create and sustain value.

We believe that implementing our sustainable development strategy in line with our business strategy will enable us to lower our operational costs, maintain customer loyalty, and attract and retain talented employees. Our Sustainability Management Framework is a realisation of this and will enable us to:

- enhance the management of the various business risks we are facing;
- identify and realise strategic business opportunities;
- reduce the costs of doing business in the long term; and
- enhance our reputation and standing in society.

This sustainability report focuses explicitly on our performance in terms of our Sustainability Management Framework. An integrated strategic review of our performance against the Sanlam core strategy is provided in our Integrated Annual Report.

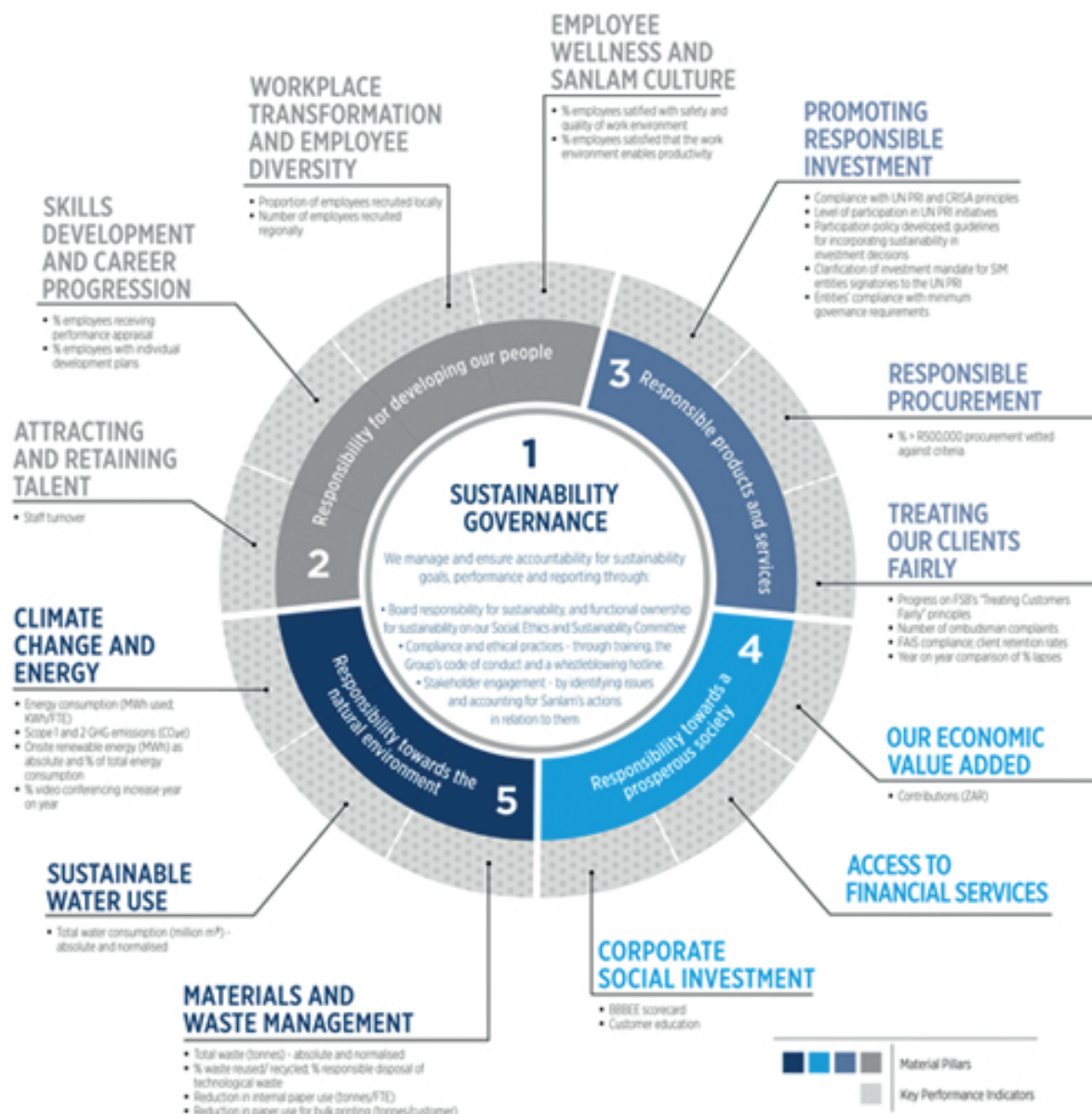
Addressing our material sustainability pillars: The report at a glance

The following diagram provides a schematic presentation of Sanlam's Sustainability Management Framework (SMF) and presents an overview of our Sustainability Report. The structure and content of this report has been informed by the SMF, which have been developed to address the sustainability risks and opportunities facing Sanlam. The diagram:

- identifies our material sustainability pillars, clustered into five thematic areas (each of which forms a section of the report);
- outlines the selected KPIs associated with each of these pillars; and
- describes where the material pillar is addressed in more detail in our report.

The process for identifying these material pillars is briefly reviewed in the [Reviewing our 2011 performance](#) table below. A summary of our 2011 performance on each of these material pillars is provided in the table below, which also includes an assessment of our progress against the commitments we made last year.

Sanlam's Sustainability Management Framework



Identifying our material sustainability pillars

The identification of our material economic, social and environmental risks and opportunities was undertaken as part of the process of developing our Sustainability Management Framework (SMF), approved by the Board in December 2011. The aim of the SMF, and the manner in which it was developed, is reviewed in more detail under [Our Sustainability Management Framework](#).

The process of identifying our material sustainability pillars involved an assessment of the views and interests of our stakeholders, as well as engagement with our risk department to identify how sustainability risks affect our business value drivers. Workshops were conducted with our internal sustainability champions to further interrogate and prioritise the material sustainability risks in relation to each cluster's core business, and to reach agreement on the key performance indicators (KPIs) for each of these material pillars at a cluster and Group-level.

Through this process we identified a range of issues that have been clustered into the following five thematic areas, reflecting our focus on *Sustainability through Responsibility*:

1. Sustainability governance
2. Responsibility for developing our people
3. Responsible products and services
4. Responsibility towards a prosperous society
5. Responsibility towards the natural environment

Each of the material pillars within these thematic areas includes a set of key performance indicators (KPIs). We have assigned internal responsibilities for each of the KPIs to ensure accountability for effective implementation of our sustainability strategy. In 2012 we will develop policy guidelines for each KPI to ensure that they are implemented. We are in the process of developing a dashboard to measure and monitor progress against these KPIs.

There is a momentum in the organisation- and clear responsibilities to achieve a shared sustainability journey."

- Lulu Letlape, Executive Head: Group Corporate Affairs

Our material sustainability pillars: reviewing our 2011 performance

This table provides a summary of our 2011 sustainability performance against each of the material issues included within our SMF. It also assess how we did in terms of the commitments we made last year, and identifies our commitments for the years ahead.

1. SUSTAINABILITY GOVERNANCE			
Our Material Sustainability Pillars	OUR COMMITMENTS: What we said we'd do in 2010	OUR PERFORMANCE: What we did in 2011	FUTURE COMMITMENTS: What we plan to do
Management quality and commitment	• Further develop structures for accountability on sustainability.	• Finalised appropriate structures for accountability on sustainability throughout the company, under the leadership of the Social, Ethics and Sustainability Committee, and increased awareness of the strategic nature of sustainability, particularly amongst the executive team.	• We will seek to embed sustainability more effectively throughout the company by improving understanding of the strategic value of sustainability below the executive level, including in particular within our product and service portfolio and within our investment decisions.
	• Sanlam RSA to finalise and implement its Sustainability Management Framework (SMF).	• Significant improvements achieved in the co-ordination of sustainability internally through finalisation of our SMF and approval of company-wide key performance indicators (KPIs) on sustainability. • Agreed to include sustainability-related pillars as a key performance area (KPA) throughout the organisation from January 2012.	• We will leverage off the development of our SMF to help us become a recognised leader on sustainable development in this sector within the next three years. • We will drive sustainability in the revised KPAs, and include sustainable development within the internal leadership training programme.
	• Aim to increase our forensic capacity, in support of a robust anti-corruption programme for the Group.	• Head of Sanlam's Group Compliance & Forensic Services maintained an involvement and contribution to various anticorruption initiatives. • Sanlam Group Compliance is currently conducting a high-level group-wide assessment of the readiness of the Sanlam businesses for the proposed Protection of Personal Information Bill (POPI). • Sanlam Group Compliance conducted an assessment of the readiness of Sanlam RSA businesses for the implementation of the underlying principles of international anti-money laundering (AML) standards.	• A detailed roadmap will be presented to the business for an in-depth impact study to prepare the Group for POPI. • A fraud risk management assessment (FRMA) will be conducted to determine the fraud and corruption risk exposure of the business in Sanlam RSA.
	• Sanlam RSA to undertake an ethical risk assessment in 2011 and expand and enhance training on ethical issues.	• An independent ethical risk assessment was undertaken by KPMG. • All of our staff underwent ethics training	• We will institute programmes in 2012 to address the issues identified by the assessment.

		and signed the Group's code of conduct. Each business conducts its own training and awareness, monitored by the Group Social, Ethics and Sustainability Committee on a quarterly basis.	• We are exploring the optimal coordination of training at a group level.
Stakeholder engagement	• Aim to develop a formal stakeholder engagement strategy and framework.	• A stakeholder mapping exercise was undertaken and a more structured engagement process is being finalised.	• Finalising our stakeholder mapping exercise and implement a more structured engagement process with our identified key stakeholders.

2. RESPONSIBILITY FOR DEVELOPING OUR PEOPLE

Our Material Sustainability Pillars	OUR COMMITMENTS: What we said we'd do in 2010	OUR PERFORMANCE: What we did in 2011	FUTURE COMMITMENTS: What we plan to do
HR management	<ul style="list-style-type: none"> • Revise our HR service approach for office staff, to ensure a more efficient and effective service. 	<ul style="list-style-type: none"> • We have developed and implemented a shared service - all transactional service delivery will be streamlined and centralised. • We have increased levels of awareness and focus around the legislative requirements, from an HR perspective, throughout the organisation; greater integration throughout the organisation, with issues highlighted from CEO down. 	<ul style="list-style-type: none"> • Key focus areas for 2012 are: Talent Management' Performance Management and Transformation. • Enhanced and focused leadership development programme. • Staff turnover will be reported at cluster and Group level, as well as to the Board HR and Social, Ethics and Sustainability Committees.
	<ul style="list-style-type: none"> • Focus will be directed to the formalisation of record keeping systems to improve BBBEE information consolidation. 	<ul style="list-style-type: none"> • Improved collation of HR management information especially head count and skills development. 	<ul style="list-style-type: none"> • We will optimise the process of collating Group wide information through the implementation of our Business Intelligence system. We expect improved collation of all HR management information.
Attracting and retaining talent	<ul style="list-style-type: none"> • BBBEE plans: We aim to maintain our newly achieved level 3 status by improving our systems and targets. 	<ul style="list-style-type: none"> • We maintained our level 3 status. A contributing factor was the improvement in both our Skills Development and Employment Equity scores. 	<ul style="list-style-type: none"> • Improved talent attraction process, particularly at middle to senior management level and to improve diversity profile. • Revitalise retention strategies, especially, for top performing talent. • Focused succession planning to bolster retention processes will be implemented.
Skills development and career progression	<ul style="list-style-type: none"> • Finalise development of a Graduate Leadership Programme (GLP). 	<ul style="list-style-type: none"> • We have launched the GLP, and additional learnership and management development programmes. Nineteen candidates successfully completed these programmes in 2011. • A total of 66 staff members across the Sanlam Group successfully completed the Senior Management Development and Business Management programmes. • A learnership aimed specifically at learners with disabilities was implemented and completed during 2011 with approximately 70% of the learners being placed permanently in the organisation. 	<ul style="list-style-type: none"> • Fifteen high performing, high potential delegates have been identified to complete the GLP in 2012. • A Graduate recruitment Programme will be launched. • TOPP (Training Outside Public Practice) will be launched. • The number of staff members completing management development programmes will be doubled. • Further support for Learnership for Persons with Disabilities following the success of previous learnership programmes which has even encouraged SPF to commence with 30 disability learnerships by May 2012. • An Executive Leadership Programme will be launched during the 2nd half of the Year.
		<ul style="list-style-type: none"> • We achieved a marginal improvement in the skills development performance pillar of our BBBEE scorecard, due to the introduction of our disability learnerships. 	<ul style="list-style-type: none"> • Group HR and business clusters are implementing a strategy to meet our target. We expect, once again, to be awarded full points for participating in Registered Learnerships or Category B, C or D training.
Workplace transformation and employee diversity	<ul style="list-style-type: none"> • Seek to improve employment equity at senior levels. 	<ul style="list-style-type: none"> • There was a slight increase in the overall unverified BBBEE score at the senior management level. A re-categorization exercise in one of the businesses resulted in a negative impact on the score associated with black representation at the senior management level. 	<ul style="list-style-type: none"> • We will further improve our performance on BBBEE particularly as regards employment equity. Continuous monitoring takes place quarterly to monitor the progress at the various management levels.
	<ul style="list-style-type: none"> • The new Employment Equity targets for 2012 will be finalised in the first quarter of 2011. 	<ul style="list-style-type: none"> • All businesses set new Employment Equity targets for 2011 and 2012. At the end of 2011 the black/ white ratio increased from 59% in 2010 to 61%. 	<ul style="list-style-type: none"> • During 2012 an extensive Employment Equity analysis will be conducted and the results of this analysis will be taken into consideration when the next three year Employment Equity plans are developed.

Employee wellness and Sanlam Culture	<ul style="list-style-type: none"> • Group-wide focus on further entrenching the business culture to align this to Sanlam's business strategy. 	<ul style="list-style-type: none"> • Preliminary investigations and development to identify the Sanlam business culture commenced in 2011. 	<ul style="list-style-type: none"> • A company wide process involving all staff members in the assessment of the Sanlam Business Culture will be launched during the 2nd quarter of 2012.
	<ul style="list-style-type: none"> • Sanlam plans to obtain accreditation as 'Investors in People' for the investment cluster. 	<ul style="list-style-type: none"> • All clusters with the exception of Sanlam Investment Cluster have undergone the "Investors in People" accreditation process. 	<ul style="list-style-type: none"> • SPF will be undergoing a further assessment during 2012, to maintain their current "Investors in People" accreditation. SI will be partaking in the accreditation process as well.

3. RESPONSIBLE PRODUCTS AND SERVICES

Our Material Sustainability Pillars	OUR COMMITMENTS: What we said we'd do in 2010	OUR PERFORMANCE: What we did in 2011	FUTURE COMMITMENTS: What we plan to do
Promoting responsible investment	<ul style="list-style-type: none"> • Sanlam Multi Managers International (SMMI) will be launching a new SRI product in 2011. 	<ul style="list-style-type: none"> • Signed Code for Responsible Investing in South Africa (CRISA). • Enhanced engagement with investee companies through our proxy voting policy. • Drafted guidelines on incorporating sustainability principles into investment decisions. • The SMMI SRI Balanced Fund was launched in October 2011. • SMMI incorporated CRISA explicitly into our manager research and assessment process. 	<ul style="list-style-type: none"> • Seek to increase levels of client interest in driving social and environmental agendas within our investment portfolios. • The SMMI SRI Balanced Fund will continue to be marketed during 2012.
Responsible procurement	<ul style="list-style-type: none"> • Sanlam RSA plans to implement a web-based system that allows suppliers to upload their own BBBEE certificates. 	<ul style="list-style-type: none"> • Obtaining an integrated procurement system enabling seamless interaction with suppliers as well as internal stakeholders is paramount. Finding a suitable solution is still in process. • Engaged with our supply base to obtain all valid certificates manually. 	<ul style="list-style-type: none"> • Sign off of an integrated procurement system and possible implementation of certain modules. • Aligning our processes to engage with our supply base re use of system.
	<ul style="list-style-type: none"> • Sanlam RSA is entrenching environmental selection processes. 	<ul style="list-style-type: none"> • Finalised a new procurement policy that includes reference to the requirement for selecting suppliers with a good environmental track record. 	<ul style="list-style-type: none"> • We will encourage our supplier network to adopt best environmental practice, and will positively recognise those suppliers that do. • We will review our approach to property acquisition: in addition to the rental component of costs, we will consider resource demands, and potential to minimise these.
	<ul style="list-style-type: none"> • Further research will be done into maximising web-based solutions that will lessen the need for business travel. 	<ul style="list-style-type: none"> • Increased the video conferencing facilities in Cape town and Gauteng. • Experienced a positive trend in the usage of the facilities. 	<ul style="list-style-type: none"> • Promote an increase in the use of video conferencing as an alternative to carbon emissions intensive business travel. • Check the viability to roll out video conferencing facilities to other offices.
Treating our clients fairly	<ul style="list-style-type: none"> • Sanlam will further gear resources to adapt to changes that the Statement of Intent (SOI), the anticipated Treating Customers Fairly regulation. 	<ul style="list-style-type: none"> • Until the legislation comes into effect, the focus remains on preparation and raising levels of awareness. 	<ul style="list-style-type: none"> • Strive to meet new regulatory requirements. • Sanlam RSA will measure progress on the TCF principles applicable from 2014 onwards. • Each cluster will define an ombudsman most applicable to the business and will measure ombudsman complaints received relative to agreed targets. SIM and SPF will continue reporting on compliance with the Financial Advisory and Intermediary Services (FAIS) Act. SIM will measure client retention rates against targets, providing an indication of client satisfaction, while SPF will measure percentage of lapses and client retention relative to prior years and targets.
	<ul style="list-style-type: none"> • Sanlam aims to grow the Sanlam Professional Market Financial Literacy Campaign by 30% during 2011. 	<ul style="list-style-type: none"> • A formal assessment was not conducted to determine the exact growth. We however expanded the campaign to 4000 students from 2500 in 2000. 	<ul style="list-style-type: none"> • We will conduct a formal assessment of the campaign.

4. RESPONSIBILITY TOWARDS A PROSPEROUS SOCIETY

Our Material	OUR COMMITMENTS:	OUR PERFORMANCE:	FUTURE COMMITMENTS:
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Sustainability Pillars	What we said we'd do in 2010	What we did in 2011	What we plan to do
Access to financial services	<ul style="list-style-type: none"> Strive to improve our clients' product access and the financial security benefits they derive from our products. 	<ul style="list-style-type: none"> Successfully expanded our product reach. Sanlam Sky (now a part of SPF) focuses specifically on improving access to financial services in entry-level markets in SA. Realised new opportunities to engage in public private partnerships. 	<ul style="list-style-type: none"> We will expand Sanlam's presence into new markets – and develop skills to ensure greater transformation amongst agents and brokers. We will seek to develop products that meet both the needs of the Group and of the market, particularly the need for savings products in lower income markets.
Corporate social investment	<ul style="list-style-type: none"> Establish the Sanlam Foundation in 2011. 	<ul style="list-style-type: none"> Launched the Sanlam CSI Foundation in September 2011, to facilitate more focused and coordinated efforts linked to Sanlam's core business, and to achieve more sustainable socioeconomic benefits. Annual CSI spend in 2011 was R 34,59m, representing 0.77% of Group net profit after tax; this compares with last year, in which we spent R19.3 million (0.52% of Group net profit after tax) 	<ul style="list-style-type: none"> Ensure continuing alignment of CSI efforts across the business as part of a coordinated strategy.
	<ul style="list-style-type: none"> Refine our CSI programme in line with Sanlam Foundation Strategy. Maintain commitment to core sponsorships – notably Takalani Sesame and the Sanlam Cancer Challenge. 	<ul style="list-style-type: none"> Our CSI programme focuses on education, covering four core components: <ul style="list-style-type: none"> Skills Development: promoting financial literacy for high school and university students. Education Development: investing in leadership in maths, science, English and technology (for High Schools), as well as in teachers, principals and parents through the Department of Education. HIV & Aids awareness and education: investing in programmes for high schools. Environmental awareness: promoting environmental protection programmes. 	<ul style="list-style-type: none"> Seek to build a leadership position in our community investment programmes by addressing stakeholder issues/concerns, and resonate with the nature of the business. Continued investment in sponsorships is pivotal in growing Sanlam's brand awareness within our target markets in South Africa.
Social enterprise development	<ul style="list-style-type: none"> Focus on supporting the growth and upliftment of black entrepreneurs through our procurement practices, focusing on black female-owned businesses. 	<ul style="list-style-type: none"> Sanlam continues to achieve full points on the enterprise development component of the dti scorecard through our Ubuntu-Botho (UB) transaction. This provides broad based UB empowerment groupings access to capital, business advice and cross-selling opportunities between shareholding businesses. Ongoing challenges experienced around ensuring the viability of some BBEE suppliers. 	<ul style="list-style-type: none"> Sanlam expects to continue to achieve full points on this element through the UB transaction.

5. RESPONSIBILITY TOWARDS THE NATURAL ENVIRONMENT

Our Material Sustainability Pillars	OUR COMMITMENTS: What we said we'd do in 2010	OUR PERFORMANCE: What we did in 2011	FUTURE COMMITMENTS: What we plan to do
Environmental Management	<ul style="list-style-type: none"> The Group Environmental Policy will be signed off early in 2011. Further resources will be allocated to the implementation of the Sanlam RSA Environmental dashboard in 2011. 	<ul style="list-style-type: none"> Group Environmental Policy refined and endorsed by the Sanlam Board of Directors, the Board Social, Ethics and Sustainability Committee, Sanlam's Group CEO and his executives. A process of developing a Group Environmental Sustainability Framework and Dashboard is underway, assisted by external consultants, to establish a broader dashboard covering a range of environmental key performance indicators. 	<ul style="list-style-type: none"> Finalising the development of our environmental dashboard.
	<ul style="list-style-type: none"> New resource reduction targets will be set for Sanlam RSA. 	<ul style="list-style-type: none"> Resource reductions targets have been set for 2011-2015, providing clear direction for the Group. The targets, based on the 2010 baseline year, are applicable to all Sanlam business units and were approved by the Board Social, Ethics and Sustainability Committee in June 2011. 	<ul style="list-style-type: none"> Achieve further improvements in the management of our direct environmental impacts, particularly through improved waste management practices and enhanced energy and water efficiency initiatives.
	<ul style="list-style-type: none"> Strive to position Sanlam RSA as a corporate leader in, and champion of, environmental sustainability. 	<ul style="list-style-type: none"> Focus has been on improving reliability of performance measurement, setting priorities and introducing pilot projects. More efficient use of energy and water, and reduced waste generation, through behavioural change. 	<ul style="list-style-type: none"> Maintain a focus on communication and engagement with our staff, aimed at encouraging responsible environmental practice.

Climate change and energy	<ul style="list-style-type: none"> Improving measurement of energy usage and other climate change related performance indicators. 	<ul style="list-style-type: none"> Sanlam RSA's CO2 emissions for 2011 decreased slightly on last year's performance. Sanlam was ranked 8th overall on the South African Carbon Disclosure Leadership Index. 	<ul style="list-style-type: none"> Maintain focus on promoting energy efficiency – primarily at our head office, and progressively at our other offices – through energy saving initiatives under the management of our Facilities team. Prioritise initiatives and start to implement bigger projects.
	<ul style="list-style-type: none"> Seeking to improve efficiencies and identify opportunities to implement initiatives to reduce environmental impact. 	<ul style="list-style-type: none"> We have set ambitious targets for reducing our greenhouse gas emissions and energy usage informed by a baseline assessment and performance benchmark. 	<ul style="list-style-type: none"> Introducing improved measurement and reporting systems, enabling a more informed, coordinated and strategic approach to identifying and responding to our environmental priorities. Explore opportunities to develop a portfolio of onsite renewable generation initiatives.
Sustainable water use	<ul style="list-style-type: none"> No specific commitments made. 	<ul style="list-style-type: none"> We have set ambitious targets for reducing our municipal water demands informed by a baseline assessment and performance benchmark. 	<ul style="list-style-type: none"> Water saving measures will be introduced, and rainwater harvesting opportunities will be considered.
		<ul style="list-style-type: none"> Renewed our partnership with the World Wide Fund for Nature (WWF) for the Sanlam Living Waters programme. As a key sponsor Sanlam contributed R3,343,000.00 in support of WWF's Marine and Fresh Water Programme in 2011. Conducted a desktop study to determine current consumption (including a comparison between Sanlam and Santam Head office buildings); based on assumptions we have made predictions on how to reduce water consumption based on a variety of technologies that could be implemented. 	<ul style="list-style-type: none"> Sanlam will dedicate resources to assess and identify how Sanlam can use its sphere of influence in a systemic way to influence responsible water use and management in South Africa. We also plan to conduct research into water risks that may impact Sanlam business.
Materials and waste management	<ul style="list-style-type: none"> Maintain focus on separating waste and recycling decentrally; encourage increased recycling, double-sided printing and e-statements, as part of our drive to minimise the volume of paper used in client communications. 	<ul style="list-style-type: none"> Sanlam Head Office introduced waste separation at source to increase its average levels of recycling of all waste (including food waste). 	<ul style="list-style-type: none"> We have committed to improve measurement of the proportion of waste reused/recycled and the amount of responsible disposal of technological waste.
		<ul style="list-style-type: none"> We have set ambitious targets for reducing our total waste and paper usage informed by a baseline assessment and performance benchmark. Undertook desktop research aimed at better understanding potential opportunities to improve our materials and waste performance. 	<ul style="list-style-type: none"> Investigate additional measures aimed at reducing our waste to landfill by 50%.

Sustainability Governance

Highlights

Developed a Sustainability Management Framework to provide a more structured and co-ordinated approach to sustainability that is more closely aligned to our core business strategy, and that provides for our most material sustainability risks and opportunities across our sphere of influence.

Developing a more co-ordinated stakeholder management strategy and action plan.

Completed a stakeholder mapping exercise that prioritises stakeholders and assigns executive responsibility for managing those relationships.

Conducted our fifth independent assessment of the ethical culture and risks in the Sanlam Group, finding an overall favourable perception of Sanlam's approach to encouraging ethical conduct, with a significant majority of employees expressing their belief in the integrity of the board and the Group CE.

Challenges

Effectively implementing the SMF and ensuring the integration of sustainability throughout the organisation will be an ongoing challenge.

Building awareness around sustainability and its connection to the ability of the Group to create and sustain value in the long term.

Devoting adequate time and resources to managing relationships with priority stakeholders.

Coordinating the effective provision of ethics training to all employees.

Sustainability governance and management structure

Overall responsibility and accountability for sustainability within the Group rests with the Board of Directors. This responsibility is executed by the various committees of the board which provide strategic oversight on the varying elements of our sustainability:

The Social, Ethics and Sustainability committee, chaired by Valli Moosa, an independent non-executive director, has responsibility for environmental, social and governance (ESG) risks, including broad-based black economic empowerment (BBBEE), transformation performance, as well as safety and health of employees across the Group.

The Audit, Finance and Actuarial Committee, chaired by Flip Rademeyer, an independent non-executive director, oversees the quality and integrity of financial and actuarial reporting and disclosures. This committee also ensures the appropriateness and effectiveness of internal controls.

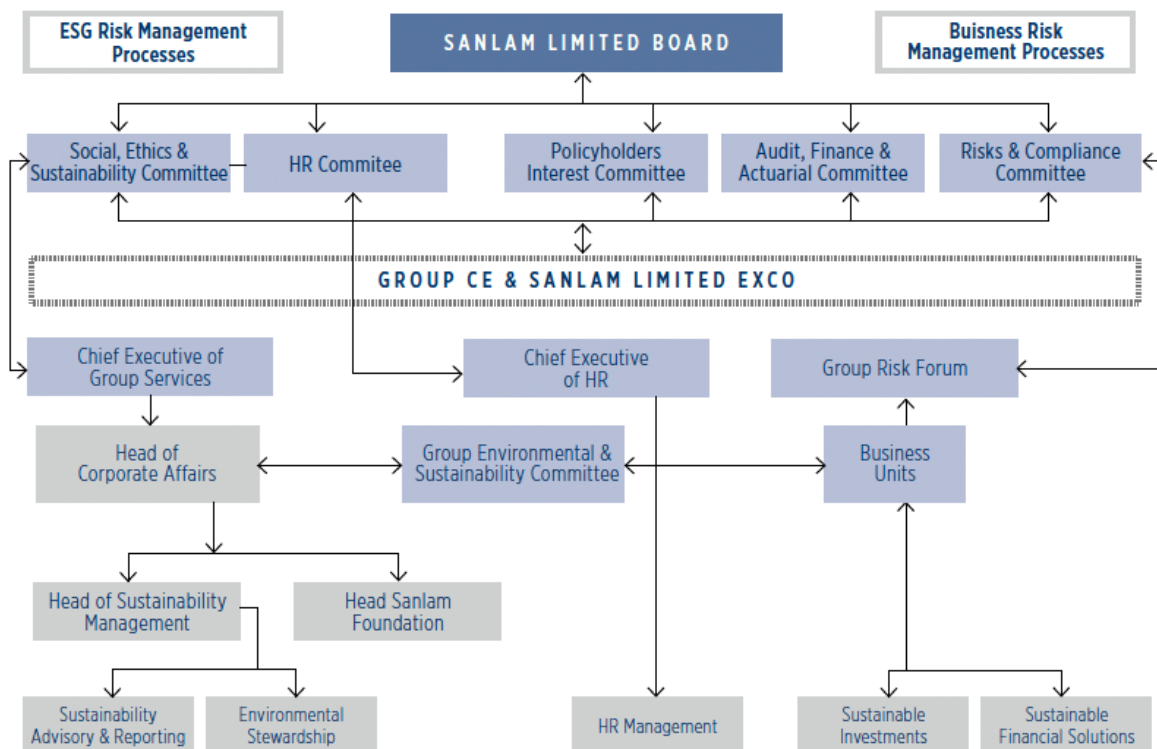
The Risk & Compliance Committee, chaired by Chris Swanepoel, an independent non-executive director, has responsibility for ensuring enterprise risk management and IT governance across the Group.

The Human Resources Committee, chaired by Anton Botha, an independent non-executive director, is responsible for overseeing and reducing the human capital risks and monitoring the Group's human resources processes.

The Policyholders' Interests Committee, chaired by Fran du Plessis, an independent non-executive director, reviews and monitors all decisions of the Group impacting policy holders. The committee also ensures that the organisation manages customers' complaints and lapses.

Our system of governance is informed by the King III Code on Governance in South Africa, the Companies Act and the GRI G3 Guidelines. To ensure a strong connection between our business strategy, governance and sustainability, we have established the Group Risk and the Environment and Sustainability Forums. While the Group Risk Forum monitors all business risks with the Group, the Environment and Sustainability Forum monitors the environmental, social and sustainability risks. The management of our business risks is explained in detail in our 2011 Integrated Report.

Functional responsibility for the development and co-ordination of the group sustainability strategy rests with the Sustainability Management unit, which is responsible for developing, co-ordinating and monitoring the sustainability risks and compliance throughout the Group. The unit reports to the Executive Head of Corporate Affairs, who reports to the Chief Executive of Group Services, a Sanlam Board member. The Executive Head of Corporate Affairs chairs the Group Environment and Sustainability Committee, an advisory body with representatives from all the business units and functional areas, as well as from our partners WWF. This committee works towards positioning Sanlam as a leader in environmental sustainability within the local financial services sector. The committee reports are tabled at the Social, Ethics and Sustainability Committee. The responsibility for financial, social and environmental implementation vests with various functional departments and units within the Group; these include human resources, finance, facilities, marketing, risk management, our customer-facing units and the Sanlam Foundation.



An important focus of our sustainability performance during the year has been on developing the Sustainability Management Framework and associated key performance indicators, sustainability compliance reporting and promoting sustainability awareness aimed at developing leadership on governance and sustainability throughout the Group.

Our Sustainability Management Framework

Over the past few years Sanlam has invested significant resources in addressing some of the sustainability challenges that impact on our capacity to create value. We have made continuing investments aimed at developing our people, building a broader client base, developing new products and services, managing our products responsibly and reducing our direct environmental impacts.

While our approach in these different areas has yielded some positive results – including prompting a growing appreciation within the organisation of the strategic importance of sustainability – we nevertheless realised in 2010 that we would benefit in having a more structured and co-ordinated approach to sustainability that is more closely aligned to our core business strategy, and that provides for our most material sustainability risks and opportunities across our sphere of influence.

Responding to this need, this year we undertook a comprehensive process to establish a Sustainability Management Framework (SMF) governed by a clear set of roles and responsibilities. The SMF applies to Sanlam Limited and all its clusters other than Santam; all our operations outside the borders of South Africa are also currently excluded. Approved by the Sanlam Board in December 2011, the SMF allows us to monitor and evaluate our performance against a set of key performance indicators (KPIs) designed to manage our most material sustainability issues. A Sustainability Dashboard (to manage the KPIs) and a Risk Log (to continuously identify, analyse and manage sustainability risks) will be developed in 2012 to ensure the effective implementation of the framework.

Process of developing the SMF

The SMF was driven by high-level commitment from the Group Chief Executive and the Group Executive Committee (Group Exco). Strategy champions nominated by Exco members were part of the framework development process. Together with these champions, and facilitated by an external service provider, the Sustainability Management unit developed Sanlam's current approach to sustainability, agreed on the Group's future sustainability journey in relation to the business strategy, identified material issues and developed KPIs to manage these issues.

The first engagement with strategy champions focused on establishing the current corporate mindset and appetite for sustainability as an ongoing driver of the business. Champions discussed the key potential sustainability risks facing their businesses. They agreed on a sustainability journey focused on short, medium and long-term objectives that are clearly linked to the organisation's business plans. The discussions led to the confirmation that Sanlam's current sustainability level was that of a "follower" with a strong compliance focus. It is Sanlam's intention to adopt a more strategic sustainability focus to position itself as a leader in the financial sector in South Africa.

Objectives of the SMF

To deliver enhanced risk management, opportunity identification, reduced costs and enhanced reputation, the SMF aims to:

- Continuously identify and manage material sustainability risks affecting the Group;
- Ensure sustainability of the business strategy;
- Prioritise efforts based on materiality and alignment with the Group strategy;
- Clarify governance and accountability; and
- Contribute to a reporting process that addresses stakeholder concerns and needs.

Our performance in the 2011 Carbon Disclosure Project

Sanlam voluntarily participated in the Carbon Disclosure Project (CDP) for the fifth year, publicly disclosing information on our management of climate change issues, our views on the risks and opportunities that climate change presents to the business, our actions to manage those risks and opportunities and our greenhouse gas emissions accounting. This information, collected from the top 100 companies on the JSE, is requested on behalf of 551 investors with assets of US\$71 trillion.

Sanlam's response was assessed in terms of both the quality of the information disclosed and the company's performance. The disclosure score represents an assessment of the quality and completeness of a company's response. The performance score provides an indication of the extent to which companies are addressing the potential opportunities and risks presented by climate change. Sanlam was awarded a "B" for performance in 2011 (consistent with the 2010 response). According to the CDP this indicates that the integration of climate change is recognised as a priority for strategy, but that not all initiatives are fully established. Our disclosure score improved from 86 in 2010 to 88 in 2011, placing the company eighth overall. As one of the top 10% of JSE 100 companies with the highest disclosure scores, Sanlam was included in the JSE 100 Carbon Disclosure Leadership Index (CDLI) and received a Gold award.

A comparison of Sanlam's 2011 to 2010 response

	2011	2010
Status	Public	Public

Disclosure Score	88	86
Performance Band ¹	B	B

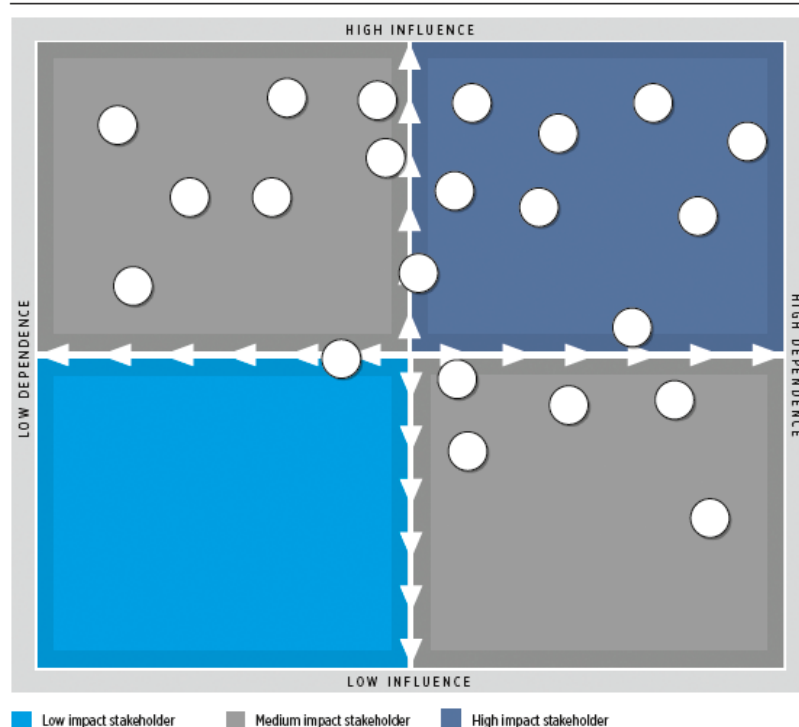
1. *The performance band is not comparable year-on-year due to a change in the methodology and the classification of the scoring ranges for each band....*[\(back to text\)](#)

Engaging our stakeholders

Recognising the strategic importance of being responsive to our stakeholders, we have developed and are implementing a systematic approach to identifying, prioritising and engaging with our key stakeholders.

As a large diversified company, our engagements with stakeholders have predominantly been decentralised. A process is currently underway to develop a more co-ordinated stakeholder management strategy and action plan. While all our stakeholders are important to us, we have completed a stakeholder mapping exercise that prioritises them based on an assessment of their dependence on our activities and their ability to influence what we do.

Sanlam's stakeholder map



For each of these priority stakeholder groupings we have agreed whether the interaction with them should be co-ordinated at a Group or Cluster level, and we have assigned responsibility for managing that relationship to a senior Sanlam executive. Through this process we seek to ensure a systematic Group-wide approach to engaging with our stakeholders and to understanding and responding to their respective interests. The outcome of these engagements informs the Group strategy and our internal risk assessment processes.

The Group Intelligence Unit regularly undertakes surveys to assess the views of our key stakeholders. Through our membership of the Global Reputation Institute we are able to analyse stakeholders' perceptions regarding the nature of our products and services, and the quality of our internal policies and procedures. These studies are reviewed at the beginning of each year and, together with the Group strategy, inform our planning for the year ahead. Based on this analysis our top five external stakeholders are:

- Shareholders
- Policyholders
- Government and Regulators
- Analysts
- Business Partners

We engage with our stakeholders in South Africa through various structures as follows

Group Finance engages with investors and analysts regarding the company's performance.

The Corporate Affairs Department is responsible for managing the reputation of the organisation including coordination of stakeholder strategy within the group, including

Our Public Affairs function, which ensures – through its membership of various corporate, government, and non-governmental bodies that Sanlam continues to contribute constructively to the policy discourse in the country;

Our Communication function, which drives thought leadership activities, manages public engagement on key topical issues, and our consumer education programmes through which we improve financial literacy include road shows and media events.

Market Development is responsible for the Sanlam Provincial Advisory Board (SPAB), which co-ordinates Sanlam business units within regions and facilitates cross selling and relationship building;

The Group Compliance office engages with our Regulators;

The Company Secretariat liaises with Regulators and Shareholders;

Our various business unit representatives also engage with Government, Regulators, and Business Partners on policy issues impacting the business.

The Sustainability Management Framework that we developed this year includes specific key performance indicators aimed at ensuring that we have coordinated and effective engagement and feedback mechanisms. This includes provision for the Group and each cluster to annually review and identify existing and emerging stakeholder issues. The nature and outcomes of these engagements will feed into the annual performance appraisals of those responsible and inform our integrated and sustainability reporting processes.

Most of our stakeholders see us as a trusted company that has a good reputation for conservative fiscal management, good corporate governance practices and a solid leadership team."

- Yvonne Muthien, Chief Executive: Group Services

Promoting ethical behaviour through good governance

Ensuring good governance and sound ethical behaviour is fundamental to our ability to create and sustain value over the longer-term. We are committed to taking a strong leadership role on issues relating to corruption and ethics, and are recognised in the sector for our positive stance in this area. Our approach to this issue is governed by our mandatory Code of Ethical Conduct, which reflects the Group's values and principles, and is periodically updated to provide for the changing regulatory context. Any identified breaches of the Code are investigated by management at the business unit level, with sensitive matters to be addressed by the Social, Ethics and Sustainability Committee of the Board.

In August 2011, an independent assessment of the ethical culture and risks in the Sanlam Group was conducted by KPMG. This was the fifth such assessment that they have conducted on a biennial basis since 2003. The assessment was undertaken in the format of an online survey made available to all staff members, with the aim of evaluating their understanding of ethical dilemmas and assessing their perceptions on the management of ethical concerns within the organisation. The response suggests an overall favourable perception of Sanlam's approach to encouraging ethical conduct, with a significant majority of employees expressing their belief in the integrity of the board and the Group CE. Transgressions of the Ethics Policy observed by respondents remained few. The types of misconduct most frequently observed by respondents to the survey related to discrimination against employees, mismanagement of organisational resources, and violating employee compensation, overtime, or benefit rules.

We have identified the provision of training on ethics as a priority and this has been implemented at a business level. This year we have developed a centrally coordinated training programme on conflict of interest to be rolled out by the businesses. We are also currently exploring the potential for the coordination of ethics training at the group level. Furthermore we would want to channel feedback from training interventions via an online platform to contribute to the measurement of the ethical culture and risks in Sanlam.

We adopted a zero tolerance policy towards unethical conduct. We have an anonymous hotline available for employees and others to report breaches of Sanlam ethical code, our preference is to create an open reporting environment, usually through our line managers. Over the past ten years we have had 176 calls to the hotline of a staff complement of over 9,000. Of these, less than ten percent of all callers felt the need to subsequently remain anonymous. We had 17 calls to the hotline in 2011 (13 ² for SPF), up from eight calls in 2010. All cases are investigated and a process is in place to track , report and close out all calls received. Actions taken as a consequence of resulting investigations include termination of employment, and cancellation of contracts in the case of suppliers and contractors.

In addition to addressing ethics and anti-corruption issues internally, we also take an active role in driving anti-corruption activities more broadly in the country. Sanlam is well represented at national and international anti-corruption forums through Business Unity South Africa (BUSA), the National Anti-Corruption Forum, UN Global Compact, B20 and Transparency International Anti-Corruption Working Groups. Sanlam chairs the ASISA Standing Committee on the control of money laundering and the prevention of the financing of terrorism.

Sanlam Group Compliance is currently conducting a high-level group-wide assessment of the readiness of the Sanlam businesses for the proposed Protection of Personal Information Bill (POPI). A detailed roadmap will be presented to the business for an in-depth impact study to prepare the Group for POPI. A project is currently underway within the Sanlam RSA businesses to prepare for the implementation of the underlying principles of international anti-money laundering (AML) standards. South Africa, as a member of the Financial Task Force (FAF) will have to adopt the revised international AML standards due to be adopted in 2012.

Engaging on policy development

Sanlam strives to play a constructive role in the development of national policy and regulation that impact our business. Our engagement on policy issues is undertaken with government primarily through industry associations such as BUSA, ASISA, various Business Chambers, Business Leadership and the NBI. The Sanlam Group CEO serves as Chairperson of ASISA and represents the industry at the highest levels of policy making and regulation. This year we have been active in engaging around the new and expected legislation relating, for example, to Treating Customers Fairly, the establishment of a National Social Security System (NSSS) and National Health Insurance (NHI), the Financial Sector Charter, as well as legislation on conflict of interest, money laundering, privacy and data protection, and the National Skills Accord.

We do not provide financial support to any political party.

Ethical management practices: addressing the issue of anti-corruption

Currently, there is no dedicated employee training aimed at "anti-corruption". During the course of 2011, there were, however, a number of training and awareness initiatives aimed at addressing the issue of corruption. The definition of "unlawful conduct" in the Sanlam Group Financial Crime Combating Policy includes a reference to corrupt practices. General fraud awareness campaigns are conducted by the forensic functions of Sanlam Personal Finance and Sanlam Sky to focus on the prevention, detection and reporting of unlawful conduct.

In terms of the Sanlam Group AML/CFT (Anti-Money Laundering & the Countering of Financing of Terrorism) Policy, each business must ensure that they adopt and implement their own internal rules to give effect to the policy. Each business then adopts its own strategy in respect of training and awareness. In terms of the FAIS regulations, each business must ensure that a conflicts of interest (COI) training programme is developed and initiated. We are currently in the process of finalising the training programme and it is anticipated that training will be complete by the end of March 2012.

Should breaches of the Code of Ethical Conduct occur, relevant individuals will be investigated by management at business unit level, with sensitive issues

passed through the Social, Ethics & Sustainability Committee. Relevant policies applied across the Group include the Group Disciplinary Code, the Group Financial Crime Combating Policy and the Group Policy on the Group Giving or Receipt of Gratifications.

2. *This represents one of the KPIs of our Sustainability Management Framework. The basis of measurement thereof is the number of instances reported on the independent hotline related to SPF for the year ended 31 December 2011....*[\(back to text\)](#)

Responsibility for developing our people

Highlights

Solid progress in promoting transformation, particularly in terms of employment equity and skills development
Graduate Leadership Programme launched to fast track the development of young high-potential graduates
Revised Employee Value Proposition launched focused on further improving employee engagement
Low turnover rate for the Group, with year-on-year reduction in turnover rate for Black staff
Implemented a business intelligence system to enhance data accuracy, management and reporting on transformation initiatives
Shared HR service implemented to ensure more effective HR service delivery and support across the Group
Harmonised Group benefits to enable the smooth transfer of staff members across the Group resulting in greater organisational flexibility

Challenges

Transformation remains a challenge, particularly in terms of ensuring greater diversity at senior levels
Meeting regulatory demands requiring certain staff to have in-depth knowledge of products and regulations
Maintaining and improving staff engagement and performance

Our human resource policies and practices

Sanlam's philosophy is to build strong relationships with, and to treat all staff members fairly with transparency and dignity. This is reflected in the Group's HR policies and practices, which are aligned to business strategy. Our human resource (HR) practices centre on:

- Recognising the relationship with our employees as our most important asset.
- Focusing on transformation, the equitable treatment of staff and diversity.
- Offering training, skills development and access to new career opportunities to ensure a "talent pipeline" for the required skills.
- Ensuring career progression, leadership development and succession planning.
- Promoting employee wellness through an integrated offering.
- Fostering an enabling and empowering working environment.
- Implementing fair rewards.

The Sanlam Employment Value Proposition (EVP) was developed in order to enable the organisation to attract and retain talented and committed employees. Our EVP is designed to position Sanlam as the leading employer and to assist staff in achieving their career and personal development ambitions in line with the business strategy. It clarifies what staff can expect from Sanlam and the opportunities available to them within the business.

We have identified six focus areas that are key to our EVP and important in giving our staff the opportunity to fulfil their employment hopes and aspirations."

- Egbert van der Straaten, Head: Group Human Resources

The following critical EVP areas have been identified as vital for enhancing employee engagement and therefore performance and retention:

Reputation: At Sanlam, we understand the distinction between leaders and managers, and the impact leadership has on our company, as well as individual staff careers. Through diverse initiatives, we invest in nurturing leaders who engage and empower, are open to new ideas, and are driven to create an environment for our staff and our company to excel.

Leadership: At Sanlam, we understand the distinction between leaders and managers, and the impact leadership has on our company, as well as individual staff careers. Through diverse initiatives, we invest in nurturing leaders who engage and empower, are open to new ideas, and are driven to create an environment for our staff and our company to excel.

Reward: Recognising and rewarding excellence in the workplace is critical in the process of securing continued high performance and dedication from employees. From awards to competitive bonuses, we try to make our staff feel valued for their contribution.

Growth: Fulfilment in the workplace depends on the opportunity to learn and develop. Through diverse opportunities – including coaching, mentoring, training and challenging assignments – we support the growth of our staff and help them realise their full potential.

Connectivity: Sanlam promotes open communication across the workforce, with the aim of sharing responsibility and experiences. This is essential to keep in touch with concerns and interests in the workplace, and to promote relationships based on respect and trust both between employees and between employer and employees.

Balance: Sanlam is a business that has been built on understanding people, their needs and their realities. Employee wellness is important if staff members are to perform at their best. We therefore seek to promote their health and wellbeing through diverse initiatives.

The Sanlam HR function is managed at a decentralised level. Each business unit has its own set of HR support services and works within "loose" and "tight" principles. "Loose" principles are discretionary and "tight" principles include generic issues such as Group benefits. Group HR oversees group-wide strategic projects and compliance with labour legislation and regulatory codes. Compliance and Regulatory policies and certain other strategic HR policies are viewed as Group policies and are therefore viewed as tight across the Group. An example of this would be the remuneration philosophy and the Employment Equity policy.

Focus areas during 2011

During 2011 we revised our HR service approach for office staff to ensure a more efficient and effective service. This was achieved through the development and implementation of a shared service aimed at streamlining processes, achieving economies of scale and improving internal efficiencies. The revised approach has also mitigated risks: for example, the number of payroll systems has been reduced from nine to four, thereby reducing costs and associated risks. Guidelines have been developed and additional systems introduced to promote greater consistency in reporting compliance.

Progress has been made in realigning the culture of the organisation, notably through the Sanlam for Sanlam initiative that emphasises cooperation and

collaboration across the Group. An example of this initiative is the transition to a single retirement fund to enable greater organisational flexibility and the easy rotation of staff members across the group of companies. During 2011 a survey that was conducted amongst a focused group of staff members confirmed the correct alignment of the direction and intent of the Sanlam for Sanlam initiative.

A review of HR policies was conducted and agreement was reached on which policies were viewed to be Group-wide and applicable to all different Clusters. New Group-wide policies, such as a Transfer policy, were approved during this period.

Performance

In relation to the stated objectives for 2011, some of the achievements include the following:

Increased levels of awareness were achieved across all staff levels around HR-related legislative requirements.

The Investors in People Standard, which is an international standard, was adopted as a Sanlam standard. It has been effectively implemented across the businesses with the exception of the Sanlam Investment Cluster (SI). The standard addresses people's understanding of how their outputs align with and contribute to the implementation of the business strategy. SI conducted a customised programme that focused on their strategic imperatives and stakeholders.

New employees have an opportunity to provide feedback to the Group Chief Executive about their first six months in the organisation. This continues to provide valuable insights as well as indications of areas of improvement. It has been encouraging to observe increasingly positive responses about Human Resources practices and the Sanlam culture over the last few years.

Levels of staff turnover have declined since 2008 and are currently below the industry norm. This improved performance may be attributed to the efficacy of the Group HR policies and practices.

In general very few grievances are lodged, suggesting that the HR policies and practices are fair and effective. There were no material breaches of the Code of Ethics. The Risk and Compliance Committee reported no new instances of material non-compliance. There has been no significant change in union activity within the Group, and no formal Recognition Agreement has been entered into with any union.

Managing cases of grievance

The Group manages its own grievance procedures by facilitating consultation between our employees and our organisation through various formal and informal mechanisms. This procedure is communicated to all employees via the intranet. Hard copies of the procedures are available on request, and HR employees are available to discuss these procedures face to face. Grievances are monitored by HR in terms of frequency and level of escalation. At Sanlam RSA, the incidences of CCMA (Commission for Conciliation, Mediation and Arbitration) cases are minimal. During 2011, 43 cases were lodged at the CCMA, compared to 44 in 2010. Of these cases, 12% were ruled in favour of Sanlam and 26% of the applicants resigned whilst the proceedings were in process. There was only one grievance relating to discrimination. These cases were not considered to be materially significant.

Attracting and retaining talent

The ability to attract and retain talent is critical amid increasing competition for skills. Our emphasis is on identifying and developing existing staff, through a "Make or Grow" approach to building our talent base as opposed to a "Buy or Acquire" approach. Our internal talent market is segmented according to the organisation's priorities and the scarcity of certain skills. From a risk and sustainability point of view, we recognise that Sanlam needs to focus more energy on a number of high priority groups. These actions include the monitoring of the professional group as well as succession lists at Board level and the development of a Graduate leadership Program. A more interventionist approach is taken to managing the careers of members of these groups while for other employees' information and tools are made available to empower them to manage their own careers.

In line with our decentralised model, the businesses take ownership of identifying and developing the talent in their Clusters.

From a Group perspective, we are interested in the overall leadership bench strength of the organisation and focus on: (1) assessing the strength of the talent pool against future organisational demands; (2) monitoring and reporting on the development of the high priority groups; and (3) designing and executing interventions to further the development of the high priority groups as well as the remainder of staff.

We have consolidated our approach to recruitment by sourcing across the Sanlam Group and by making use of a preferred list of recruitment agencies; this helps to build stronger relationships with these agencies, and improves their understanding of the Sanlam brand and employee fit. In 2011 we launched a project to redesign the recruitment process across the Group, paying closer attention to the candidate's experience. The new process and new technology is due to be launched in the first quarter of 2012.

Various initiatives have been implemented across the group to enhance staff retention. This includes the monitoring of staff turnover specifically amongst black staff members and retention measures in terms of remuneration and incentives where indicated. In addition to these measures, two share schemes specifically for black staff members especially at the more senior levels are available.

In order to address the career aspirations of our staff and improve retention, a transfer policy and a project to harmonise benefits across the Group have been implemented. This will allow for greater mobility of staff members across businesses with the Group.

Finally our performance-based reward strategy plays an important role in retaining key talent.

Group employee turnover

The overall turnover rate for Sanlam was 23.27% compared to 28.65% in 2010. The decrease was due to retention initiatives. Turnover amongst the commission-based staff is high – a normal trend in our industry. Excluding commission-based staff, the turnover rate was 11.1% compared to 15% in 2010.

Currently, turnover statistics are satisfactory with the highest rate of success at a more senior level (across all demographics). The highest rate of turnover is among African males (46.6%) followed by African females (39.3%). Retention is more challenging, especially among the lower level positions where employees tend to leave more readily for minimal salary increases. Encouragingly the recruitment of African males and females is also the highest, in both cases exceeding the turnover rates for these groups.

Sanlam identifies key individuals for their contribution to the Group and aims to retain their skills through specific retention initiatives. These initiatives range from retention bonuses to development opportunities. The majority relate to bonus packages. Currently the value of these initiatives is R87.1 million, compared to R90.5 million in 2010.

Group employee turnover and recruitments statistics (2011)

Group recruitment statistics (2011)

EXITS YTD 2011									FOREIGN NATIONALS		TOTAL		
	Male				Female				Male	Female		Black	White
	African	Coloured	Indian	White	African	Coloured	Indian	White					
Top Management	0	0	0	0	0	0	0	0	0	0	0	0	0
Senior Management	5	1	0	8	2	1	1	7	0	1	26	10	16
Middle Management	20	12	6	45	9	12	4	41	1	0	150	63	87
Junior Management	156	85	34	164	132	91	22	180	5	1	870	520	350
Semi Skilled	605	37	2	9	834	63	4	51	0	0	1605	1545	60
Unskilled	0	0	0	0	2	1	0	0	0	0	3	3	0
TOTAL	786	135	42	226	979	168	31	279	6	2	2654	2141	513

Group employee turnover rate (2011)

TURNOVER RATE									FOREIGN NATIONALS		TOTAL		
	Male				Female								
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female		Black	White
Top Management	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.00%	0.00%	0.00%
Senior Management	29.9%	6.1%	0.0%	3.5%	17.6%	8.6%	34.3%	12.6%	0.0%	85.7%	7.29%	14.12%	5.59%
Middle Management	19.2%	10.3%	7.9%	8.2%	21.2%	14.6%	6.5%	8.7%	10.7%	0.0%	9.91%	13.03%	8.45%
Junior Management	26.9%	16.9%	24.2%	14.1%	23.1%	12.5%	12.8%	10.5%	30.6%	17.1%	15.58%	19.32%	12.11%
Semi Skilled	61.9%	21.8%	14.1%	24.9%	45.2%	12.4%	7.3%	17.4%	0.0%	0.0%	41.19%	43.32%	18.18%
Unskilled	0.0%	0.0%	0.0%	0.0%	7.9%	8.9%	0.0%	0.0%	0.0%	0.0%	6.45%	7.02%	0.00%
TOTAL	46.6%	16.8%	17.3%	11.4%	39.3%	12.5%	10.6%	11.0%	21.7%	18.6%	23.27%	31.22%	11.28%

Group recruitment figures (Jan-Dec 2011)

OCCUPATIONAL LEVEL									FOREIGN NATIONALS		TOTAL		
	Male				Female								
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female		Black	White
Top Management	1	0	0	0	0	0	0	0	0	0	1	1	0
Senior Management	3	0	3	18	5	3	0	5	0	1	38	14	24
Middle Management	26	15	20	35	16	20	6	29	2	0	169	103	66
Junior Management	201	154	38	163	212	110	29	152	5	2	1066	744	322
Semi Skilled	637	46	5	12	973	96	13	18	0	0	1800	1770	30
Unskilled	0	0	0	0	2	2	0	0	0	0	4	4	0
TOTAL	868	215	66	228	1208	231	48	204	7	3	3078	2636	442

Group recruitment rate

RECRUITMENT RATE									FOREIGN NATIONALS		TOTAL		
	Male				Female								
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female		Black	White
Top Management	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Senior Management	23.9%	0.0%	25.4%	7.9%	44.1%	25.7%	0.0%	9.0%	0.0%	85.7%	10.9%	21.18%	8.4%
Middle Management	24.9%	12.9%	26.2%	6.4%	37.7%	24.3%	9.7%	6.2%	21.4%	0.0%	11.2%	21.30%	6.4%
Junior Management	34.7%	30.6%	27.1%	14.1%	37.1%	15.1%	16.9%	8.9%	30.6%	34.3%	19.1%	27.64%	11.1%
Semi Skilled	65.1%	27.1%	35.3%	33.2%	52.8%	18.9%	23.7%	6.2%	0.0%	0.0%	46.2%	49.63%	9.1%
Unskilled	0.0%	0.0%	0.0%	0.0%	7.9%	17.8%	3.0%	0.0%	0.0%	0.0%	8.6%	9.36%	0.0%
TOTAL	51.5%	26.7%	27.2%	11.5%	48.4%	17.3%	16.5%	8.1%	25.3%	27.9%	27.0%	38.44%	9.7%

Skills development and career progression

During the year various leadership and management programmes have been introduced at both a Group and business level. Key Group-level initiatives include:

The Graduate Leadership Programme – A specifically designed initiative aimed at developing the leadership capability of high-potential young graduates within the organisation through self-awareness, exposure and practice.

The Senior Management Development Programme – Aimed specifically at equipping senior managers with the necessary knowledge and change management skills to function effectively within a corporate environment, the programme focuses on translating learning into improvement in the workplace for both the individual and the organisation. This is a customised program offered in partnership with [University of Stellenbosch Business School \(USB\)](#).

The Business Management Development Programme – Designed to equip managers with the competence to implement strategic objectives, the programme provides a broader understanding of the different fields of management and leadership, and seeks to ensure that managers do not perform their own management functions in isolation. This initiative is also run in partnership with [USB](#).

Participation in International Business School Programmes- On an annual basis, candidates are nominated to attend senior executive programmes at leading International Business Schools.

These programmes are supported by numerous development initiatives at a business level aimed at promoting the development of all staff members, as well as accelerating the growth and career progression of potential future leaders. Examples of these initiatives at a business level include:

The Leading Edge Programme – hosted within the SI Cluster, this is designed to equip potential future senior leaders with necessary skills and experience

The Living Passionate Ownership – this is aimed at all SI staff members to instil a culture in which to realise the company's vision.

A learnership aimed specifically at persons with disabilities – this has been successfully implemented within Sanlam Personal Finance; upon completion of the 2010/2011 programme, the business was able to appoint 70% of the learners

Investing in our people

Sanlam requires that all its business clusters be accredited as "Investors in People" – an international standard that guides employee performance and development processes. Currently all clusters, with the exception of Sanlam Investment are accredited. Both SPF and Group Office have achieved bronze accreditation. Accreditation requires that all employees have an Individual Development Plan (IDP). Some of the training and skills development programmes offered by or facilitated by Sanlam during 2011, and the recipients of that training, are summarised below.

SPF uses IDPs to manage individual learning and development in a customised manner. In a people-intense business, it is important to demonstrate that resources are available to help individuals understand which career path is right for them. In 2011, 97% ³ of SPF employees have IDPs in place. This excludes Glacier, Sanlam Health and Sanlam Sky.

Training programmes offered by Sanlam

Development Programme	Target Audience	Brief Description	Number of Participants	No of Black Participants
Team Leader Programme	Junior & Middle Management	Developing current and future leadership and team members' competence through the facilitation and development of leadership best practices, knowledge and skills. Equipping learners with the appropriate tools to transfer competence back to the organisation, resulting in improved and enhanced sustained performance delivery. Duration: 6 days Business: Corporate Office Expenditure: R 16 720	4	3
Life & Corporate Coaching Programme	Senior Management	Providing guiding principles and tools for the development of the whole person, recognising that the individual is comprised of physical, intellectual, emotional, and spiritual dimensions. Deepening understanding, motivation, and responsibility with regard to making personal, corporate and social choices. Creating and/or increasing the capacity to think about, and reflect on, different values and the practical implications of expressing them in relation to ourselves, the workplace, the community, and the world at large. Duration: 1 day Business: Corporate Office Expenditure R 19 700	1	1
		Developing prospective team leaders' competence through the facilitation and development of leadership best practices, knowledge and skills. Equipping team leaders with skills to transfer competence back to the organisation, resulting in improved		

Team Leader Programme	Middle Management	performance delivery Duration: 7 days Business: IT ISS (Information Technology Infrastructure Shared Services) Expenditure: R 4 260	2	1
Assertiveness Leadership Programme	All	Increasing self-confidence, professionalism, the ability to deal effectively with people problems and to express oneself clearly and honestly without violating rights of others. Enabling individuals to express and receive positive feedback, without feeling embarrassed. This resulted in increased effectiveness at handling conflict and criticism. Duration: 7 days Business: Information Technology Infrastructure Shared Services (IT ISS) Expenditure: R 16 992	2	0
Management Development	Middle Management	Upskilling of current managers. The programme provided a framework for best-practice in management activities. Duration: 1 day Business: Sanlam Sky Expenditure: R 217 725	9	7
Assertive Leadership	Junior, Middle Management	Assisting in turning assertive behaviour into a habit, encouraging proactivity; focusing on results and optimal co-operation with others. Duration: 4 days Business: Sanlam Investment (SI) Expenditure: R 84 825	16	5
Building Relationships & Collaboration Skills	Junior, Middle and Senior Management	Understanding the theories that underpin effective conversation, developing skills to listen and structure for difficult conversation. Duration: 2 days Business: SI Expenditure: R 224 782	74	30
Investment Professional Development Programme	Internal as well as external candidates	Enhancing individual performance and fast track career development of young graduates through a holistic approach to effective self-management practice, technical skills training as well as professional and career development. Duration: 10 months Business: SI Expenditure: R 303 662	6	4
Leading Edge	Middle, Senior Management	Future senior leaders are equipped with leading edge skills and experience. The objective was to strengthen the skills of future leaders. Duration: 1-2 days every two months for approximately 12 months Business: SI Expenditure: R 812 382	15	5
Mentorship Maintenance Programme	Junior, Middle and Senior Management	Ensuring that employees have opportunities to develop and enjoy challenging roles. Duration: 5 days Business: SI Expenditure: R 13 000	25	13
Team Leader Programme (Module 1 of 6)	Managers	Topics included business and operational planning, change management, motivation, performance management, delegation, decision-making, managing diversity and team building. The focus was on people management, with interpersonal skills such as handling mistakes and conflict, giving feedback, handling different personalities and achieving expected results. Duration: 56 days Business: SI Expenditure: R 15 537	28	6
Team Leader Programme (Module 2 of 6)	Managers	As above Duration: 78 days Business: Expenditure: R 17 333	26	6
Senior Management Development Programme	Middle / Senior Management	Aimed specifically at equipping senior managers with the necessary knowledge and change management skills to function effectively within a corporate environment, the programme focuses on translating learning into improvement in the workplace for both the individual and the organisation. Duration: 12 months Business: Sanlam Corporate Office, Sanlam Sky, SI, SPF, Santam Expenditure: R 1 099 880	48	26
Business Management Programme	Junior Management	Aimed specifically at equipping senior managers with the necessary knowledge and change management skills to function effectively within a corporate environment, the programme focuses on translating learning into improvement in the workplace for both the individual and the organisation. Duration: 12 months Business: Sanlam Corporate Office, Sanlam Sky, SI, SPF, Santam Expenditure: R 1 099 880	22	12
Graduate Leadership Programme	High potential young graduates	An internal developmental initiative aimed at developing the leadership capability of high-potential young graduates within the organisation through self-awareness, exposure and practice. Duration: 10 months Business: Sanlam Office, Sanlam Sky, SI, SPF, Santam Expenditure: R 2 035 581	17	11

Recipients of training

	Male	Female	TOTAL

Occupational level	Black	White	Male total	Black	White	Female total	
Top Management	1	3	4	1	1	2	6
Senior Management	46	211	257	24	28	72	329
Middle Management	268	484	752	181	425	606	1358
Junior Management	1231	1202	2433	1345	1575	2920	5353
Semi-Skilled	661	37	698	1549	311	1860	2558
Unskilled	5		5	17		17	22
TOTAL	2212	1937	4149	3117	2360	5477	9626

During 2011, R58.2 million (R58.5 million in 2010) was spent on training and skills development within the group. Of this, 50% was spent on black employees (down from 53% in 2010). This includes a combination of development programmes and technical and desktop training. This figure amounts to 1.5% of the liveable amount, compared to 1.77% in 2010. R3.6 million was spent on management and coaching in the organisation. Of this total 43% was spent on management and coaching for black staff members.

Total spend on training and development in 2011

	Black Male	Black Female	White Male	White Female	Non South African	TOTAL
	R 13,497,828	R 15,589,620	R 16,447,365	R 12,269,453	R 361,726	R 58,165,992
Spend as %	23.21%	26.80%	28.28%	21.09%	0.62%	100.00%

Our performance against the BBBEE scorecard, in terms of skills development, has improved year-on-year since 2009, as shown below. The 2011 data is not yet verified but will be published on our website once our verification process is complete

Performance against the BBBEE Scorecard – Skills development (for the year to 31 Dec 2011, versus 2010 and 2009)

ELEMENT	SUBCATEGORY	WEIGHTING	TARGET	2011 Unverified			2010 Verified			2009 Verified		
				ACHIEVED	SCORE	TOTAL	ACHIEVED	SCORE	TOTAL	ACHIEVED	SCORE	TOTAL
SKILLS DEVELOPMENT (15)	Skills development for Black employees as a % of leviabale amount using the ARG	6	3%	1.92%	3.84	9.97		3.35	9.49	2.60%	5.23	9.46
	Skills development for Black employees with disabilities as a % of leviabale amount using the ARG	3	0.3%	0.01%	0.13		0.01%	0.14		0.00%	0.00	
	Number of Black employees paticipating in service training programmes as a % of total employees using the ARG	6	5%	6.76%	6.00		5.33%	6.00		3.50%	4.23	

Bursaries, internships and learnerships

A combined total of 3038 bursaries to the value of R4.6 million were awarded to staff members. Four students completed their internships within Sanlam. The cost of the internships was R63 685. A total of 85 learnerships, which included both employed and unemployed learners, were completed. The total investment for this initiative was R1.2 million.

3. This represents one of the KPIs of our Sustainability Management Framework. The basis of measurement thereof is the percentage of permanent employees in SPF (excluding Sanlam Sky, Glacier and Sanlam Health) with individual development plans in place at 31 December 2011. The percentage is based on information obtained at 5 July 2011. The timing of completion of IDPs is aligned with the performance management process of the group, and also to ensure compliance with the workplace skills plan prescribed by legislation. The cut-off date for completion of the IDPs is 31 March every year. SPF HR follows up on outstanding IDPs from April to June. As a result, the percentage reflected in the beginning of July each year is the most accurate reflection of the percentage of employees with IDPs in place related to that specific financial year and loaded onto SAP. The percentage disclosed here is a percentage as at 5 July 2011 and reflects the percentage of employees with IDPs as at that date which are loaded on SAP related to the 2011 financial year....[\(back to text\)](#)

Workplace transformation and diversity

Sanlam recognises that creating an equitable working environment where the diversity of all employees is valued and the dignity of individuals is respected, is the foundation required for sustainable growth and competitive advantage. It is a business imperative that the race and gender distribution across all levels of the organisation be brought in line with the national norms and targets. The key principles of our Human Capital Transformation (HCT) strategy include:

- Creating an enabling working environment with a specific focus on the designated groups;
- Adopting a proactive approach to employment equity (EE) and skills development;
- Advancing a culture that embraces diversity;
- Encouraging consistency and integrity;
- Allowing for flexibility and adaptability in line with the changing business environment; and
- Supporting, monitoring and evaluating delivery of the processes and structures necessary for transformation.

Following a review of our employment equity targets in 2010, new targets were negotiated and implemented. These are included below.

Progress against targets

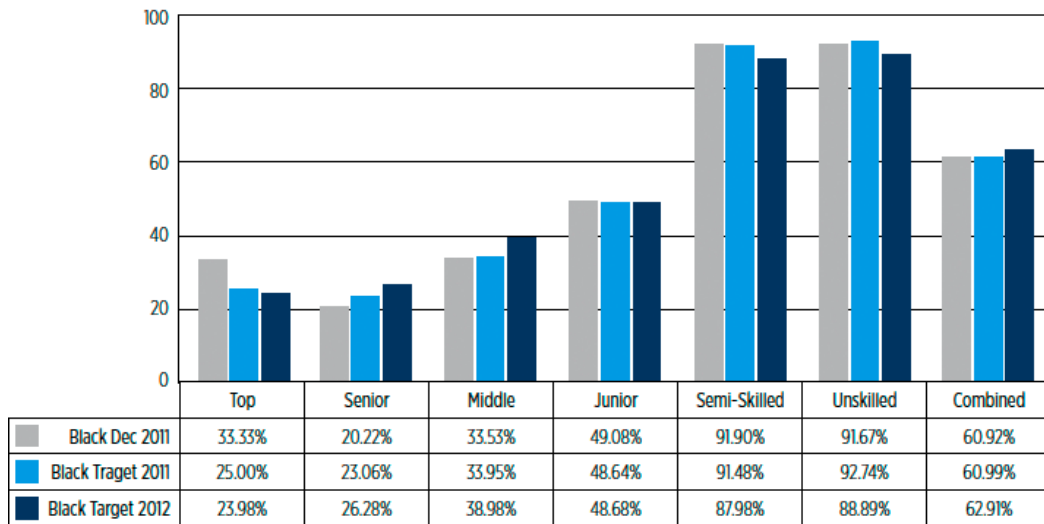
TARGET% 2012									FOREIGN NATIONALS		TOTAL		
	Male				Female								
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female		Black	White
Top Management	11.99%	0.00%	0.00%	59.96%	0.00%	11.99%	0.00%	16.05%	0.00%	0.00%	23.98%	28.05%	11.99%
Senior Management	7.24%	5.01%	3.51%	57.87%	4.40%	4.03%	2.09%	15.26%	0.39%	0.20%	26.28%	25.79%	10.53%
Middle Management	11.04%	7.85%	3.55%	31.37%	7.46%	5.99%	3.08%	29.10%	0.39%	0.16%	38.98%	45.64%	16.54%
Junior Management	15.08%	6.29%	3.24%	24.37%	11.85%	9.45%	2.78%	26.68%	0.16%	0.11%	48.68%	50.76%	24.08%
Semi Skilled	26.61%	4.45%	0.35%	1.40%	44.25%	10.92%	1.41%	10.54%	0.05%	0.02%	87.98%	67.12%	56.58%
Unskilled	19.30%	9.79%	0.00%	2.84%	34.11%	24.87%	0.82%	8.27%	0.00%	0.00%	88.89%	68.07%	59.80%
TOTAL	18.93%	5.73%	2.07%	17.22%	24.35%	9.64%	2.20%	19.64%	0.15%	0.08%	62.91%	55.82%	36.18%

At the start of 2012 Sanlam will repeat a Group-wide barrier analysis to identify any areas that are seen to be barriers to transformation and that require attention. These areas will be the focus of the new EE plans.

Sanlam has adopted a focused approach to meeting BBBEE requirements. This implies prioritising transformation initiatives throughout the company. This includes Employment Equity forums at various levels of the organisation in all business units. Sanlam has achieved a level three BBBEE rating and will continue with initiatives to improve this rating.

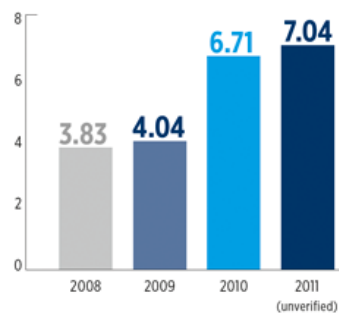
Our Employment Equity plans also include specific provision for identifying opportunities to employ disabled persons. During 2010 and 2011, Sanlam Personal Finance (our largest business cluster) initiated disability learnerships with 17 participants, with a view to creating more career opportunities for the disabled. Of the 17 learners, six were permanently employed in SPF, one has a one-year contract with the possibility of being employed, six are on multiple internships and only four were not placed in Sanlam. We believe the programme demonstrates commitment to both skills development and creating workplace opportunities for people with disabilities. The table below indicates the progress Sanlam has made towards achieving our Employment Equity targets. We are ahead of our target with respect to top management. We are on track in areas such as junior, semi skilled, and unskilled levels. Greater progress is required at senior and middle levels and we are confident that we will achieve our 2012 targets.

Progress against targets: Black staff composition



There has been a positive increase in our EE score over time. The focus on increasing black headcount will remain key for 2012.

Our performance against the employment equity element of the dti Scorecard, over time



The table below shows the total number of Sanlam employees (including those with disabilities) across the different race, gender and occupational level groups.

Sanlam Group staff complement at 31 December 2011

OCCUPATIONAL LEVEL									FOREIGN NATIONALS		TOTAL		
	Male				Female								
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female		Black	White
Top Management	2	0	0	5	0	1	0	1	0	0	9	3	6
Senior Management	16	20	13	240	12	11	3	53	2	1	371	75	296
Middle Management	116	115	85	535	46	90	67	480	11	3	1548	519	1029
Junior Management	586	510	140	1147	614	735	173	1694	16	4	5619	2758	2861
Semi Skilled	977	177	18	40	1894	516	59	280	0	1	3962	3641	321
Unskilled	5	0	0	2	27	12	0	2	0	0	48	44	4
TOTAL	1702	822	256	1969	2593	1365	302	2510	29	9	11557	7040	4517
Non Permanent	8	7	1	12	26	5	8	18	1		86	55	31
GRAND TOTAL	1710	829	257	1981	2619	1370	310	2528	30	9	11643	7095	4548

Sanlam's black employee complement has now reached 61% of total staff (compared to 60% in 2010, 56% in 2009 and 53% in 2008). This is in line with our targets and we believe have had a good retention rate due to our competitive employee value propositions and remuneration packages. The table below shows the total recruitment figures for Sanlam across the different race and gender groups and various levels for the period 1 January to 31 December 2011.

Demographic profile of new recruits

RECRUITS YTD 2011 Combined									FOREIGN NATIONALS		TOTAL		
	Male				Female								
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female		Black	White
Top Management	1	0	0	0	0	0	0	0	0	0	1	1	0
Senior Management	3	0	3	18	5	3	0	5	0	1	38	14	24
Middle Management	26	15	20	35	16	20	6	29	2	0	169	103	66
Junior Management	201	154	38	163	212	110	29	152	5	2	1066	744	322
Semi Skilled	637	46	5	12	973	96	13	18	0	0	1800	1770	30
Unskilled	0	0	0	0	2	2	0	0	0	0	4	4	0
TOTAL	868	215	66	228	1208	231	48	204	7	3	3078	2636	442

Spend on initiatives to help meet our Employment Equity targets

A barrier analysis is conducted every three years in preparation for the development of the three-year Employment Equity plans. Sanlam's current plan is valid until 31 December 2012. A comprehensive analysis is scheduled for 2012. Diversity related initiatives are done on a needs basis within the organisation. A total of R 292,512 was spent on initiatives ranging from workshops to comedy shows to related diversity awareness and training.

Case study

Disability learnerships

Identifying opportunities to engage disabled persons, bring them into our employ and advance their careers form part of our Employment Equity plans. In March 2010 executive commitment was obtained from SPF to implement a programme for 17 unemployed learners with disabilities as from 1 April 2010 until 31 March 2011. This objective was not only to train learners, but to employ as many of them as possible after the programme.

During the learnership all 17 learners were appointed on a fixed term 12 month contract within the Policy Administration and Claims division within SPF. Considerable effort was made to include disability sensitisation training as part of the learners' and existing employee's preparation for the learnership programme. The programme led to all 17 of the learners obtaining a NQF Level 3: Financial Services Administration qualification. Of the 17 learners, six were permanently employed in SPF, one has a one year contract with the possibility of being employed, six are on multiple internships and only four were not placed in Sanlam.

We believe the programme demonstrates commitment to both skills development and creating workplace opportunities for people with disabilities. The success of the programme has encouraged SPF to commence with 30 Disability Learnerships by May 2012 (15 in Cape Town and 15 in Johannesburg).

Case study

Profile of a successful learner: Ntandazo Mange

During the 2010 / 2011 SPF Learnership for People with Disabilities, Ntandazo Mange stood out as a leader and excelled, being recognised with a merit award for leadership during the learnership. Ntandazo also spoke out regarding his disability, Epilepsy. In 2011 he was invited to speak at the International Conference for people with Epilepsy and was subsequently elected to become a Board member of Epilepsy South Africa. He was interviewed by various magazines, newspapers and television.

Upon completion of the learnership in March 2011, Ntandazo successfully applied for a position in Sanlam's Actuarial Department as an Assistant in Valuations. He has since been promoted twice and appointed in a new position as Actuarial Systems Analyst. Feedback from his current line manager and team leaders is very positive regarding his work and work ethic.

Ntandazo has been invited to speak at the Premier of the Western Cape's function celebrating disability.

Promoting employee wellness and Sanlam culture

The relationship between workplace design, employee wellness and worker morale and productivity are critical components for the success of the organisation

The Sanlam wellness approach includes the following elements

Access to counselling and support: Employee Assistance Programmes or Employee Wellness Programmes are available across Sanlam.

Access to medical aid: It is a condition of employment for Sanlam employees to belong to a Medical Aid.

Access to health risk assessments: Annual Health Risk Screening is effective in encouraging employees to proactively manage their health. A few years ago we launched our first large scale HIV-testing campaign and have subsequently integrated HIV-testing with other Health Risk Assessments such as high blood pressure, cholesterol and diabetes. The aim is to de-stigmatise HIV and to encourage staff to regard HIV-testing as a routine health check.

Education and awareness of health risks: Ongoing information is provided on HIV, TB, weight management, blood pressure, cholesterol and diabetes. Communications media include lunch time sessions, the intranet and internal media.

Support of national campaigns: The national campaigns that resonate with our employees such as Breast Cancer Awareness Month and World Aids Day are reinforced via internal communication.

Specific interventions that target identified health risks: Interventions that have clear outcomes and can be measured directly such as weight management, stress management, and stop-smoking programmes are in place.

Integration of wellness concepts into the nature of work in Sanlam: A proactive approach to wellness includes consideration of the immediate workplace environment, including ergonomic office furniture, healthy eating options at work, encouragement of physical activity and work-life balance.

CASE STUDY

Launch of the SPF Wellness Centre

SPF launched a Wellness Centre in 2011 to further enhance Sanlam's Wellness offering. Situated at head office it provides staff with easy access to a number of practitioners with whom they are able to contract in their private capacity for services. These services include access to a doctor, dentist, physiotherapist and a psychologist. Other practitioners ranging from dieticians to family planning counsellors are available on an ad hoc basis. There are exercise sessions, massage chairs and various wellness talks. Several wellness initiatives are planned for the regional offices.

Employee Assistance Programmes

Sanlam spent approximately R2.8 million on the Employee Assistance Programme (EAP) in 2011 (compared to R1.9 million in 2010). Contracts have been entered into with two independent EAP facilities. 12% of the staff within Sanlam Group (excluding SI) used the services of Careways. A total of R 2 642 672.30 was spent with Careways. The SI used the services of ICAS; with 8,7% of SI staff using the services of ICAS to the value of R135 341.

Responsible products and services

Highlights

Committed to the UN Principles of Responsible Investment (PRI), making Sanlam the first private South African asset owner, along with the Government Employees Pension Fund and the Eskom Pension Fund, to do so
Met most of our targets and successfully expanded our product reach
Realised new opportunities to engage in public private partnerships
Drafted guidelines on incorporating sustainability principles into investment decisions
Signed Code for Responsible Investing in South Africa (CRISA)
Enhanced engagement with investee companies through our proxy voting policy

Challenges

Complying with all new regulatory requirements
Developing products that meet both the needs of the Group and of the market, particularly the need for savings products in lower income markets
Increasing access to financial services and expanding our client base in the current financial context
Managing the impact of Solvency II on available capital impacting our BBBEE and infrastructure investments
Meeting our preferential procurement targets, in the context of the continuing challenges around the viability of some BBBEE suppliers
Limited client mandate or pressure to drive social and environmental agendas within our investment portfolios

Sanlam is one of the leaders in contributing to society from a private sector point of view."

- Cora Fernandez, Managing Director: Sanlam Investment

Today's clients have great financial awareness, more product options and more ways to source and engage with financial products. Products need to be easier to understand. They must address clients' needs and speak to their values. A diverse range of tailored products that meet clients' expectations, contribute to building trust and ultimately add value to clients, shareholders and our broader stakeholders is necessary to remain competitive.

Understanding our products and services

Through our products and services we focus on meeting clients' needs, while achieving our core business goal of improving people's lives. By providing products and services that promote responsible financial management, and by engaging and raising the financial understanding of our clients, we contribute towards a more financially resilient society. We anticipate increasing demand in future for more socially and environmentally responsible products and services, and are experiencing increasing pressure to embed sustainability considerations more broadly throughout our sphere of influence.

We are seeking to develop and diversify our product offering to meet the changing needs and expectations of existing and new markets with the aim of growing our client base. The greater focus on internationalisation has presented new product and services expectations.

Business unit	Products and services	Sustainability elements
Sanlam Investments	Asset Management Wealth Management Sanlam Investments Capital Management Employee Benefits International Investments Investment Services	Through its investments, SIM has the potential to influence organisations in line with the objectives of the United National Principles for Responsible Investment (UNPRI) and the Code for Responsible Investing in South Africa (CRISA). The business unit also has the responsibility to ensure the sustainability of long-term economic performance of investments by incorporating ESG issues into their decision-making and ownership practices and so better align their objectives with those of society at large. In addition, a number of SRI funds from a number of businesses across the SI cluster are offered to clients.
Sanlam Personal Finance	Life insurance Personal finance services and solutions (including estate planning and trusts, health management, personal loans, linked products, money transfer, debit card, savings facilities and financial services)	Sanlam Sky, which services the lower income market, has an important role to play in broadening access to financial services and promoting responsible financial management at the base of the pyramid. Sanlam Cobalt focuses on advancing the financial knowledge of professionals and small to medium enterprises (SMEs).
Sanlam Emerging Markets	Financial service solutions in developing markets in which Sanlam operates	Products are exposed to a greater variety of regulations, need to be based on the needs of a more diverse client base and compete with a greater number of competitors.

Financial Services Sector-Specific Product and Service Impact

The newly developed Sustainability Management Framework (SMF) outlines our management approach. The SMF includes the principles of responsible investment and responsible product. As indicated in the section on Promoting Responsible Investment, SIM has developed guidelines to incorporate sustainability principles into our investment decisions. The incorporation of environmental and social components into our products and services is therefore an area that we are currently developing.

As formal policies and procedures are developed we will be able to report on these aspects in more detail in the future.

Broadening access to financial services

The low-income sector represents at least 75% of the South African market and remains acutely underserved in terms of risk, savings, investment and retirement products. By extending our coverage to include millions of South Africa's poorer communities, we contribute to the country's economic upliftment and create important new market opportunities for the Group. Sanlam Sky (now a part of SPF) focuses specifically on improving access to financial services in entry-level markets in the country. Through the Sanlam Foundation, our strategic investments in education, together with sponsorships for example of Takalane Sesame, have positioned the Sanlam brand closer to this market. Coupled with efforts in recent years to provide tailored products to this market, this has seen Sanlam Sky's contribution to the Group increasing from R120 million in 2010 to R203 million in 2011.

The current focus of demand is for funeral policies, based on a need rather than an economic driver. While considerable efforts have been made to educate consumers around the importance of saving, to date we have not been able to develop a product that meets these saving needs while also being viable for the company.

Developing products that promote good financial management in the low-income sector in South Africa

Sanlam Sky has, in recent years, put a great deal of effort into tailoring products to suit the needs of the low-income sector. By providing appropriate risk, savings, investment and retirement products, Sanlam Sky promotes good financial management. A mistrust of financial institutions and the poor level of education

of clients in this sector, has required that Sanlam Sky provide products that are easy to understand and tailored to the needs of these communities.

We have tried to find solutions that balance our need for products to be commercially viable and the needs of the market. One of the ways that we are trying to achieve this is by grouping elements that promote good financial management and financial risk mitigation into viable products.

Funeral products continue to be popular in this market. They represent more of a cultural need rather than a product that promotes good financial management. Sanlam has tried to combine various elements into these products. A range of bundled products, with positive financial management benefits, has been developed.

Sanlam Sky has a Funeral and Survivor Plan which also protects clients against inflation and provides unemployment and pregnancy support. Other products aim to help clients manage financial shocks by providing savings plan, inflation protection, catastrophe benefits, hospital cash benefits, severe illness protection, HIV protection and loss of income protection. Sanlam Sky's Masterplan offers an option to save for retirement or other specified need in the future in addition to benefits on events such as hospitalization, funeral and disability. Sanlam Sky is currently developing Save to Study and Save Today plans.

Channel Life's Provider product includes disability cover, inflation protection, and various medical benefits in addition to funeral and life cover. Their Funeral Provider product has similar benefits but also includes a savings option. Channel Life's *Masterplan* offers additional options to save for retirement or other specified need in the future. Channel 4 Life provides similar products but includes benefits for the policyholder's broader family.

Addressing product regulation

The Sanlam Group is facing growing demands and associated costs in meeting the requirements associated with increasing regulation, both in general as well as specifically in the financial services sector. This new regulation is coupled with a greater focus on enforcement. With potential fines of up to R100m for technical offences, the need for effective internal compliance systems has become more significant. At the macro-economic level, new policies on social and environmental issues are likely to result in increased living costs, leading to reductions in the disposable income of clients with knock on effects for our business

Our business faces direct impacts associated with a number of new regulatory focus areas, including:

Protecting consumers' rights –through the Consumer Protection Act and the proposed legislation on Treating Customers Fairly

Mitigating poor socio-economic conditions in South Africa – in terms of requirements relating, for example, to the establishment of a National Social Security System (NSSF) and National Health Insurance (NHI).

Promoting social transformation – through the anticipated Financial Sector Charter.

Promoting greater transparency in the life insurance industry – for example through Solvency II to be implemented in South Africa in 2014.

Resources are increasingly being devoted to meeting compliance requirements, putting pressure on margins and impacting profitability. Some of the proposed changes could benefit certain businesses. Sanlam RSA is gearing resources and adapting by up-scaling businesses that will benefit from these changes, implementing the right systems, growing relevant client bases and moving into umbrella funds that support smaller businesses. Sanlam will monitor progress towards the implementation of the BBBEE scorecard or the FSC once implemented.

Activities relating to the Financial Sector Charter Code

The FSC Code has been endorsed by Treasury and submitted to Minister Rob Davies for gazetting as a Sector Code. The targets for Empowerment Finance and Access to Financial Services and Products must still be determined by the FS Council. Sanlam is monitoring developments and will take appropriate actions. Johan van Zyl is a serving member of the charter council and will continue to engage with the process.

Promoting responsible investment

There is a growing interest amongst investors in environmental, social and governance (ESG) issues, and a greater awareness of the role of the investment management community in promoting more sustainable and socially responsible development. While there is increasing evidence that taking an active and responsible approach to ESG issues can lead to outperformance for investors (particularly over the longer-term), SIM is not seeing a significant increase in the demand for responsible investing products from the majority of our clients. Although often constrained by our client mandate, we are trying to raise clients' awareness around the importance of responsible investing.

Sanlam seeks to encourage a shift in perceptions in the industry, supported by this increasing evidence of a link between good sustainability performance and enhanced investment returns. Our activities include engaging with the industry sector body – the Association for Savings & Investment South Africa (ASISA) – and collaborating more broadly with our business peers to conduct research and raise awareness among clients around longer-term opportunities associated with responsible investing. We believe that in the context of increasing social and environmental challenges (such as climate change) and growing uncertainty, the business case for responsible investing will become more visible.

To demonstrate our intentions of becoming a responsible investor, Sanlam is the first private asset owner in South Africa and Africa to publicly commit to the UN Principles of Responsible Investment (UN PRI), along with the Government Employees Pension Fund and the Eskom Pension Fund. SIM is already currently a signatory to the UN PRI, along with several other South African asset managers, and was a founding signatory to the Code of Responsible Investment South Africa (CRISA).

Providing for ESG issues within Sanlam Investment Management (SIM)

As a signatory to the UN PRI, SIM recognises the increasing importance of ESG issues as part of our fiduciary responsibility for our clients, with a particular focus on corporate governance. Guidelines for considering corporate governance elements (G) were developed five years ago and focused on proxy voting. SIM votes all proxies of companies where clients have investments, without abstaining. We decline approximately 10% of resolutions. Most negative proxy voting has been directed to limiting access to capital, but remuneration issues are rising with the financial crisis indicating that variable remuneration could incentivise unwarranted risk-taking.

Many social elements (S) – such as those relating to Black Economic Empowerment – are largely governed by the constitution and sector charters. We have recognised that more needs to be done to promote gender equality through our investment decisions; this will be a focus of our efforts. Environmental issues (E) have similarly not been a strong focus in our investments. Guidelines have been developed to address this area, and we are currently engaging with other organisations to rate companies on their environmental awareness and processes. A system is being developed to try and quantify environmental performance by costing externalities and bringing these costs into the valuation.

The guidelines to incorporate sustainability principles into our investment decisions were approved by the SIM Exco in 2011. While being a responsible investor is not currently seen as an issue where the business can derive material competitive advantage, we believe that the process of incorporating responsible investing principles into our investment decisions as necessary for the business to be sustainable in the long-run. In 2012 we will report on the outcomes of our efforts over the last five years and demonstrate how SIM is a responsible investor.

The Africa Sustainability Fund is a good example of how a socially responsible fund can outperform other funds."

- Johan van der Merwe, CEO: Sanlam Investment

Our Socially Responsible Investment (SRI) funds

Sanlam is committed to developing a range of actively managed funds that bring about social and economic change through active engagement. The interest in SRI funds has not grown significantly over the last year. Although Sanlam continues to offer SRI funds, their contribution to the Group is not currently material in scale. Profitability remains at the forefront of the reasons for developing these products. We expect these products to play a more significant role in the longer term as demand increases.

SIM SRI Bond Fund

This actively managed bond fund strives to make a significant contribution to social and economic upliftment through investments in fixed income instruments.

The fund holds assets to the value of R48 million.

Africa Sustainability Fund

Administered by Sustainable Capital, this fund provides long-term investors with equity exposure to African countries (excluding South Africa) within a responsible investment framework at relatively low cost. The fund is a long-only, 50-stock equity portfolio diversified across African geographies, currencies, sectors and companies. The fund forms part of the Group's international investment strategy where Sanlam International Investment Partners

acquires direct shareholdings in international asset management businesses. The fund employs a Market-Value-Independent (MVI) strategy based on fundamental financial factors (revenue, operating cash flow, shareholder equity and cash dividends) and sustainability factors (company and country sustainability ratings). The country and company sustainability assessments have the net effect of aggressively up-weighting the stocks and currencies in the most sustainably managed companies and countries (and vice versa). Targeted company engagement on material sustainability risks and opportunities is initiated with selected companies where a strong business and investment case is evident.

In addition to investing US\$ 20 million in the fund, Sanlam also invested in the company, as we were impressed with their research and their business model. The company has been able to achieve good performance attributable to applying sustainability criteria.

Sanlam Multi Managers SRI Fund

Sanlam Multi Managers identified an opportunity to include high-impact investments targeted at bringing real benefit to South Africa's poorer communities. A combination of high- and low-impact investments was identified as the best way to achieve a more liquid SRI fund.

Sanlam Private Investments' Shariah Fund

The fund is an investment solution in compliance with Islamic Shariah guidelines. Based on Shariah principles, the fund has no dealings with organisations involved in alcohol, tobacco, gambling, armaments, pornography or pork products.

The demand for the fund has been slower than expected. The sell-off of equities due largely to the US and Euro debt crises has had a negative impact on demand.

The fund has basically performed in line with the competition and has been positive year to date and provides a more bespoke service offering.

If National Treasury's intention to launch Sukuk (Shariah compliant bonds) is successful, the awareness around Shariah investments would increase having a positive impact on demand for this product.

Sanlam Personal Finance's Empowerment Fund

Launched in October 2010, these retail funds allow previously disadvantaged individuals to invest in empowerment transactions

The fund holds assets to the value of R660 000

Currently retail and big commercial clients are not demanding the integration of sustainability considerations within our investment decisions. The real pressure in this area is coming from government regulation (such as the recent amendments to Regulation 28 of the Pensions Fund Act), the Public Investment Corporation and from trade unions interested in promoting developmental capitalism. They are focusing on what we are doing to promote education, employment creation and the development of enabling infrastructure. We continue to engage with these stakeholders to develop appropriate products and approaches to meet their needs and the needs of the Group.

We are all about the long term – it is the nature of our business. This is therefore aligned to sustainability. We are building a business for long-term sustainable success."

- Kay Lala-Sides, Strategic Project Manager: Sanlam Investment

Increasingly using proxy votes to influence remuneration

One of the most important rights of shareholders is the right to vote. We as institutional investors should ensure that our voting is consistent with the best economic interests of the company and shareholders over the long term. We consider the right to vote to be one of our most effective tools for promoting active and sound corporate governance practices.

As agents acting on behalf of our clients, we have a responsibility and fiduciary duty to fulfil client mandates, which includes the responsibility of voting on corporate issues that may affect their expectations as shareholders. This is articulated in principles 2 and 5 of CRISA, of which we became a signatory in 2011. The Financial Sector Charter, and the King Report on Corporate Governance also encourage this.

In 2006, we formed a committee, the Corporate Governance unit (CGU), to drive implementation of our governance responsibilities on behalf of clients. The first task of the CGU was to draw up a framework for voting proxies (as envisaged in principle 1 of CRISA). We vote all proxies of companies in which clients are invested, without abstaining (as addressed in principle 2 of CRISA).

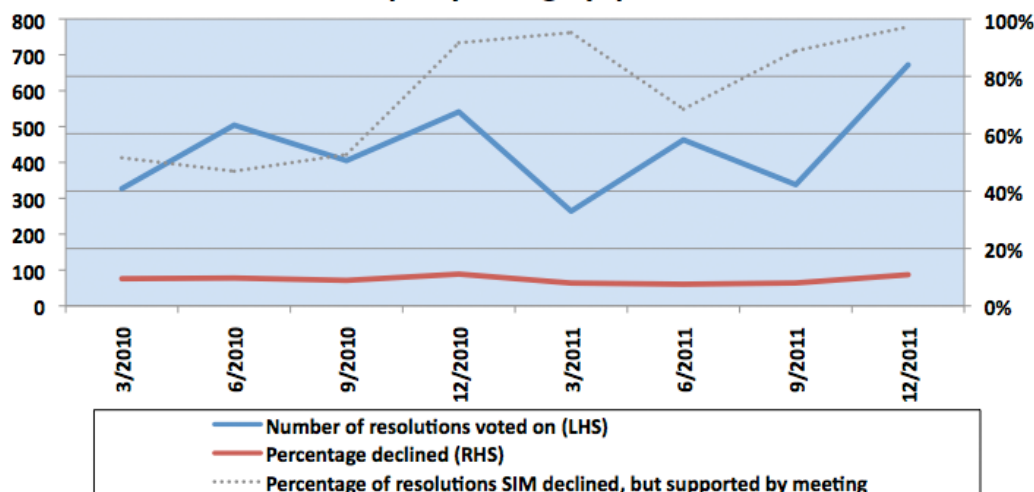
Historically proxy voting has been directed to limiting access to capital. The financial crisis showed that variable remuneration could incentivise unwarranted risk-taking, and so now we also vote on company remuneration policy. There is a growing sentiment that there exists a disjunction between pay and performance and also between top and bottom earners in many companies. This has led to an increase in proxy voting related to remuneration. This can be seen in the figure below which shows reasons for declining resolutions over time. In the third quarter of 2011, for the first time, remuneration overtook capital issuance as a reason for declining resolutions.

We cannot just wait for clients – we have to anticipate what is going to happen in the market. We want to be responsible – and not only client led."

- Richard Anderson, Senior Portfolio Manager: Sanlam Investment

Reasons for declining resolutions

SIM proxy voting by quarter



Transparency is a requirement of principle 5 of CRISA. We disclose reasons for declining resolutions to clients as part of their written quarterly reporting. We also store full voting records, and disclose them to clients on request. Before declining resolutions, we contact a Board representative of the company concerned, preferably by email, to record and explain our logic, and where possible, to discuss the issue further. We do not disclose our proxy voting activity to the wider public.

Case study

Sanlam hosts the Information Management Network's second annual African Cup of Investment Management conference

SI has proudly hosted the Information Management Network (IMN)'s Annual African Cup of Investment Management conference for the second year. IMN is a global investment forum that runs investment management conferences, designed to educate investors so they many not only survive but also thrive in investment management.

The second Annual African Cup of Investment Management conference brought together the leading players in the African institutional and retail investment communities. The objective this year was to generate robust debate on the burning issues within the investment space and to think tank solutions and the way forward. Every effort was made to pull together top quality panels and speakers. The message was that Chinese investment in Africa will continue and that African growth is underpinned by Chinese demand and Chinese growth is linked to African commodities.

Case study

Sanlam hosts the Responsible Investment Roundtable COP-17 Side Event

Sanlam, together with the NBI, hosted the Responsible Investment Roundtable COP17 Side Event in Durban in December. Attended by responsible investment thought leaders, practitioners and investors, the event was highly successful at building on the dialogue around the role of investors in promoting sustainable investment, in companies and in climate change investment. The RI Roundtable was delivered in an inclusive way that drew comment from a range of stakeholders, and in the format of the event using an open forum with the audience. The seminar assessed progress made by the institutional investment industry, at both international and local level, in incorporating ESG issues into investment decision making and ownership practices and to address challenges in implementing these responsible investment codes and principles.

The RI Roundtable drew the following new insights:

Climate finance is an under-represented theme and/or category with institutional investment managers, with some investment exposure coming indirectly through underlying investee companies.

Pressure is growing globally for all countries and sectors, including investment and finance industries, to start limiting emissions. With the world's population reaching seven billion, institutional investors understand that competing demands for key resources such as food, water, land and energy will fuel tensions and commodities prices.

While investors were active in different collaborative investment initiatives, the actual impact of over-arching climate positive initiatives is mostly by encouraging issue concentration and network building, while the investment results were mixed.

Globally at least US\$11 trillion is invested using ESG factors, and some analysts predict that this could top US\$25 trillion by 2015. SinCo estimates at least US\$ 450 bn is in emerging markets. Locally, a top 10 global market is the US\$125 billion in Sub-Saharan Africa⁴ invested with ESG policies, dominated by GEPP and its asset manager, the Public Investment Corporation (PIC), managing 92% of its US\$131 bn. A fraction – US\$5,5bn – is invested with ESG-branding. Some 80% of institutional and retail investment is still to fully appreciate the sustainability meta-theme.

Climate finance risks include Litigation Risk, from investors challenging failure of investment firm to manage against mandates and/or fully consider

material risks; and Reputation Risks, including where a company has identified and addressed current and future legislative and regulatory risks of the markets where it operates but has been weak in communicating to investors.

Carbon is one of several ESG factors that will become increasingly material to investors. Sustainable investment can help manage carbon risk by using ESG information to measure and adjust for the negative (and positive) externalities generated by portfolio investee companies, projects and investment vehicles.

The need to support a climate-positive investment approach within the context of a developing country context, which underpinned much of the COP17 debates around accountability, limits and the financial and economic costs to be borne in mitigating and adapting to climate change. The transition to a low-carbon economy will create investment winners and losers.

Gaps exist with the majority of pension/retirement funds still to take action, some efforts by asset managers are mostly using a "check-box" methodology, the communication around responsible investment is weak and leads to misunderstanding, and challenges exist around improving information, expertise and the practice of investment management globally, in emerging markets, in Africa and SA.

Investment practitioners will need new tools and information to include ESG factors in their decisions as part of a more advanced investment approach, which goes beyond climate change finance ⁵. Long-term investors need to get smarter for sustainable performance in a more inclusive, climate-resilient economy marked by greater volatility and globalization. Or the portfolio risks will play out, hurting investment performance putting their clients' savings at risk.

Many investors do consider ESG-related risks in their analysis when they include an assessment of regulations, litigation, or political risks, but many investors are less comfortable mapping scenarios of probability for the risks.

Financing empowerment and investing in infrastructure

Sanlam sees itself as having an important role to play in infrastructure financing in South Africa in particular. Government's need to access private sector capital will create more opportunities to establish Private Public Partnerships (PPPs). Sanlam is positioned for increasing engagement with government to establish PPPs in the future.

The draft Financial Sector Charter (FSC) includes provision of finance for, or investment in, transformational infrastructure in underdeveloped areas, agricultural development of emerging black farmers, low-income housing and black SMEs, and BBBEE financing. For all BBBEE and infrastructure financing, our investment mandate requires that the target risk and return considerations and investment merits must supersede all other investment considerations when determining investment viability. With regard to BBBEE, all investee companies must demonstrate that black staff will benefit from Sanlam RSA's investment.

The liquidity squeeze following the financial crisis has limited the amount of capital available, thereby affecting our ability to fund BBBEE and infrastructure investments. A positive result is that fewer BEE transactions have unravelled: a symptom that we would have expected to see due to the recent market volatility.

4. Based on self-reported data, IFC-Sinco Report On Sustainable Investment In Sub-Saharan Africa, July 2011....[\(back to text\)](#)

5. Carbon as a commodity and asset class does present opportunities. Bloomberg reported in December 2011 that JSE Ltd is in talks with the SA National Treasury about starting a carbon credit trading market in South Africa. <http://www.bloomberg.com/news/2011-12-02/jse-treasury-in-talks-about-carbon-trading-platform-beeld-says.html> accessed 8 December 2011....[\(back to text\)](#)

Responsible procurement

Our procurement policy

Sustainability presents an opportunity to cut costs and contribute to maintaining and achieving societal objectives such as employment creation, social transformation and the protection of environmental assets. Increased scrutiny of business behaviour by stakeholders has led to rising expectations that companies are responsible for environmental, social and governance practices of their suppliers.

Group Sourcing is a Sanlam Group function, residing in Santam, which has the greatest procurement demands. The Centre of Excellence, run out of Santam, plans to expand its influence regionally. The Group Procurement Policy includes supplier selection criteria that promote sourcing from BBBEE-accredited suppliers and black owned businesses, and suppliers that incorporate ESG best practice into their operational processes. Optimising processes and unlocking value in the supply chain remains a key focus area, through considered management of standardisation, minimal duplication and efficiencies. Another focus is to ensure against the creation of monopolies, and ensuring that partners do sustainable business.

We need to ensure that the people we partner with do sustainable business."

– Ebrahim Asmal, Executive Head: Group Sourcing

Environmental selection processes have been further developed this year. Greening initiatives in buildings, reducing business travel through an increase in equipment for video conferencing, cleaning materials and processes needing to be environmentally friendly – are included as criteria for potential and existing suppliers. Suppliers recognise that addressing sustainability issues enhances business potential. Those that adapt the best and the quickest, gain an advantage in securing business.

Looking ahead, we are seeking greater emphasis on environmental issues and enterprise development. Sanlam RSA will measure and report the percentage exceeding R500,000 procurement vetted against pre-set criteria. We plan to develop an environmental and corporate responsibility supply chain strategy with a three-year time horizon to give sufficient warning to key suppliers around potential impact. To ensure that we do not adversely impact BBBEE procurement, the weighting of sustainability criteria will have to be ranked. We will continue to support the growth and upliftment of black entrepreneurs through procurement practices, with particular focus on black female-owned business development.

When we start looking at sustainability we start looking at the bigger picture - using the example of the solar power"... "The same emphasis that we have placed on BEE we want to do for environmental and other issues."

- Ebrahim Asmal, Executive Head: Group Sourcing

Supplier development

Supplier development is an integral part of our procurement policy. Through our purchasing we are able to develop, in particular, small black-owned enterprises in South Africa contributing to the long-term health of the economy and meeting our BBBEE requirements. Ensuring the viability of those suppliers remains a significant challenge. We contribute to supplier development by assisting with cash flow through means such as soft loans and early payment terms. Sanlam runs a business-orientated educational television programme for entrepreneurs and entrepreneurial competitions. Through Cobalt, Sanlam provides free health checks and advice for small businesses.

Sanlam continues to achieve full points on the enterprise development component of the dti scorecard through our Ubuntu Botho (UB) transaction. This provides broad based UB empowerment groupings access to capital, business advice and cross-selling opportunities between shareholding businesses.

Treating our clients fairly

Sanlam strives to be client centric and to treat our customers fairly, to understand our clients and their financial services needs and to provide innovative, tailored solutions to fulfil those needs. We care about our nation's financial freedom, link our clients' successes to our own and will continue to be accountable for our actions with the aim of building long-term relationships that improve peoples' lives.

Our whole philosophy is that to do well for shareholders you need to treat clients fairly. You need to understand them, meet their needs and manage their expectations."

- Hennie de Villiers, Chief Executive: Sanlam Individual Life & Segments Solutions

Fair principles around dealings with customers as a key stakeholder group are critical to the sustainability of the organisation. Our approach to clients is largely aligned to the expected requirements of the FSB's forthcoming "Treating Customers Fairly" (TCF) legislation.

The six pillars of TCF are:

To make TCF central to corporate culture;

Products and services must meet the needs of consumer groups and be targeted accordingly;

Consumers must be provided with clear information before, during and after the point-of-sale;

Customers must be given suitable advice that takes their circumstances into account;

Products and services must meet customer expectations; and

Consumers must be reasonably able to change products, switch providers, submit claims or make complaints.

We support TCF and will continuously strive to meet the requirements.

Further detail is provided below.

Preparing for "Treating Customers Fairly" (TCF)

The Financial Services Board's proposed TCF legislation is a new approach to regulation of market conduct in the financial services industry, based on outcomes rather than rules and regulations. The goal is to place client needs at the forefront of each stage in a product's life cycle.

Until such time as legislation comes into effect the focus is on preparation and awareness."

- Johan Redelinghuis, Head: Investment Product Development

Until the legislation comes into effect, the focus is on preparation and awareness. Sanlam RSA will measure progress on the TCF principles applicable from 2014 onwards. The Group has a steering committee in place to analyse the requirements of this regulation, which will be measured using KPIs for the Group as a whole and for each separate cluster. The process is currently underway.

Each Cluster of Sanlam will define an Ombudsman most applicable to the business and each will measure Ombudsman complaints received relative to targets agreed with Sanlam RSA. SIM and SPF will report on compliance with the Financial Advisory and Intermediary Services (FAIS) Act. SIM will measure client retention rates against targets, providing an indication of client satisfaction, while SPF will measure percentage of lapses and surrenders relative to prior years and targets.

Sanlam is in a very good position regarding responding to the challenge of the proposed Treating Customers Fairly legislation. We have the people, the philosophy, and the culture in line with government thinking. We should be able to meet the requirements."

- Lize Lambrechts, Chief Executive: Sanlam Personal Finance

A challenge will be around managing clients who we do not engage with directly. On the retail side, we are often a step away from the market, relying on intermediaries to engage directly with clients. This will require engagement and training intermediaries to ensure requirements are met.

Understanding client needs

The context within which we operate is changing. Our growth strategy requires that we understand the needs of a more diverse client base. This is due to our internationalisation focus but also due to shifts in the segments of markets in which we currently operate. There is a growing consumer base despite economic conditions, a growing middle class, growth in black and younger clients in all income categories and a growing gap between rich and poor. Understanding client needs in these markets is essential. This requires new and adjusted products. We conduct proactive research to identify needs that are not currently fulfilled.

Engaging our clients

We strive to improve our clients' product access and the financial security benefits they derive from our benefits. We focus on simplifying product terms and information. This is coupled with a broad focus on improving the financial literacy of people in the markets in which we operate. Providing service excellence and good investment performance increases client satisfaction resulting in greater persistency and retention.

We have continued to highlight the importance of personal touches. Making contact is an important part of the engagement. We have a differentiated service to provide more targeted and therefore relevant service information. Our client contact centres facilitate several ways to make contact. Efforts are underway to improve contact by creating synergies with continually evolving technology. Group-wide complaints are managed through the Client Relations Unit. Cluster-specific complaints are directed to and managed at the internal complaints units of each cluster.

We have a good relationship with all Ombudsman Offices. In addition, Sanlam clients also have access to an internal arbitrator. This year we tried to strengthen processes and also set up a complaints forum. This two-monthly forum aims to improve implementation of the complaints process, get feedback from the ombudsmen and look at trends in different environments.

The Start Something campaign has been excellent in terms of customer engagement and building the Sanlam brand. This has been the start of something that will grow – to engage customers to take charge of their financial affairs and engage with us on this area."

- Hennie De Villiers, Chief Executive: Sanlam Individual Life & Segments Solutions

Our performance

Sanlam focuses on measuring the client service, complaints and claims experience as a whole, rather than through a narrow measure of client satisfaction. An assessment of the quality of service, relationship, communication and overall satisfaction yields our "Voice of the Customer" (VoC) score. Overall, our VoC scores did not change significantly from 2010: there was a slight increase in the volume of reported "problems", and slightly fewer reported "delights". VoC from a client perspective is down slightly but from an intermediary perspective there has been a great improvement.

Sanlam RSA's client success is evident in our persistence figures and complaints data, which are both among the best in the industry. Good performance is also evident in the various client satisfaction survey results from throughout the group and the number of awards won this year. The Sanlam Personal Finance Client Contact Centre was awarded the best call centre, the best processing centre, and the best CSI initiative in the call centre industry for 2011.

Client education initiatives

Informed customers make better financial decisions. Considering the complexity and rapidly changing nature of the financial industry, better informed individuals are more likely to become Sanlam's clients. Sanlam wants every client to feel confident in their choices about their financial future – and confident that Sanlam can help them achieve their financial goals. Sanlam has several broad-based participation initiatives related to consumer financial education.

Programme	Spend	Description
The DestiNations	R1,8 million	Designed for young people between the ages of 24 to 34, from middle and upper level household income groups nationwide, the aim was to assist young people to make appropriate financial decisions. Topics covered included saving tips, buying a house, buying a car, creating a perfect CV, cracking interviews, starting your own business and keeping your career on track. The programme was run May to December 2011. Our message was delivered digitally and we further used social media such as facebook, twitter, microsite and 3rd party adverts. The initiative reached 55 000 visitors and received 1 200 online registrations.
Sanlam Liquid Newsletter	R1400 per quarterly newsletter	The Sanlam Liquid Newsletter is an ongoing engagement with our existing client in the middle to upper level segment, nationwide. Our message is delivered to our clients through an email newsletter. The campaign has added value to the relationships we have with our clients by offering them useful financial tips and information. The topics covered include the Consumer Protection Act, planning for children's futures, tips on reducing bank fees, dealing with debt, budgeting tips and estate planning. The service is run on a quarterly basis and the newsletter has reached 10 643 consumers.
Sanlam Takalani Club	R 2,4 million	This provincial programme, run in Gauteng, Kwazulu Natal and Western Cape, educates parents about saving for their children's education. The initiative started in November 2011 and is ongoing. Children are used as the channel of information to their parents. We send: brochures, letters, birthday cards, booklets and use Takalani Muppets to educate the children. The initiative has reached 30 000 consumers in the entry to middle level segment (personal income between R5,001 and R10,100 a month or household income between R10,002 and R20,200 a month).

Fiduciary Institute of South Africa (FISA) Wills Education Campaign	Unknown	The campaign was run nationwide from September 2011 to October 2011, targeting upper level urban communities where media articles and case studies are predominately read. Clients were reached through newspapers, magazines and through a free will drafting service (offered by Glacier Feduciary 26th September 2011 and 6th October 2011). Twenty five free wills were drafted during this period.
Sanlam Stories of Success	R2.7 million	The initiative targeted all existing policy holders from entry level to upper level segments. Clients shared their success stories before an audience of other clients and prospective clients. The initiative was rolled out from 3 October to 3 December 2011.

Sanlam has several workshop based initiatives that took place in industrial theatres and conferences.

Programme	Spend	Description
Worksite Marketing: Sanlam Financial Wellness	R400 000	Pilot workshops took place in Gauteng (at Vanderbijlpark, Johannesburg) from the beginning of November to December 2011. Next year we plan to run a similar campaign in the whole country. Interventions were conducted at workplaces to assist employees with financial education, covering topics such as creating a monthly budget, saving for retirement, wills and taxes, etc. All employees, in both the public and private sectors, were targeted.
Retirement Expo	R350 000	Research indicates that 75% of retired people in SA experience a drop in the standard of living once retired. In October 2011 (28th to 30th) Glacier and Sanlam ran this unique initiative to educate South Africans on how to plan for retirement using a properly constructed estate plan. We held workshops to illustrate why comprehensive estate planning is essential for retirement planning. These workshops were conducted in Gauteng and targeted middle to upper level retired individuals and those that are planning to retire. We used a service provider (Thebe special projects) to conduct the initiative. We addressed our audience by setting up conferences and events. Our message was sent using brochures and presentations.
Operation HOPE Financial Literacy Project at schools	R1.1 million	In April 2011 Sanlam launched this initiative in partnership with Operation HOPE. The initiative targets school children in Grades 10, 11 and 12 and we teach them about the basics of banking, the power of credit, budgeting, investment and entrepreneurship. We use accredited volunteers at the schools to deliver our message. Our volunteers use workbooks, brochures, flyers and modules as a teaching aid. This initiative targets 1000 learners but has reached 862. We plan to continue with this campaign for the next 3 years.

Sanlam Business Market

Sanlam has a strategic responsibility to advance our clients' financial knowledge. Sanlam Business Market has a focus on small to medium enterprises (SMEs). The more someone understands his or her personal financial situation as well as the financial planning needs of their business, the more likely he or she will be able to manage it in a pro-active manner.

Sanlam offers SMEs a free Cobalt Business Fitness Analysis followed by a Cobalt Business Fitness Report based on the high-level information we gather on the business, its strategy and financial planning risks. An independent business adviser performs the debrief interview where the need priorities are discussed, followed by a tailor-made implementation strategy. This is a useful service for SMEs looking to improve their business, and allows us to highlight areas in which a Sanlam product/ solution could be beneficial for the SME. During 2011 Sanlam spent R 82 250.00 on this offering.

We also launched a free e-book called The Business Plan Book in 2010. Available electronically, over 25 000 copies have been downloaded to date, without any supporting marketing efforts. We are in the process of translating the book into Zulu to be relevant to a larger audience of start-up entrepreneurs and business owners in South Africa.

We also launched another e-book, called the Business Turnaround Book in May of 2011.

In addition, we circulate e-articles to 28 000 subscribers on an almost weekly basis. The context of these articles focuses on relevant financial and business topics.

Sanlam Professional Market Financial Literacy Campaign

A few years ago, Sanlam began researching the financial needs of student professionals in order to develop a relevant product.

This revealed a need for financial literacy as students felt their education had not prepared them to manage the financial risk associated with starting a career. In 2009, Sanlam launched its Financial Literacy Campaign for final-year students from various professional faculties. Students attend a presentation by a well-known Sanlam-sponsored speaker who explores the key risks, pitfalls and financial choices that a young professional typically faces. Attendees are given guidelines on managing such issues and we have developed a 'life events planner' booklet as well as a more comprehensive version of the lecture in DVD format. These initiatives will strengthen the Sanlam brand in the long term. The efficacy of this project requires the establishment and maintenance of strong relationships with the key professional universities. Johan van Zyl supports the initiative by meeting with the Vice Chancellors of the universities and expressing Sanlam's intent to support them through focused interventions.

Since its inception three years ago, the project has reached approximately 4 000 students on 11 campuses. In 2011 we invested R150 000 in the project. This included printing the 'life events planner' booklet. The project was funded by the Sanlam Foundation. The Foundation will continue to fund the initiative for the next two years at a cost of R 150 000 per annum.

Sanlam complaints management processes

We aim to resolve all complaints on entry. Unresolved complaints are taken to a dedicated client relations consultant (also the point of entry for all complaints from the external Ombudsman). The Client Relations Unit has access to the Client Resolution Committee that makes decisions regarding more serious or challenging complaints. If still unresolved through these channels, complaints are escalated to the Sanlam Arbitrator. If not satisfied with the Sanlam Arbitrator's decision, clients can escalate complaints to the relevant external ombudsman or pursue other legal means. In all instances complaints are managed to assure clients of Sanlam's concern for fair treatment, but also to improve the way we do business. Where ordered to pay compensation, determinations are thoroughly

investigated and relevant remedial actions are taken to prevent recurring complaints. When required, processes are changed or further training provided. In some instance disciplinary action will be taken.

Although specific to SPF, this process is relevant to the group as a whole. Each business cluster has a complaints unit that feeds customer specific complaints to the Client Contact Centre. The internal complaints unit then researches the issues within the relevant business units and reverts directly to the complainant. SPF and SEM each have their own Client Relations unit that handles third party complaints.

In 2011, most complaints raised by clients fell into the following areas:

Total and average monthly complaints referred to Ombudsmen: 2007 - 2011 (Sanlam Professional Finance including SDM SA⁶)

Year	Sanlam Arbitrator		Ombudsman for Long Term Insurance		Pension Funds Adjudicator		FAIS Ombud	
	Total	Average / month	Total	Average / month	Total	Average / month	Total	Average / month
2007	634	53	759	63	282	24	44	4
2008	631	53	765	64	598	50	137	11
2009	760	63	1068	89	721	60	113	9
2010	590	50	971	81	414	35	238	20
2011	839	70	898 ⁷	75	236	20	214	18
%2011 / 2010	140%		92%		57%		90%	

The increase in complaints to the Sanlam Arbitrator is due to the client centricity project that was finalised in 2010. During the project a big effort was put into aligning internal complaints processes and creating awareness for the internal complaints escalation processes to the Sanlam Arbitrator. His jurisdiction was also extended to all the other product lines in Sanlam and not only for policy complaints. The increase includes many of these "other product line complaints". This increase, coupled with the decrease in complaints referred to the Ombudsman, shows that more complaints are being effectively managed internally, rather than being referred to the external Ombudsman.

The "complaint interventions" are recorded in SPF to ensure that we note all the interactions between a client and Sanlam and possible different complaint resolution mechanisms. It may therefore be that the same complaint was counted more than once. This practice is however, the same as previous years.

Case study

The Sanlam national "Start Something" campaign

Sanlam created 'National Start Something Day' to help motivate South-Africans to do the things they've always wanted to do; because Sanlam believes the sooner you start investing in something, the sooner you'll get to see the rewards and the greater they will be.

'National Start Something Day' aims to inspire everyday people to take up a new hobby, learn a new language or even set up a business venture. Its aim is to cultivate a community of go-getters that plan ahead and make dreams realities instead of waiting for things to happen – an attitude that more often than not ends with too little, too late: be it skill, opportunities or savings.

The campaign began in May and ran until September, with 2 September being declared National Start Something Day. Various national channels were utilised, ranging from radio, printed media, digital networks, outdoor advertising and public relations to the hosting of specific events with well-known personalities as speakers, to communicate the message.

The day was a huge success and experienced positively by those engaged. In addition to showcasing how Sanlam cares about people the campaign also showcased how Sanlam can assist people with financial planning and support their dreams. An assessment of the effectiveness of the day in raising awareness of the Sanlam brand, showed that more people became aware of Sanlam and others acquired a more positive perception of the company.

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6. *SDM is now SEM. The SA operations of SDM were moved in 2011 to form part of SPF. As a result, the data shown in this table from 2007 – 2010 is an amalgamation of the SPF + SDM SA data shown in previous sustainability report. The data for 2011 reflects the new SPF. ...[\(back to text\)](#)*
7. *This represents one of the KPIs of our Sustainability Management Framework. The basis of measurement is the number of total and average monthly complaints received from the Ombudsman for Long Term Insurance by SPF during the financial year ended 31 December 2011. ...[\(back to text\)](#)*
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Responsibility towards a prosperous society

Highlights

Sustained strong economic performance, underpinning our direct and indirect investments in socio-economic development

Our diverse channels of communication and product offerings have facilitated greater numbers of low income earners to access financial services and become better informed to make sound financial decisions

Launched the Sanlam Foundation in September 2011, to facilitate more focused and coordinated CSI efforts linked to Sanlam's core business, and to achieve more sustainable socio-economic benefits

Challenges

Ensuring continuing alignment of CSI efforts across the business as part of a coordinated strategy

This section briefly reviews how we contribute to promoting a prosperous society. Our most significant contribution comes from our core business: by operating profitably and efficiently, we contribute to job creation, generate taxes, and invest in procurement throughout our supply chain. The nature and extent of this contribution to our various stakeholders is summarised in our value added statement. This contribution is further enhanced by our activities aimed at promoting broader access to our financial services, and by assisting our existing and potential clients to make more-informed financial decisions. Our CSI and sponsorship activities, which have been aligned with our core strategy, provide a significant additional contribution, and are pivotal in maintaining and building our reputation as a trusted and committed contributor to development in the communities in which we operate.

Our economic value added

Creating value for our shareholders and other stakeholders is fundamental to ensuring we are a sustainable company. The Sanlam Group Value Added Statement below summarises our primary economic impacts on our principal stakeholders, including policyholders, employees and directors, communities, suppliers, government and shareholders.

In 2011, the Group's operations resulted in substantial benefit to our principal stakeholder groups. In addition to the R 3 178 billion generated for our shareholders and the R 3 545 billion retained for future growth, we:

Awarded R 63 929 billion to policyholders in the form of policyholder benefits, claims and increases in accumulated reserves

Paid R 5 421 billion to employees in the form of fees and remuneration and other benefits

Contributed R 2 807 billion to the South African government fiscus through various state taxes and levies

Paid R 3 224 billion to our suppliers and business partners

Contributed R 57 million to local communities and other cause-related programmes and donations

Sanlam Group Value Added Statement for the year ended 31 December 2011	2011 R million	2010 R million	% Change
Premium income	57 851	51 558	12%
Other operating income	3 848	3 145	22%
Investment return	25 616	34 404	-21%
Commission and other sales remuneration paid to agents and brokers	(5 154)	(5 006)	3%
Wealth accumulated	(82 161)	(82 101)	0%
Wealth distributed among stakeholders			
Policyholders			
Policyholder benefits, claims and increase in reserves	63 929	64 642	-1%
Employees & directors	5 421	4 836	12%
Employee benefits	5 395	4 814	12%
Directors' remuneration	26	22	19%
Communities			
CSI and cause related investment	57	57	6%
Suppliers			
Procurement of goods and services	3 224	3 034	6%
Government	2 807	3 083	-9%
South African normal income tax	1 947	1 936	1%
South African capital gains tax	282	474	-41%
Foreign tax	281	347	-19%
Tax on retirement funds			
Indirect taxes and levies	297	326	-9%
Shareholders	3 178	4 337	-27%
Ordinary dividends paid to Sanlam Limited shareholders	2 279	2 112	8%
Retained income distributed due to shares cancelled		1 233	100%
Income attributable to minority shareholders	899	992	-9%
Retained for future growth	3 545	2 115	68%
Retained earnings	3 251	1 855	75%
Depreciation and amortisation	294	260	13%
Wealth distributed	82 161	82 101	0%

Our approach to ensuring continued strong economic performance is for each business cluster to pursue comprehensive growth strategies, diversifying through developing new markets. The Sanlam for Sanlam initiative aims to facilitate collaboration across business units in order to explore synergies and optimise growth

across the Group. Our indirect economic contribution is also channelled through our investments, as well as the funds under our management and employed in the economy; we are a significant institution in the process of mobilising savings, and then allocating these into the economy.

Promoting transformation and empowerment

In South Africa, economic transformation is both a social and a business imperative. And for our business, promoting diversity within the organisation and in our business partnerships enhances our ability to provide a multicultural society with relevant products and services. This year we maintained our targeted level 3 BBBEE contributor status through our ongoing transformational efforts. Our primary focus is on achieving a more representative workforce and investing in our people.

Our efforts to diversify ownership, management and control have been significantly advanced through our Ubuntu-Botho (UB) empowerment venture. The initial transaction in 2004 transferred 10% ownership to a broad-based group of black shareholders. This shareholding was 10.76% at the close of 2011. However, as based on measurement criteria prescribed by the dti Codes with specific reference to the exclusion of Mandated Investments and Foreign Business Operations from the denominator, the Group's black ownership is close to 28%.

The UB consortium has three anchor shareholders:

Sizanani-Thusanang Helpmekaar led by Patrice Motsepe (55%)

Sanlam/Ubuntu-Botho Community Development Trust (20%)

The Broad-based Empowerment Groupings (25%)

Through the partnership, the Group gains access to a significantly expanded base of potential clients as a result of expanding its shareholding to micro- and small businesses; it also affords significant insight into local markets to facilitate identification of emerging opportunities relating to new product development, in line with our client-centric strategy. The access to new audiences facilitated through the broad-based consortium of organisations, which includes trade unions and community organisations, has seen us grow into a more sustainable entity in addition to significantly increasing our share price since 2004.

Our BBBEE ownership score at the end of 2011 totalled 17.33 based on the verified score from 2010. Our performance this year in terms of transformation of control remains consistent with last year, with no significant developments to report. The Board comprises four black females, five black males, one white female and eight white males. The scoring in previous years was impacted by certain developments: a decrease in the number of black board members from 2008 to 2009, and a decrease in attributable percentage voting rights in 2009, had a negative impact on scoring. However, an increase in the number of black executive board members in 2009 had a positive impact on the score relating to black executive management. During 2010, alignment of the definition of executive management to the provisions of the dti Codes improved Sanlam RSA's scoring.

Our long-term vision is to move from a regulated input-based measurement system to a more meaningful outcome-based measurement of transformational initiatives which will provide a better understanding of the impact that BBBEE has on all our stakeholders.

I believe that Sanlam is well on its way to becoming a transformational company."

- Yvonne Muthien, Chief Executive: Group Services

A review of our performance against the dti BBBEE scorecard

The unverified BEE score of 79.15 points for the 2011 period confirms a level 3 performance for the year. While the level remains the same, this does represent an increase in our score from 76.21 points in 2010.

This increase is primarily due to an increase in our score for Management Control (an increase of 1.14 points) and an increase in our score Socio-Economic Development (an increase of 1.15 points). The Skills Development score also increased by 0.48 points.

During 2011, we developed a BBBEE strategy to further improve our scores and also to ensure that we implement appropriate actions to meet the requirements of the Financial Sector Code, gazetted under section 9(1) of the B-BBEE Act.

Promoting access to financial services

Promoting access to financial services is significant in driving socio-economic development. It enables people in entry-level markets who are under-served in terms of appropriate risk, savings, investment and retirement products, to access and function in the economy. In South Africa, broadening access to financial services to these groups creates important new market opportunities to drive our growth strategy and enhance our contribution to the country's economic upliftment.

Sanlam Sky (a business of SPF cluster) focuses on improving access to financial services in entry-level markets in South Africa and internationally. It strives to provide tailored products for the previously disadvantaged in the entry-level market and lower LSM (living standards measure) groups, helping to incorporate these groups into the mainstream economy. Satisfying these clients is essential to secure their commitment to our brand as they advance to higher incomes and achieve greater personal wealth. Funeral policies remain by far the greatest area of demand in this market, but we also offer savings and short-term insurance products at this level.

Expanding shareholding to micro- and small businesses also gives the Group access to a significantly expanded base of potential clients. The Ubuntu-Botho partnership affords significant insight into local markets and the ability to identify market opportunities that call for development of new products, which complements our client centric strategy. As a result, our access to new audiences via a broad-based consortium of organisations (including trade unions and community organisations) has seen us grow into a more sustainable entity

Communications is an essential factor in engaging and retaining clients. We have worked hard to develop robust distribution channels to reach these market segments and the Sanlam Sky's multi-distribution model increases our exposure. Within Sanlam RSA, the agency and broker models are currently the strongest performing channels. Using a one-on-one sales method, a basic needs analysis and advisory service are supplied directly to the client. Both channels focus on the government (civil servants) and commercial markets. While funeral cover is the most successful product, we also offer retirement policies, savings plans and hospital plans.

Our SPF, SEM and Sanlam UK business units rely extensively on intermediaries (advisers and brokers) to distribute products and services throughout our areas of operation. It is essential that we ensure that our employees and intermediaries have appropriate training in product knowledge and regulatory requirements, in order to provide responsible and appropriate financial advice to our clients and potential markets.

Additional information on our channels of engagement with clients and potential markets, and on our training interventions for our staff and intermediaries, is provided in our section on [Responsible Products and Services](#).

Corporate social investment (CSI)

Our corporate social investment strategy seeks to ensure that our investments provide a meaningful contribution to alleviating poverty, and promoting development, in the poorer communities in which we operate. To support this strategy and streamline the management of CSI, this year we established the Sanlam Foundation as a Trust to enable us to align our CSI activities within the Group. This development followed a repositioning exercise undertaken in 2010, with the aim of ensuring that the Group's CSI programmes – which are based on sustainable partnerships with communities – will result in outcomes aligned with the company's core strategy. The process of developing our new CSI strategy involved extensive engagement with internal and external stakeholders, reaching agreement on the key focus areas of the Sanlam Foundation.

In line with our strategy, the Sanlam Foundation programme focuses strictly on education, covering four core components:

- Financial literacy for high school and university students
- Maths, Science, English and Technology literacy (for High Schools)
- HIV & Aids awareness and education: for high schools
- Environmental awareness and protection programmes

Underpinning the Sanlam Foundation strategy is the involvement of Sanlam staff and Exco members. Through the Exco *Back to School Project*, Exco members lead their teams in reaching out to the communities they come from. This forms part of Sanlam's engagement with broader society and also acknowledging the contribution of these communities towards the success of the Sanlam. The engagement process and visible leadership participation has generated a high level of buy-in throughout the organisation. In addition to the *Back to School Project*, our employees are encouraged, to participate in the implementation of the programmes of the Sanlam Foundation. We have to date experienced high levels of commitment from employees who are implementing the HOPE financial literacy programmes at schools. While high levels of employee participation are encouraging, a challenge still remains to align efforts into a coordinated strategy, as business units have been accustomed to managing CSI separately.

Investing in these areas enables Sanlam to nurture customer loyalty and support, while making a meaningful contribution to the society we serve. We seek to build a leadership position by coordinating our community investment programmes around themes that address stakeholder issues/concerns, and resonate with the nature of the business. Our contribution to community investment programmes is coordinated across the Group and measured in terms of impact to the entire community targeted, employee involvement and achievement of programme goals.

All existing CSI projects and activities have been re-assessed to determine their suitability against the Foundation's vision, objectives and strategic requirements and sustainability. In line with these requirements, we have had to exit some of the CSI programmes that no longer fall in the remit and scope of the strategic focus of Sanlam Foundation. Exit strategies have duly been implemented for these. We therefore have entered into various new partnerships. To ensure we achieve our goals, we have undertaken baseline studies for all programmes to enable us to perform impact studies at the end of the period of the partnerships. A current challenge is that it is too early to assess the success of our strategy and provide facts and figures on performance.

Our annual CSI spend in 2011 was R 34 953 450, representing 0.77% of Group net profit after tax; this compares favourably with last year, in which we spent R19.3 million in 2010 (0.52% of Group net profit after tax). Our 2011 expenditure included R1 million that was allocated to the various business clusters (R200,000 each) for staff volunteer projects and contributions to our flagship sponsorship of Takalani Sesame.

In addition, Sanlam also contributes to the Ubuntu-Botho Community Development Trust through dividends.

This year we focused our efforts on fewer, more strategic projects in order to be more effective, sustainable and better aligned with our CSI strategy."

- Lulu Letlape, Executive Head: Corporate Affairs

The Sanlam Foundation Flagship projects in 2012

Promoting Financial Literacy: Sanlam has embarked on a three-year journey with Operation HOPE South Africa to provide financial literacy education to pupils at under-resourced schools in Gauteng and the Western Cape. The implementation of the first phase of the programme started in 2011: Seventy Sanlam employees were trained as volunteers to help implement Operation HOPE's Banking on Our Future (BOOF) financial literacy education programme. In 2011 BOOF and Sanlam employees reached over 850 learners. The second cycle of training will incorporate improvements identified during the first year.

Promoting HIV Aids and Education Awareness: Sanlam Foundation has partnered with the Regency Foundation and the Provincial Department of Education to prevent and manage HIV and AIDS in schools. The Regency Foundation is an NGO that assists schools to develop, integrate and implement their own HIV and AIDS policies, in keeping with national government priorities and regulations. The programme launched during 2011 in 20 schools in Kwa-Zulu Natal is called HIV & Me. Participating schools receive a comprehensive two-year training programme that starts with training workshops for teachers

and the community, and include an in-classroom programme for learners.

Promoting Environmental Awareness: Sanlam's joint venture with the World Wide Fund for Nature South Africa (WWF), the WWF Sanlam Living Waters Partnership, has driven a number of successful projects over the last three years, having a positive impact on South Africa's fresh water and marine water programme, and promoting skills development and job creation in order to meet its goals. This year a new agreement has been finalised for the next three years.

Promoting Maths and Science Literacy: Sanlam has entered into a three-year partnership with Protec to provide maths and science support to disadvantaged schools in Limpopo and North West provinces. The programme involves learner and teacher support for the improvement of the teaching and learning of Maths and Science.

Sponsorships

Sanlam RSA's sponsorship activities play a central role in enabling the company to engage with potential markets, seeking to create a positive association and attract the lower level market. Our sponsorships thereby add real business value while also supporting socially significant causes. We select only sponsorship opportunities that speak to our target market in a positive way, aiming to have Sanlam RSA perceived as a valued and trusted partner.

There are certain criteria against which potential opportunities are measured in order to stay true to our business and brand strategy. To measure the effectiveness of our initiatives, a brand study is conducted each year, including an assessment of whether partners have delivered on KPIs. Success is measured in terms of 'return on objectives'.

Core sponsorships include Takalani Sesame, the Sanlam Cancer Challenge, Sanlam Kay Motsepe Schools Cup and a suite of cultural sponsorships, which are pivotal in growing Sanlam's brand awareness within our target markets in South Africa.

Sanlam is a committed founding sponsor of Takalani Sesame, a key contributor to the early childhood education of South African children since 2000. The programme is broadcast on SABC radio and television stations and over the past 11 years, has reached 28 million children between the ages of two and nine, with critically important educational messages every year. This year activities included an eight-town roadshow, reaching an audience of 40 000 parents & children with educational muppets, and three expos reaching close to 50 000 children. The Sanlam funded Takalani Sesame Club, newly launched during 2011, aims to provide fun learning and promotional materials to 100 schools, delivering 15 000 learners in the provinces of Gauteng, KwaZulu Natal and the Western Cape. A comprehensive impact assessment survey conducted this year reflects Takalani Sesame's widespread measurable success.

The Sanlam Cancer Challenge is the biggest amateur golf tournament in South Africa with over 37,000 participants. This year R 2.6 million was raised for CANSA and contributed to the R26 million raised since inception in 1993.

The Sanlam Kay Motsepe Schools Cup, a national annual soccer tournament co-funded by Sanlam, the Ubuntu-Botho Community Development Trust and the Kay Motsepe Family Foundation, was launched in 2010 and further entrenched this year. The initiative is aimed at reviving the culture of school football amongst the youth. Annually R3.4 million is awarded to the winning schools. The winning funds are applied to school legacy projects benefiting not only the school but the community at large. The event will receive R30 million over five years.

If we support something that communities are passionate about - then they will allow Sanlam into their space... Sanlam becoming a part of their life story."

– Elena Meyer, Senior Manager: Sponsorships and Promotions

Responsibility towards the natural environment

Highlights

- Completion of a sustainability framework for the Group
- Resource reductions targets have been set for 2011-2015, providing clear direction for the Group
- Sanlam ranked 8th overall on the South African Carbon Disclosure Leadership Index
- Enhanced understanding throughout the Group on the need for improved environmental performance
- More efficient use of energy and water, and reduced waste generation, as a result of employee engagement initiatives driving behavioural change

Challenges

- Ensuring continued reductions in energy, water and waste, as well as in our greenhouse gas emissions intensity
- Managing potential trade-offs between energy savings and productivity

As a leading South African financial services group, we understand that incorporating responsible environmental principles into our business operations contribute to the longer-term sustainability of our business. This section reviews our activities aimed at minimising our negative environmental impacts, by reducing our carbon footprint, conserving our resources, managing our waste and sourcing our supplies responsibly.

Managing our direct environmental impacts

We are committed to reducing the direct environmental impacts associated with our core business activities. These direct impacts are primarily associated with the energy and resource usage at our offices, and through employee travel. We also recognise the significance of the secondary environmental impacts associated with our portfolio of investment properties, the businesses we invest in and finance, and our suppliers' business operations. As we strive to position ourselves as a leader in environmental sustainability in the South African financial services industry, we will seek to use our influence to raise levels of awareness amongst our clients, employees, business partners and other stakeholders on environmental management procedures.

This year we further developed our group environmental policy and environmental management structures. Our Group Environment and Sustainability Committee – established in early 2010 with representatives from all units, and mandated to drive internal environmental sustainability within the Group – is achieving increasing impact in promoting and integrating environmental initiatives within the business. The Environment and Sustainability Committee, which reports to the Board Social, Ethics and Sustainability Committee through Exco, coordinated a consultative process to refine the existing Group environmental policy to ensure its applicability to all the different business areas and to instil commitment from all units to implement the policy. The Sanlam Board of Directors, through the Board Social, Ethics and Sustainability Committee and Exco, have all endorsed the new policy. We recently completed a process of developing a Group SMF, assisted by external consultants, to establish a broader dashboard covering a range of business sustainability and environmental key performance indicators. This process, which included workshops with all business units, will lead to the development of a sustainability dashboard that will be finalised early next year. In 2012 we will continue to rollout improved environmental performance measurement systems to more buildings, and we will start to implement bigger projects; currently the focus is on setting priorities and introducing pilot projects.

Committing to performance targets

A key achievement this year was reaching agreement on new performance targets for energy and water consumption and waste generation. A pragmatic approach was taken to define these targets, including a benchmarking exercise from similar industries. The new targets (see box) were approved by the Environment and Sustainability Committee in March 2011, and adopted in June 2011. These targets apply to all Sanlam business units and are being supported with education and awareness campaigns among staff, to ensure good environmental practice.

Introducing improved measurement and reporting systems has been a major focus this year, enabling a more informed, coordinated and strategic approach to identifying and responding to our environmental priorities. We are committed to continuously improving our environmental monitoring procedures across the business, in alignment with generally accepted reporting standards.

We are focusing more on measurement of our initiatives."

- Ian Erlank, Facilities Manager

Environmental targets 2011

Sanlam's environmental targets for 2011-2015 (inclusive), based on the 2010 baseline year		
Environmental targets	Response	Explanatory Note
Greenhouse gas emissions – 15% reduction in tonne per full time employee (FTE)	✓	Measures for energy efficiency, reducing waste, travelling and paper, will bring down levels of carbon emissions
Electricity – 20% reduction (kWh/m ² of office space)	✓	Interventions for energy reduction approved and implementation underway
Municipal water – 10% reduction (kl/m ² of office space)	✓	Water conservation interventions still to be identified
Paper – 15% reduction (kg/ZAR of turnover)	✗	Back-to-back printing is now a common practice and other interventions are being considered
Business travel – 5% reduction in air, road travel (km/FTE) and hotel nights/FTE	✓	Video- and tele-conferencing instead of travelling used were appropriate
Total waste – 15% reduction in tonnes /FTE	—	Waste minimisation measures include paper reduction and reducing the use of bottled water
Recycled waste – 50% increase in waste recycles (tonnes)	—	Successful recycling initiative at head office will be rolled out to other Sanlam buildings

Good response: ✓ Partial response: — No response: ✗

Recognising the importance of behavioural change as a means of achieving our targets, we have focused our efforts on communication and engagement with our staff. Raising levels of awareness and understanding has also assisted us in prioritising our initiatives. We also seek to encourage our supplier network to adopt best environmental practices. To this end, this year we finalised a new procurement policy that includes reference to the requirement for selecting suppliers with a good environmental track record. We are also currently reviewing our approach to property acquisition. In addition to the rental component of costs, we will consider resource demands, and potential to minimise these.

Our long-standing partnership with the WWF and its Living Waters unit has driven the business towards better environmental stewardship in many aspects. This year a new partnership agreement for the next three years has been signed. This includes provision for joint research into water issues affecting the business and society, implementation of water-efficient practices, research into the development of products that address risks associated with water, and the identification of sustainable solutions for insurance and investments affected by water issues.

Climate change and energy

Sanlam recognises that climate change presents an important business and global risk. We are committed to upholding our responsibility to measure and reduce our carbon emissions, and to encourage responsible environmental practice in our sphere of influence. While considered a low-impact business, our greatest direct environmental impacts result from the buildings we occupy, with electricity consumption (Scope 2 emissions⁸) accounting for the highest proportion of our greenhouse gas emissions. As a company with regional representation across all provinces and head office in Cape Town, employee commuting is the second-highest GHG emitting activity.

Sanlam has been a signatory to the Carbon Disclosure Project (CDP) since 2007. Sanlam RSA's Carbon Footprint Report is published separately on our website. The environmental dashboard to be developed in 2012 will inform our process of measuring and monitoring our performance, and will allow us to undertake a deeper analysis of the risks and opportunities climate change presents to our business.

Our current efforts to reduce our footprint focus on promoting energy efficiency – primarily at our head office, and progressively at our other offices – through energy saving initiatives under the management of our Facilities team. We are also committed to promoting an increase in the use of video conferencing as an alternative to carbon emissions intensive business travel. In addition to contributing to our energy and carbon reduction target, it will also result in valuable cost savings.

A further opportunity we are exploring is to develop a portfolio of onsite renewable energy generation initiatives that will increase energy savings and resulting operational cost savings to the business; this will increase in significance in the context of rising energy prices and uncertainty of supply. As a result of amendments to South Africa's draft Taxation Laws Amendment Bill 2009, anticipated energy taxes are likely to substantially increase the operational costs of Sanlam RSA through associated taxes and penalties; there will also be tax allowances for energy-efficient equipment and renewable energy technologies.

As a signatory to the Energy Efficiency Accord, we are committed to reducing our fossil fuel energy consumption."

- Ike Ndlovu, Head: Sustainability Management

Our carbon footprint performance

Sanlam remains focused on establishing an accurate and comprehensive carbon footprint assessment and carbon-emission reduction strategy. Our greenhouse gas measurements are undertaken in accordance with the most widely used global standard for Greenhouse Gas (GHG) accounting and reporting, the WBCSD/WRI GHG Protocol⁹. This is compatible with other GHG standards such as ISO14064. Sanlam RSA's CO₂ emissions for 2011 calculate to 10.29 metric tonnes per full-time equivalent employee or 0.50 metric tonnes per square metre of office space across the six measured buildings. This is similar to last year's performance (11.77 metric tonnes per full-time equivalent employee or 0.48 metric tonnes per square metre of office space). The decrease in total carbon footprint can be attributed to the significant decrease in electricity consumed and travel in commercial airlines, as a result of initiatives conducted over the year..

In 2011, Sanlam was ranked eighth overall on the CDP Disclosure Leadership Index that rates the performance of the JSE 100 participating companies. We are also a signatory to the CDP highlighting the importance we place on the CDP information to better inform our investment decisions.

Sanlam's Carbon Footprint (key data indicators) (Jan-Dec 2011 versus 2010, 2009, 2008)

The table below shows the results of our carbon footprint measurement for the past four years. The increase in our reporting scope each year since 2007 must be considered when comparing year-on-year emissions.

Sanlam's 2011 Carbon Footprint Report can be accessed [here](#).

		2011	2010	2009	2008
Organisational boundary		Head office, Hyde Park, Sanlynn, SIM, Glacier, Sanlam Sky	Head office, Hyde Park, Sanlynn, SIM, Glacier, Sanlam Sky	Head office, Hyde Park, Sanlynn, SIM, Glacier	Head office, Hyde Park, Sanlynn, SIM
Scope	Activity	Tonnes CO ₂ e	Tonnes CO ₂ e	Tonnes CO ₂ e	Tonnes CO ₂ e
1 – Direct emissions from:	Diesel usage in equipment owned or controlled by Sanlam	57	41	34	40
	Air-conditioning & refrigeration gas refills	44	0	0	0
	Vehicle fleet	0	Not available ¹⁰	2	0

	Total Scope 1	101 11	41	36	40
2 – Indirect emissions from:	Purchased electricity	39 490	44 535	38 651	27 700 ¹²
	Total Scope 2	39 490 13	44 535	38 651	27 700
3 – Indirect emissions from:	Business travel in rental cars	202	207	251	275
	Business travel in commercial airlines	2 769	3 442	3 085	3 739
	Hotel accommodation	185	173	168	155
	Business travel in privately-owned vehicles (employee travel claims)	Not reported	Not reported	809.00	247
	Third- party vehicle fleet	62	57.34	16.54	18
	Employee commuting	6 888	6 900	6 806	5 446
	Office paper consumption	393	698	323	368
	Courier information	191	199.21	Not reported	Not reported
	Total Scope 3	10 690	11 677	11 458	10 248
Other	Non-Kyoto Gas	510	1 926	1 184	891
	Total	510	1 926	1 184	891
	GRAND TOTAL	50 791	58 179	51 292.72	38 879
	FTEs covered	4 934	4 942	4 424	4 116
	Office space covered (m ²)	101 170	120 872	127 348	124 124
	Emissions/FTE	10.29	11.77	11.59	11.14
	Emissions per m ²	0.50	0.48	0.4	0.37

8. Scope 2 emissions refer to indirect greenhouse gas emissions from consumption of purchased electricity, heat or steam....[\(back to text\)](#)
9. The GHG Protocol is the most widely used international accounting tool for government and business leaders to understand, quantify, and manage greenhouse gas emissions. It is a partnership between the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) working with businesses, governments, and environmental groups around the world to build a new generation of credible and effective programs for tackling climate change....[\(back to text\)](#)
10. Data for fleet vehicles was not available. Although this value was immaterial to the overall carbon footprint (1.84 tonnes CO2e in the 2009 Carbon Footprint Report) inclusion thereof would have made the report more complete....[\(back to text\)](#)
11. This represents one of the KPIs of our Sustainability Management Framework. The basis of measurement there of is: Scope 1 emissions based on the GHG Protocol for six buildings: Sanlam Head Office, Sanlam Investment Management, Glacier, Hyde Park, Sannlyn and Sanlam Sky. Please refer to the [Sanlam 2011 Carbon Footprint Report](#) for more detailed information on the calculation....[\(back to text\)](#)
12. In the 2008 report, Sanlam's purchased electricity consumption at the head office was incorrectly reported as 100% of the total usage (34 675) whereas actual use is only 75% of the total (27 700). The other 25% is used by tenants....[\(back to text\)](#)
13. This represents one of the KPIs of our Sustainability Management Framework. The basis of measurement there of is: Scope 2 emissions based on the GHG Protocol for six buildings: Sanlam Head Office, Sanlam Investment Management, Glacier, Hyde Park, Sannlyn and Sanlam Sky. Please refer to the [Sanlam 2011 Carbon Footprint Report](#) for more detailed information on the calculation....[\(back to text\)](#)

Sustainable water usage

Water scarcity is a material issue for businesses that operate in South Africa and a strategic area of focus for Sanlam. This year we renewed our partnership with the World Wide Fund for Nature (WWF). This partnership promotes the wise management of our aquatic ecosystems and resources, including ground water management, and addresses water scarcity in South Africa. By the end of 2011, we had invested a total of R15 196 000 in the partnership with WWF since 2007.

As part of our long-term partnership with WWF, Sanlam will dedicate resources to assess and identify how we can use our sphere of influence in a systemic way to influence responsible water use and management in South Africa. We also plan to conduct research into solutions for insurance and investments affected by water. We will report back on our activities with WWF and the research teams in these areas during the year ahead, in our 2012 report.

In terms of our own water demands, this year we set the target of reducing our municipal water demands by 10%, by 2015. To monitor our progress it is imperative that water consumption is accurately measured and reported; a current focus is to improve our measuring systems to ensure reliability of data.. We do not currently have systems in place for measuring the amount of recycled water or untreated water used.

This year we conducted a desktop study to determine current consumption (including a comparison between Sanlam and Santam Head office buildings); based on assumptions we have made predictions on how to reduce water consumption based on a variety of technologies that could be implemented.

Our current measures aimed at reducing water consumption include raising levels of awareness among our staff around water scarcity, the installation of manual flush systems on all toilets, and sound water management in our garden irrigation practices. Dual flush systems are to be introduced in toilets in the near future, and rainwater harvesting opportunities are being considered.

Materials and waste management

The reduction of waste contributes to lower operational costs for materials, processing, and disposal and proactively reduces risk of any future cost increases in waste management. This year we undertook desktop research aimed at better understanding potential opportunities to improve our materials and waste performance. Currently, our focus is on separating waste and recycling. In addition to separating waste at source, we encourage increased recycling, double-sided printing and e-statements, as part of our drive to minimise the volume of paper used in client communications. The Facilities Management unit endeavours to purchase paper only from merchants or mills that have an environmental policy and/or a forestry policy to meet the ESG requirements of the Group Procurement Policy.

Sanlam head office has increased its average levels of recycling of all waste. We are investigating additional measures to reduce waste to landfill by additional 50%, as we strive to achieve our [reduction targets set for 2011-2015](#). Recycling is managed by an external consultant, who provides the facilities team with monthly reports. As part of our Sustainability Management Framework, Sanlam has committed to improve measurement of the proportion of waste reused/recycled and the amount of responsible disposal of technological waste. All hazardous waste is disposed of according to legislative requirements. The companies who recycle our technological waste are audited to ensure compliance.

Our compliance with the GRI G3 reporting requirements

Based on the GRI G3 reporting requirements, we are self-declared level B+ compliant. This is based on information contained in this webbased Sustainability Report and its supporting documents, together with other relevant information presented in our 2011 Integrated Annual Report and on the broader Sanlam Group website (www.sanlam.co.za). In other words, we have reported on all the company profile disclosures listed under Column B below and have disclosed our broad approach to managing each of our material sustainability pillars. We have reported on at least 20 specific performance indicators relating to stated material pillars, with at least one from each of the economic, environment, human rights, labour, society and product responsibility categories.

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	G3 Management Approach Disclosures	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach disclosed for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic, and environment.		Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labour, society, product responsibility.		Respond on each core G3 and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

*Sector supplement in final version

GRI Table

SANLAM SUSTAINABILITY REPORT GRI PERFORMANCE INDICATORS			
	GRI G3 ELEMENT	GRI COVERAGE	REFERENCE / COMMENTARY
STRATEGY AND PROFILE			
1. Strategy and analysis			
1.1	Senior decision makers' statement about the relevance of sustainability to the organisation and its strategy.	Full	See Message from the Chairman of the Social, Ethics and Sustainability Committee and Message from Group Chief Executive .
1.2	Impacts, risks and opportunities (on stakeholders and financial performance)	Full	See Addressing our material sustainability pillars: the report at a glance .
2. Organisational profile			
2.1	Name of reporting organisation.	Full	See Sanlam Group at a glance .
2.2	Primary products and services.	Full	See Sanlam Group at a glance .
2.3	Organisational operating structure.	Full	See Sanlam Group at a glance .

2.4	Location of the organisation's Headquarters.	Full	2 Strand Road, Bellville, Cape Town, South Africa.
2.5	Countries where the organisation operates.	Full	See This is Sanlam .
2.6	Nature of ownership and legal form.	Full	See Sanlam Group at a glance .
2.7	Markets served.	Full	See Sanlam Group at a glance .
2.8	Scale of the reporting organisation.	Full	See Sanlam Group at a glance .
2.9	Significant changes during the reporting period.	Full	See About this report .
2.10	Awards received.	Full	Refer to our 2011 Integrated Report : Some awards and market recognition in 2011.
3. Report parameters			
3.1	Reporting period.	Full	See About this report .
3.2	Date of most recent previous report.	Full	See About this report .
3.3	Reporting cycle.	Full	See About this report .
3.4	Contact point.	Full	See About this report .
3.5	Process for defining report content.	Full	See About this report and Addressing our material sustainability pillars: the report at a glance .
3.6	Boundaries of report.	Full	See About this report .
3.7	Limitations.	Full	See About this report .
3.8	Basis for reporting on joint ventures and subsidiaries.	Full	See About this report .
3.9	Data measurement techniques.	Full	Included in the various sections on our material sustainability pillars.
3.10	Explanation of effect of re-statements.	Full	None to report.
3.11	Significant changes.	Full	See About this report .
3.12	GRI index.	Full	GRI Index.
3.13	Assurance.	Full	See Assurance statement and About this report .
4. Governance, commitments and stakeholder engagement			
4.1	Governance structure.	Full	See Sustainability governance and management structure . Also refer to our 2011 Integrated Report : Corporate Governance report.
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Full	See Sustainability governance and management structure . Also refer to our 2011 Integrated Report : Corporate Governance report.
4.3	Board profile (number, gender, Executive vs. Non-executive)	Full	Refer to our 2011 Integrated Report : Sanlam Board of directors and committee memberships.
4.4	Mechanisms for stakeholders and employees to provide recommendations to Sanlam Board.	Partial	See Engaging our stakeholders . Our stakeholder engagement strategy is currently being developed. This indicator will be fully reported on in 2012.
4.5	Linkage between compensation and performance.	Full	Group remuneration structures are aligned to business strategy through some direct link of the vesting of bonuses and long-term incentives to the sustainable management and growth of the business over the long term. Refer to our 2011 Integrated Report : Corporate Governance report.
4.6	Processes for managing conflicts of interest.	Full	Refer to our 2011 Integrated Report : Corporate Governance report.
4.7	Process for determining qualifications and expertise.	Full	As part of our annual BBBEE verification process random EXCO/Board members are interviewed to verify their qualifications and expertise. Refer to our 2011 Integrated Report : Corporate Governance Report.
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental and social performance.	Full	See Promoting ethical behaviour through good governance, providing for ESG issues within Sanlam Investment Management (SIM) , and materials and waste management .

4.9	Board oversight of CSR policies and risk management.	Full	See Sustainability governance and management .
4.10	Processes for evaluating the board's sustainability performance	Partial	See Integrated Report : Corporate Governance report.
4.11	Explanation of how the precautionary approach or principle is addressed by the organisation.	Full	This indicator is not specifically addressed in this report, however a precautionary approach is taken through risk management which forms part of the Group's centralised function.
4.12	Externally developed, voluntary economic, environmental and social charters, sets of principles, or other initiatives.	Full	See Message from the Chairman of the Social, Ethics and Sustainability Committee, responsible products and services, responsibility towards the natural environment and responsibility for developing our people .
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations	Full	See Promoting ethical behaviour through good governance , and providing for ESG issues within Sanlam Investment Management (SIM) .
4.14	List of stakeholder groups.	Full	See Engaging our stakeholders .
4.15	Basis for identification and selection of stakeholders.	Full	See Engaging our stakeholders .
4.16	Approaches to stakeholder engagement.	Partial	See Engaging our stakeholders . A process is currently underway to develop a more coordinated stakeholder management strategy and action plan. We will report fully on this indicator in 2012.
4.17	Key topics and concerns raised during stakeholder engagement.	Partial	The concerns raised by our stakeholders have informed the development of our Sustainability Management Framework and are therefore reflected in our material pillars. An outcome of the more coordinated stakeholder engagement strategy and action plan will be a clear presentation of topics and concerns raised.
ECONOMIC			
Economic performance			
EC1	Direct economic value - revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Full	See Our economic value added .
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	Partial	See climate change and energy and promoting responsible investment . Please also refer to our 2011 Carbon Disclosure Project (CDP) response available at www.cdproject.net
EC3	Coverage of Sanlam's defined benefit plan obligations.	Full	Refer to our 2011 Integrated Report : Annual Financial Statement note 32.
EC4	Significant financial assistance received from Government.	Full	None.
Market presence			
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Not reported	This is not deemed material.
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Partial	See our economic value added and responsible procurement . Each office or department within our South African operations follows procurement guidelines. As a financial services company procurement is generally limited to office stationery and goods or services required on a needs basis. Efforts are made to procure locally wherever possible. Due to the ad hoc nature of much of our procurement this also makes practical sense.
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Partial	See Workplace transformation and diversity .
Indirect economic impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Not reported	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Partial	Sanlam provides appropriate risk, savings, investment and retirement products that encourage good financial management, mitigate financial risk and stimulate growth and economic

			development. We have not quantified this impact for each operation; however further detail is available at promoting access to financial services , and our economic value added .
ENVIRONMENTAL			
Materials			
EN1	Materials used by weight or volume.	N/A	Not deemed material due to the nature of the business with its lack of materials used.
EN2	Percentage of materials used that are recycled input materials.	N/A	Not deemed material due to the nature of the business, with its lack of materials used.
Energy			
EN3	Direct energy use segmented by primary source.	Partial	See managing our direct environmental impacts .
EN4	Indirect energy consumption by primary source.	Partial	See managing our direct environmental impacts .
EN5	Energy saved due to conservation and efficiency improvements.	Partial	This is not currently measured. Systems are being implemented to enable measurement in the future. Energy savings due to individual energy reduction initiatives is available on request. Associated savings in greenhouse gas emissions as a result of these energy savings is reported in our 2011 Carbon Disclosure Project (CDP) report available at: www.cdproject.net
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result.	Partial	See climate change and energy . Please also refer to our 2011 CDP response available at www.cdproject.net . There were no onsite renewable energy initiatives underway this year. Sanlam does not provide any products and services that directly assist clients reduce energy use.
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Partial	See managing our direct environmental impacts and climate change and energy . Reductions are not currently reported.
Water			
EN8	Total water withdrawal by source.	Partial	See sustainable water usage .
EN9	Water sources significantly affected by withdrawal of water.	N/A	We do not consume a significant amount of water at our operations and therefore do not deem our impacts on water sources to be material.
EN10	Percentage and total water volume of water recycled and reused.	N/A	We do not consume a significant amount of water at our operations and therefore do not deem our impacts on water sources to be material.
Biodiversity			
EN11	Location and size of land owned, leased or managed in biodiversity-rich habitats.	N/A	None of Sanlam's operations are in biodiversity-rich habitats.
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	N/A	None of Sanlam's operations and activities impact on protected areas.
EN13	Habitats protected or restored.	N/A	This is not material to Sanlam's operations.
EN14	Strategies, current actions and future plans for managing impacts on biodiversity	N/A	Sanlam does not operate in areas where there is risk to biodiversity.
EN15	Number of conservation list species affected by operations	N/A	This is not material due to nature of the business.
Emissions, effluent and waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.	Full	See our carbon footprint performance . Also refer to our 2011 CDP response available at www.cdproject.net
EN17	Other relevant indirect greenhouse emissions by weight.	Full	See our carbon footprint performance . Also refer to our 2011 CDP response available at www.cdproject.net
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Partial	See climate change and energy . Also refer to our 2011 CDP response available at www.cdproject.net
EN19	Emissions of ozone-depleting substances by weight.	N/A	This is not material due to nature of the business.
EN20	NOx, SOx and other air pollutants emitted by	N/A	This is not material due to nature of the business.

EN20	NOx, SOx, and other significant air emissions by weight and type.	N/A	This is not material due to nature of the business.
EN21	Total water discharge by quality and destination.	N/A	This is not material due to nature of the business.
EN22	Total amount of waste by type and disposal method.	Not reported	We do not report quantitatively against this indicator because we do not generate a significant amount of waste. See materials and waste management .
EN23	Total number and volume of significant spills.	N/A	This is not material due to nature of the business.
EN24	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	N/A	This is not material due to nature of the business.
EN25	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff.	Full	None to report: we do not "significantly affect" water bodies through discharges of water and runoff.
Products and services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Partial	See responsibility towards the natural environment .
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	N/A	This is not measured due to the nature of the products and services involved in the business.
Compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Full	None to report. No significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations.
Transport			
EN29	Significant environmental impacts of transporting products and other goods and materials used for Sanlam's operations, and transporting members of the workforce.	Partial	See carbon footprint performance . In transporting products and members of the workforce, we strive to reduce our carbon footprint.
Overall			
EN30	Total environmental protection expenditures and investments by type.	N/A	This is not material due to nature of the business.
LABOURPRACTICES AND DECENT WORK			
Employment			
LA1	Total workforce by employment type, employment contract and region.	Partial	See workplace transformation and diversity - Sanlam Group staff complement at 31 December 2011. We do not collect data per region but at group level.
LA2	Total number and rate of employee turnover by age group, gender and region.	Partial	See attracting and retaining talent .
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operation.	N/A	We do not believe that it is sufficiently material to provide information on this issue at the recommended level of detail.
Labour/Management relations			
LA4	Percentage of employees covered by collective bargaining arrangements.	Full	3.6% of our employees are covered by collective bargaining agreements.
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	N/A	The issue is not considered material for reporting. Throughout our operations, systems are in place aimed at ensuring effective dialogue and relations with all employee representative groups.
Occupational health and safety			
LA6	Employee representation in health and safety committees	N/A	Employee representation in health and safety practices is ensured where applicable throughout the organisation. Measurement of representation is not deemed material.
LA7	Rates of injury, occupational diseases, lost days, absenteeism and total number of work-related fatalities, by region.	N/A	This information is not deemed material to include in this report; information is available on request.
LA8	Employee wellness programmes regarding serious diseases	Full	See promoting employee wellness and Sanlam culture .

LA9	Health and safety topics covered in formal agreements with trade unions.	N/A	Sanlam has no formal agreements with trade unions.
Training and education			
LA10	Average hours of training per year per employee by category.	Not reported	Not measured. Sanlam relies on alternative measures as a means of assessing the impact of training. skills development and career progression .
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing their careers.	Full	See skills development and career progression .
LA12	Percentage of employees receiving regular performance and career development reviews.	Partial	See skills development and career progression .
Diversity and equal opportunity			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Partial	See workplace transformation and diversity . Also refer to our 2011 Integrated Report : Corporate Governance report.
LA14	Ratio of basic salary of men to women by employee category.	N/A	We do not report against this indicator. There is no differentiation between male and female employee salaries.
HUMAN RIGHTS			
Investment and procurement activities			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	N/A	This is not specifically measured, as it is not deemed material. We are committed to the UN Principles of Responsible Investment (PRI) and, while no formal policy exists, will take human rights into consideration when making significant investments consistent with the Group's values.
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	N/A	This is not measured as it is not deemed material. Where applicable, we are legislatively compliant.
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, and percentage of employees that are trained.	N/A	This is not measured as it is not deemed material. All employees receive training on the company's Code of Ethical Conduct. Where applicable, we are legislatively compliant.
Non-discrimination			
HR4	Total number of incidents of discrimination and actions taken.	Full	See managing cases of grievance .
Freedom of association and collective bargaining			
HR5	Operations identified in which the right to exercise freedom of association or collective bargaining may be at significant risk, and actions taken to support these rights.	Full	None of our operations have been identified as being at significant risk.
Child labour			
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	Full	No operations have been identified for this risk.
Forced and compulsory labour			
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour.	Full	No operations have been identified for this risk.
Security practices			
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	N/A	This is not measured as it is not deemed material due to nature of the business.
Indigenous rights			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Full	None reported. Where applicable, we are legislatively compliant.
SOCIETY			

FS15	Policies for the fair design and sale of financial products and services	Partial	Refer to Responsible products and services .
Community			
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	N/A	This is not reported as it is not deemed material. As a financial services company our physical operations do not have any significant impacts on communities. We believe that our products contribute positively to the financial security of people in the communities which we service.
FS13	Access points in low-populated or economically disadvantaged areas by type.	Not reported	This is not specifically measured. This is qualitatively addressed in Responsible products and services .
FS14	Initiatives to improve access to financial services for disadvantaged people.	Full	See Responsible products and services . Through our sponsorships (Takalane Sesame) and CSI initiatives we deliver financial education. Sanlam Sky is specifically targeting the low-income, disadvantaged people, to provide services that they demand and to encourage the uptake of services that promote good financial management.
Corruption			
SO2	Percentage and total number of business units analysed for risks related to corruption.	Not reported	This is governed by our mandatory Code of Ethical Conduct. We do not report quantitatively on this indicator. Refer to our material sustainability pillars: reviewing our 2011 performance .
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	Not reported	This is governed by our mandatory Code of Ethical Conduct. We do not report quantitatively on this indicator. Refer to our material sustainability pillars: reviewing our 2011 performance .
SO4	Actions taken in response to incidents of corruption.	Full	See promoting ethical behaviour through good governance .
Public policy			
SO5	Public policy positions and participation in public policy development and lobbying.	Full	See promoting ethical behaviour through good governance .
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country.	Full	No money was donated in this regard. Our business integrity policy prohibits us from making donations to any political party or politicians.
Anti-competitive behaviour			
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	Full	None.
Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Full	None.
PRODUCT RESPONSIBILITY			
FS1	Policies with specific environmental and social components applied to business lines.	Partial	See responsible products and services . We aim to report more comprehensively on the requirements of the Financial Services Sector Supplement in the future.
FS2	Procedures for assessing and screening environmental and social risks in business lines.	Partial	See responsible products and services . We aim to report more comprehensively on the requirements of the Financial Services Sector Supplement in the future.
FS3	Processes for monitoring clients' implementation of and compliance and social requirements included in agreements or transactions.	Partial	See responsible products and services . We aim to report more comprehensively on the requirements of the Financial Services Sector Supplement in the future.
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	Partial	See responsible products and services . We aim to report more comprehensively on the requirements of the Financial Services Sector Supplement in the future.
FS5	Interaction with clients/investees/business partners regarding environmental and social risks and opportunities	Not reported	None. We will look to formally include interactions in this regard as part of our stakeholder engagement process, which is currently being developed.

Product Portfolio			
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	N/A	It is not deemed material to report on this indicator to the level of detail required.
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	Partial	See our socially responsible investment funds . It is not deemed material to report on this indicator to the level of detail required.
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by Purpose.	N/A	We do not have products designed to deliver a specific environmental benefit.
Customer health and safety			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	N/A	This is not measured as it is not deemed material due to nature of the business.
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and service during their life cycle, by type of outcomes.	N/A	This is not measured as it is not deemed material due to nature of the business.
Product and service labelling			
PR3	Type of product and service information required by procedures, and percentage of significant products and service subject to such information requirements.	Not reported	Sanlam's products are legislatively compliant. Refer to our material sustainability pillars: reviewing our 2011 performance .
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	Partial	No significant incidents.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Full	See treating our clients fairly .
FS16	Initiatives to enhance financial literacy by type of beneficiary	Partial	See corporate social investment (CSI) and client education initiatives .
Marketing communications			
PR6	Programmes for adherence to laws, standards and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship.	Not reported	See treating our clients fairly for a qualitative comment in relation to this indicator.
PR7	Total number of incidents of non-compliance with regulations and voluntary codes of concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Partial	No significant incidents.
Customer privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Full	None.
Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Full	None.
Audit			
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	Not reported	We do not fully report on FS1 and FS2. When formal environmental and social policies and risk assessment procedures are in place, we will conduct audits to ensure effective implementation.
Active ownership			
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	Partial	We do not report quantitatively on this indicator. SIM is increasingly engaging with companies on environmental and social issues. See Increasingly using proxy votes to influence remuneration .
FS11	Percentage of assets subject to positive and negative environmental or social screening.	Partial	We do not report quantitatively on this indicator. SIM is increasingly engaging with companies on environmental and social issues. See providing for ESG issues within Sanlam Investment Management (SIM) .

FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	Full	We have enhanced our engagement with investee companies through our proxy voting policy. See Increasingly using proxy votes to influence remuneration .
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Independent Assurance Report to the directors of Sanlam Limited for the year ended 31 December 2011

Scope of Our Engagement

We have completed our independent assurance engagement to enable us to express our limited assurance conclusions on whether the Sanlam Limited Sustainability Report ("the Report") for the year ended 31 December 2011, has been prepared, in all material respects, in accordance with the self-declared Global Reporting Initiative (GRI) G3 Guidelines B+ application level using the principles of materiality, completeness and sustainability context, and whether the following key performance indicators ("specified KPIs") contained in the Report have been prepared, in all material respects, in accordance with the basis of preparation as described separately in the footnotes to each of the specified KPIs within the relevant sections of the Report ("management's sustainability criteria"):

Tonnes of CO₂ arising from diesel usage at the office buildings of Sanlam Head Office, Hyde Park, Sanlynn, Sanlam Sky, Glacier and Sanlam Investment Management (scope 1 emissions), for the twelve months ended 31 December 2011 as disclosed in the table headed Sanlam RSA's Carbon Footprint (key data indicators) in [Climate change and energy](#);

Tonnes of CO₂ arising from purchased electricity at the office buildings of Sanlam Head Office, Hyde Park, Sanlynn, Sanlam Sky, Glacier and Sanlam Investment Management (scope 2 emissions), for the twelve months ended 31 December 2011 as disclosed in the table headed Sanlam RSA's Carbon Footprint (key data indicators) in [Climate change and energy](#);

The number of total and average monthly complaint interventions for Sanlam Personal Finance (SPF) referred to the Ombudsman for Long Term Insurance for the twelve months ended 31 December 2011, as disclosed in the table headed Total and average monthly complaints referred to Ombudsmen: 2007 - 2011 (Sanlam Professional Finance including SDM SA) in [Treating our clients fairly](#);

The percentage of permanent employees in SPF (excluding Sanlam Sky, Glacier and Sanlam Health) with individual development plans in place for the twelve months ended 31 December 2011 as disclosed in [Skills development and career progression](#); and

The number of instances reported on the independent hotline related to SPF for the twelve months ended 31 December 2011 as disclosed in [Promoting ethical behaviour through good governance](#).

The specified KPIs noted above have been highlighted for identification purposes in the Report through shading.

Our responsibility in performing our independent limited assurance engagement is to Sanlam Limited only and in accordance with the terms of reference for this engagement (including the release letter dated 5 April 2012) as agreed with them. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Sanlam Limited, for our work, for this report, or for the conclusions we have reached.

Sanlam Limited has elected to prepare the Report in accordance with the principles of the G3 Guidelines which was published by the Global Reporting Initiative, of which a full copy can be obtained from the Global Reporting Initiative's website.

Scope of Our Engagement

The directors are responsible for implementing a stakeholder engagement process to identify all relevant stakeholders, to identify key issues, to respond appropriately to key issues identified, to determine those key performance indicators which may be relevant and material to the identified stakeholders, and to design and apply appropriate sustainability reporting policies. The directors are also responsible for the preparation and presentation of the Report and the information and assessments contained in the Report in accordance with the relevant criteria. This responsibility includes: designing, implementing and maintaining appropriate performance management and systems to record, monitor and improve the accuracy, completeness and reliability of the sustainability data and to ensure that the information and data reported meet the requirements of the relevant criteria, and contains all relevant disclosures that could materially affect any of the conclusions drawn.

Assurance Provider's Responsibility

Our responsibility is to express our limited assurance conclusions on the Report and the specified KPIs based on our independent limited assurance engagement. Our independent limited assurance engagement was performed in accordance with the International Federation of Accountants' (IFACs) International Standard on Assurance Engagements (ISAE) 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. This standard requires us to comply with ethical requirements and to plan and perform our engagements to obtain limited assurance regarding the Report and the specified KPIs contained in the Report, as expressed in this report.

Basis of Work and Limitations

The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the subject matter and the purpose of our engagement. In making these assessments, we have considered internal control relevant to the entity's preparation and presentation of the Report and the information contained therein, in order to design procedures appropriate for gathering sufficient appropriate assurance evidence to determine that the information in the Report is not materially misstated or misleading as set out in the summary of work performed below. Our assessment of relevant internal control is not for the purpose of expressing a conclusion on the effectiveness of the entity's internal controls.

We planned and performed our work to obtain all the information and explanations that we considered necessary to provide a basis for our limited assurance conclusions pertaining to the Report and the specified KPIs, expressed below.

Where a limited assurance conclusion is expressed, our evidence gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

Our report does not extend to providing assurance on the dti Scorecard included in various sections of the Report or the information in the Downloads section of the Report.

Summary of Work Performed

Set out below is a summary of the procedures performed pertaining to the Report and the specified KPIs which were included in the scope of our limited assurance engagement.

We obtained an understanding of:

The entity and its environment;

Entity-level controls;

The stakeholder dialogue process;

The selection and application of sustainability reporting policies;

How management has applied the principle of materiality in preparing the Report and the specified KPIs;

The significant reporting processes including how information is initiated, recorded, processed, reported and incorrect information is corrected, as well as the policies and procedures within the reporting processes.

We made such enquiries of management, employees and those responsible for the preparation of the Report and the specified KPIs, as we considered necessary.

We inspected relevant supporting documentation and obtained such external confirmations and management representations as we considered necessary for the purposes of our engagement.

We performed analytical procedures and limited tests of detail responsive to our risk assessment and the level of assurance required, including comparison of judgementally selected information to the underlying source documentation from which the information has been derived.

We considered whether Sanlam Limited has applied the GRI G3 Guidelines to a level described in [About this report](#).

We believe that the evidence obtained as part of our limited assurance engagement, is sufficient and appropriate to provide a basis for our limited assurance conclusions expressed below.

Conclusions

Based on the work performed and subject to the limitations described above, nothing has come to our attention that causes us to believe that:

The Report has not been prepared, in all material respects, in accordance with the self-declared GRI G3 Guidelines B+ application level using the principles of materiality, completeness and sustainability context; and

The specified KPIs have not been prepared, in all material respects, in accordance with management's sustainability criteria as described in the relevant footnotes for the period ending 31 December 2011.

Other matter

The maintenance and integrity of the Sanlam Website is the responsibility of Sanlam management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Sanlam Limited Sustainability Report or our assurance report that may have occurred since the initial date of presentation on the Sanlam Website.

Ernst & Young Inc.

Ernst & Young Inc
Director – Jeremy Grist
Registered Auditor
Chartered Accountant (SA)
Ernst & Young House
35 Lower Long Street
Cape Town
5 April 2012

Contact Us

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[Home](#)[Overview](#)[Material Pillars](#)[GRI & Assurance](#)[Contacts](#)

Downloads

[Sanlam Sustainability Report 2011](#)

Downloads

Please click on any of the links below to download the respective documents:

Sanlam 2011 Carbon Footprint Report - [Click Here](#)

Sanlam Integrated Annual Report 2011 Volume 1: Integrated Review - [Click Here](#)

Sanlam Integrated Annual Report 2011 Volume 2: Governance and Financial Information - [Click Here](#)

Sanlam Sustainability Report 2011 (Abridged version) - [Click Here](#)

Glossary

Acronyms

AIDS	Acquired Immune Deficiency Syndrome
AML	Anti-money laundering
ASISA	Association for Savings and Investment in South Africa
BBBEE	Broad-based Black Economic Empowerment
BEE	Black Economic Empowerment
BMI	Body Mass Index
BUSA	Business Unity South Africa
CCC	Client Contact Centre
CCMA	Commission for Conciliation, Mediation and Arbitration
CDP	Carbon Disclosure Project
CE	Chief Executive
CEO	Chief Executive Officer
COP	Communication on Progress (Global Compact)
CRISA	Code for Responsible Investing
CSI	Corporate Social Investment
dti	Department of Trade and Industry
EAP	Employee Assistance Programme
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
EE	Employment Equity
ESG	Environmental, social, governance
Exco	Executive Committee
FAIS	Financial Advisory and Intermediary Association
FARF	Financial Task Force
FS Code	Financial Sector Code
FSB	Financial Services Board
FSC	Financial Sector Charter
FTE	Full Time Employee
GHG	Greenhouse gas
GLP	Graduate Leadership Programme

JSE SRI	JSE Limited Socially Responsible Investment Index
KI	Kilolitre
KPI	Key Performance Indicator
KPMG	A global company providing Audit, Tax and Advisory services
kWh	Kilowatt hours
LSM	Living Standards Measure
NBI	National Business Initiative
NGO	Non-governmental Organisation
NHI	National Health Insurance
NSSS	National Social Security System
PHI	Policyholders' Interest committee
POPI	Protection of Personal Information Bill (proposed)
PPP	Public Private Partnership
PRI	Principles for Responsible Investment
RSA	Republic of South Africa
SEB	Sanlam Employee Benefits
SEM	Sanlam Emerging Markets
SIIP	Sanlam International Investment Partners
SIM	Sanlam Investment Management
SME	Small to medium enterprises
SMF	Sustainability Management Framework
SPE	Sanlam Private Equity
SPF	Sanlam Personal Finance
SPI	Sanlam Private Investments
SPAB	Sanlam Provincial Advisory Board
SRI	Socially Responsible Investment
TCF	Treating Customers Fairly legislation
UB	Ubuntu-Botho (empowerment partner)
UK	United Kingdom

GRI	Global Reporting Initiative
HCT	Human Capital Transformation
HIV	Human Immunodeficiency Virus
HR	Human Resources
IMN	Information Management Network
ISO	International Organization for Standardization
IT	Information Technology
ITISS	Information Technology Infrastructure Shared Services

UN PRI	United Nations Principles for Responsible Investment
UNGC	United Nations Global Compact
USA	United States of America
USB	University of Stellenbosch Business School
VoC	Voice of the Customer
WBCSD	World Business Council for Sustainable Development
WRI	World Resources Institute
WWF	World Wide Fund for Nature