

Sanlam Ltd

UN Global Compact Communication on Progress (COP) 2010

We engage in this, our first Communication of Progress (COP) against the principles of the UN Global Compact, with a deep sense of accountability and transparency and with an unwavering commitment to continuous improvement against the principles.

The Sanlam Group is a leading financial services group, established in 1918, with its head office in Bellville, near Cape Town in South Africa.

We have offices throughout South Africa, and also have business interests elsewhere in Africa, Europe, India and Australia.

Our vision is to be leader in wealth creation and protection in South Africa, leading that process in the emerging markets and playing a niche role in the developed markets.

We provide financial solutions to individual and institutional clients. These solutions include individual, group and short-term insurance, personal financial services such as estate planning, trusts, wills, personal loans, health management, savings and linked products, business fitness assessments and insurance investment management, asset management, property asset management, stockbroking, employee benefits, risk management and capital market activities.

From a life insurance company with our establishment in 1918, we have, in short, grown to a diversified one-stop financial services group, offering our clients a journey for life for their financial needs.

Our shared business philosophy has its roots in an entrepreneurial culture with its essence in traditional values of honest, diligence, superior ethical behaviour, innovation, stakeholder values and strong ties with business partners. Our business model is focused on client-centricity and on being solution orientated.

CEO statement

Sanlam's robust business model and the prudent manner in which we oversee and manage our risks are evidence of our responsible approach to business. However, our responsibility to deliver against the expectations of all our stakeholders extends far beyond a need for returns that can be measured in rands and cents.

We believe our sage and sober corporate governance, our commitment to do business in a responsible manner that neither exploits nor harms the human rights of others, that considers fair and responsible labour practices, is kind to the environment and resists any form or manner of corruption form the bedrock of our current and future sustainability as a business.

These are the elements that extend Sanlam's value proposition to its stakeholders beyond just that of economic value.

Based on this holistic approach to business, Sanlam has over the last number of years been putting in place a number of strategies to ensure that it remains a successful and responsible enterprise for many years to come.

Our actions and approaches in this regard are strongly informed by Sanlam's proud association with the United Nations Global Compact. Our experience with and commitment to the principles of the UN Global Compact are firmly rooted in the knowledge that as a business we can and do make a difference to the lives of people.

We realise that we influence our business partners, clients and associates through our approach to business and ethical practices – whether through the manner in which we employ our people, to our actions and concern for the environment or the spirit with which we endeavour to uplift and improve the lives of communities with which we do business.

As a signatory to the UN Global Compact, our continued commitment to and association with universally accepted principles in areas such as labour, environment and anti-corruption will ensure that we stay focused on our journey to ever-improving good corporate citizenship. These principles are incorporated and expanded upon in our 2009 sustainability-related reporting against the GRI reporting guidelines.

Our approach starts at a leadership level: our Board Sustainability Committee provides oversight and direction on environmental, social and transformational issues, and our Group CEO is personally committed to providing leadership in this regard.

The Sanlam Board recognizes that a holistic approach to sustainable shareholder value is imperative and we acknowledge that economic value cannot be created in a vacuum.

We also have a dedicated sustainability department within our Corporate Affairs division to help drive our sustainability actions in the businesses, to report on these issues, and to identify new ways of thinking and of doing in this crucial space.

While our success in delivering value for our stakeholders has undoubtedly been the result of Sanlam's robust business strategy, we continue to raise the bar on a business model designed for sustainable growth, investment in our country's social and economic fabric, the transformation of our employee base, the development of ethical products that serve the needs of our diverse client base and management of our environmental impact.

We are confident of our ability to continue delivering results in these areas and to entrench sustainable business practices into the core fibre of Sanlam's business. We invite our stakeholders to read about what we are doing to grow as a responsible organisation, to challenge us constructively where you think we are falling short, and to encourage us where you think we are doing well.

Our 2009 Group Annual Report:

http://www.financialresults.co.za/2010/sanlam_ar2009/index.htm

and Sustainability Report:

http://www.sanlam.co.za/wps/wcm/connect/sanlam_en/Sanlam/Sustainability+Report+2009

offer detailed information in relation to our commitments, the systems and processes that we have implemented to ensure that they are realised, and the activities in which we have engaged to prove that we have and are continuing to live up to those commitments.

The purpose of the executive summary below is four-fold:

1. It aims to highlight some of the progress we've made against the UN Global Compact principles.
2. It describes our approach to communicating and interacting with our stakeholders.
3. It sets out our commitment to codes and standards of measurement and compliance.
4. It offers a summary and key insights into Sanlam's commitments and actions in relation to some of the UN Global Compact principles.

Progress & highlights against principles of the UN Global Compact for 2009

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| <p>Ensuring a sustainable business journey</p> <p>(Labour, Environment & Anti-Corruption)</p> | <ul style="list-style-type: none"> ➤ During 2009, we placed greater emphasis on our management of sustainability by conducting a comprehensive and strategic review of our approach to sustainability and by putting several new plans and structures in place – including a new Sustainability Management department business plan, a Group Sustainability Forum and an Environmental Committee. ➤ We conducted a thorough gap analysis of our current approach to corporate governance relative to King III and identified specific actions we need to take to implement its recommendations during 2010. ➤ During 2008 and 2009, a Sanlam representative worked as part of a global task force of the UN Global Compact Working Group on the 10th Principle to develop reporting guidelines for companies committed to combating corruption. ➤ Sanlam was listed on the JSE Social Responsibility Index (SRI) for the sixth consecutive year in 2009, and was named as one of the best performers in the low-impact category. |
| <p>Investing in society and communities</p> <p>(Human Rights, Labour & Environment)</p> | <ul style="list-style-type: none"> ➤ During 2009, Sanlam contributed R2.829 billion (2008: R946 million) to the South African government by way of various state taxes and levies. ➤ Black economic ownership of Sanlam amounted to 23.59% at the end of 2008 (versus the legislated Department of Trade & Industry target percentage of 25%). The 2009 figure will only be available against final verification of our empowerment partner, Ubuntu Botho, but we do not expect this percentage to have changed materially. ➤ Over R17 million of our Group sponsorship budget was spent on initiatives that played a direct role in improving the lives of needy South Africans. ➤ We spent over R19 million on a range of CSI projects in the areas of education, entrepreneurial and skills development and environmental protection. |
| <p>Offering employees a compelling value proposition</p> | <ul style="list-style-type: none"> ➤ During 2009, we paid R3.994 billion (2008: R3.653 billion) to our employees and directors as salaries and other employee benefits. ➤ Most of our business units – including Sanlam Group Office, Sanlam Developing |

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| (Labour) | <p>Markets, Sanlam Employee Benefits and 16 Sanlam Personal Finance business units – achieved accreditation from the international ‘Investors in People’ Standard for the period 2009-2012.</p> <ul style="list-style-type: none"> ➤ Further progress in transforming and diversifying our workplace was reflected in the fact that about 56% (2008: 53%) of our total Group staff were black people and 57% (2008: 56%) of our staff complement were female. ➤ We spent approximately R73 million (2008: R88 million) on developing our staff through a range of training programmes during 2009, of which R25 million was for training programmes aimed exclusively at black employees. ➤ Approximately 10% of all Sanlam employees made use of our comprehensive Employee Assistance Programme (EAP) during the year. |
| Providing financial products responsibly (Human Rights, Labour, Environment) | <ul style="list-style-type: none"> ➤ We continued to participate in discussions – directly with Government and through other forums – in order to help formulate the principles that will support the proposed National Social Security System (NSSS). ➤ We spent over R5 million on a range of consumer education and financial literacy projects, including the Sanlam Kaya FM Consumer Education programme, our Sunshine Street radio campaign, SASI’s Teach Children to Save campaign, the Cobalt Financial Literacy campaign and the University of Fort Hare Financial Literacy project. |
| Ensuring responsible investment (Labour, human rights, environment) | <ul style="list-style-type: none"> ➤ Our investment business unit – Sanlam Investment Management – continued to be a signatory to the UN-PRI and took part in the UN-PRI’s annual reporting and assessment. We started finding ways to bring socially responsible investment criteria into our mainstream investment thinking. ➤ Sanlam Investment Management (SIM) launched two Socially Responsible Index (SRI) funds for investors, namely the SIM SRI Equity Fund and the SIM Development portfolio, and provided seed capital for the Africa Sustainability Fund. |
| Choosing business partners responsibly (Human rights, environment) | <ul style="list-style-type: none"> ➤ During 2009, we spent R2.471 billion (2008: R2.745 billion) with suppliers and business partners in the procurement of goods and services. ➤ We spent 41.56% of all qualifying expenditure with Black Economic Empowered (BEE)-accredited suppliers. |
| Protecting our biophysical environment (Environment) | <ul style="list-style-type: none"> ➤ Sanlam continued our mutually beneficial long-term relationship with the World Wide Fund for Nature South Africa (WWF-SA), through which WWF-SA helped us with our environmental target-setting and measurement, and with redrafting our Environmental Policy. ➤ We established an Environmental Committee to direct and guide a more comprehensive approach to environmental sustainability within the Sanlam Group. ➤ We piloted an electronic ‘Environmental Dashboard’ to monitor our ongoing progress against carbon footprint targets, and plan to expand this tool in 2010 to incorporate other internal environmental targets. ➤ For the second consecutive year, during 2009 we again declared our carbon footprint publicly by submitting our 2008 data to the CDP. ➤ For the third consecutive year, we reported on our carbon footprint across the Group. ➤ In the lead-up to 2009’s important Copenhagen climate change talks, we joined over 800 global businesses in signing the Copenhagen Communiqué, through which global business called for an ambitious, robust, credible and equitable deal. ➤ We contributed R3 million to WWF-SA’s Living Waters Unit, which focuses on projects that help maintain healthy marine and freshwater ecosystems. |

Our commitment to codes and standards

On an ongoing basis, Sanlam uses a number of internationally- and locally-recognised standards and criteria to underpin how we manage and report on environmental, social and governance issues, including the following:

- *King Reports on Corporate Governance* – During 2009 we adhered in all material respects to the principles and recommendations contained in the King II Code (2002) on Corporate Governance, as more fully described in the section on corporate governance in our 2009 Annual Report. We also conducted a gap-analysis against the recommendations of the new King III Code (which takes effect in March 2010), and will strive to follow its recommendations where they differ materially from our current practices, during the course of 2010. Our analysis, however, showed that we are compliant with the majority of the King III recommendations.
- *JSE SRI Index* – Each year Sanlam is assessed in terms of the SRI Index review process, based on our public reporting of environmental, social and governance (ESG) issues. We are also asked to participate actively in this review process by responding to various information requests by the JSE.
- *dti Codes and FSC Charter* – In recent years, the Financial Sector Charter (FSC) and the dti Codes of Good Practice have informed our transformation approach and the targets we have set for ourselves to achieve social and economic equality and spur transformation. During 2009, we developed a ‘BEE Dashboard’ to help us measure and monitor our ongoing progress against the relevant industry targets. We also commission annual third-party verification of our broad-based transformation data to certify our progress.
- *United Nations Global Compact* – Sanlam, as is a signatory to the United Nations Global Compact, is committed to aligning our operations and strategies with ten universally-accepted principles in the areas of human rights, labour, the environment and anti-corruption, and to submit a periodic ‘Communication on Progress’ (COP) in this regard.

At the invitation of the Global Compact, Transparency International chaired a task force consisting of businesses, NGOs and anti-corruption experts to develop reporting guidelines that will equip businesses with a practical means to report on anti-corruption policies and actions comprehensively and effectively. The draft guidelines developed by the task force during 2008 and 2009 were successfully field tested by 19 organisations around the world, and every organisation reported that the guidelines would help them in implementing anti-corruption practices. The final guidelines were published in December 2009 and are the most succinct, practical guide currently available to what anti-corruption aspects companies should report on.

- *GRI G3 Reporting* – Our sustainability actions and reporting are informed by the Global Reporting Initiative’s G3 reporting guidelines. We are self-declared level-B compliant, based on the information in our 2009 Sustainability report, together with information in various substantiating documents, the relevant sections of our Annual Report 2009, and other parts of the Sanlam website.
- *Carbon Disclosure Project* – We commission an annual carbon footprint assessment and contribute to the Carbon Disclosure Project each year, through which we report publicly on our direct and indirect contributions to greenhouse gas emissions.
- *UN PRI* – Through our investment arm, Sanlam Investment Managers, we are a signatory to the United Nations Principles for Responsible Investment, which commits us to start considering social and environmental criteria in our investment analysis and decision-making processes.
- *Energy Efficiency Accord* – Sanlam was one of the first corporate signatories (in May 2005) to South Africa’s Energy Efficiency Accord, which commits us to a targeted reduction of our fossil fuel-based energy consumption.

Our stakeholders

In a world of almost instantaneous information and broad-based interest in the affairs of companies, traditional forms of interacting with company stakeholders are no longer sufficient. Today, deeper engagement and with a far broader range of stakeholders is a crucial aspect of successful and sustainable business.

We strive to be a leader in transparent, open and clear communications with all our stakeholders. We seek always to engage with all relevant stakeholder groups in order to ensure transparency, accountability and long-term relationship building. We recognise the importance of disseminating accurate information to all Sanlam stakeholders and welcome open dialogue with all parties with whom we do business.

We categorise our stakeholders into the following distinct groups:

- *Authorisers*: Sanlam Board, shareholders, industry regulators and government bodies
- *Influencers*: Industry associations, NGOs, NPOs and communities
- *Business partners*: Employees and suppliers
- *Customers*: Policyholders and investment clients

How we interact with our stakeholders

Our stakeholders influence the way we do business, most obviously through the evolution of our financial services offering. Similarly, with regard to sustainability management, the most material issues we deal with are a result of engagement with our stakeholders. This engagement is not one-way communication, but constructive, partnership-based engagement.

Some of the more salient ways in which we engage with our stakeholders include the following:

- Our senior executives and investor relations department conduct twice-yearly comprehensive global roadshows following the release of the group’s financial

results, as well as attend numerous other local and international investor conferences on an ad hoc basis. They also make themselves available for one-on-one interviews with shareholders and investors, which gives these stakeholders the opportunity to influence critical business decisions.

- Based on our broad-based black economic empowerment partnership, we work closely with our *Ubuntu Botho* empowerment partners to help us develop more socially-responsible business solutions and to broaden our customer base.
- We are working alongside the National Treasury, the Financial Services Board and NEDLAC in order to contribute to the formulation of the principles that will support the proposed National Social Security Scheme, which aims to pull all South Africans into the security of the basic income and pension fund net.
- We conduct annual employee satisfaction surveys, bi-annual ethical climate studies and have employment equity forums, which gives our employees the opportunity to influence our employment policies and practices.
- Queries and complaints from clients through internal and external channels influence the company's product and services offering.
- Through our reciprocal relationship with WWF-SA, that organisation gives us advice on our environmental management while we support some of its key environmental projects.

Sanlam's key stakeholder engagement methods

| <i>Stakeholder group</i> | <i>Specific stakeholders</i> | <i>Examples of engagement methods</i> |
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| Authorisers | Shareholders/Investors | <p><i>There is ongoing interaction between our senior executives and shareholders and investors through our:</i></p> <ul style="list-style-type: none"> - <i>Investor Relations Department</i> - <i>Annual General Meeting and Annual Report</i> - <i>Shareholder national and international road-shows</i> - <i>Investor presentations and global financial results road-shows (twice per year)</i> - <i>Analyst/Investor Days (once per year)</i> - <i>One-on-one meetings between investors and senior Group executives</i> - <i>Investor Perception Audits conducted on our behalf by a third party (Brunswick, in 2008)</i> |
| | Regulatory bodies | <p><i>We cooperate with a wide range of regulatory bodies to help shape industry policy and improve industry-wide practices and oversight mechanisms, through:</i></p> <ul style="list-style-type: none"> - <i>Advisory groups</i> - <i>Task forces</i> - <i>Commissions of enquiry</i> <p><i>Towards the end of 2009, we began the process of establishing a dedicated Group Policy Unit, whose areas of focus will specifically include engaging with regulatory bodies and representing our position on policy-related debates and forums.</i></p> |
| | Government | <p><i>We cooperate with government advisory groups on an ongoing basis to help shape public policy – such as on the formulation of the principles for the proposed new National Social Security Scheme. Our recently-established Group Policy Unit will focus our relationship with government, specifically engaging government on social security and retirement reform, BEE, labour policies, trade policy, competition policy, and other policy and regulatory matters. Sanlam also forms part of the business sector delegation at the National Anti-Corruption Forum (NACF) where government, business and civil society engage in anti-corruption initiatives.</i></p> |
| Influencers | NGOs & universities | <p><i>We have long-term partnerships with a number of credible NGO's, such as the World Wide Fund for Nature South Africa (WWF), and universities, such as Nelson Mandela Metropolitan University, University of Cape Town and University of the Western Cape</i></p> |

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| | Industry associations | <p>We contribute actively to the development and implementation of key regulations that affect the industry through various industry associations:</p> <ul style="list-style-type: none"> - Association for Savings and Investments (ASISA) (of which our Group Chief Executive is the current Chairman) - Nedlac - Business Unity SA (BUSA) - National Business Initiative (NBI) <p>Our newly-established Group Policy Analysis Unit will present our views and represent our position at various policy debates and initiatives driven by these forums.</p> |
| | Communities | <p>We engage with various community groups through:</p> <ul style="list-style-type: none"> - Our community-based sponsorship initiatives. - Our CSI department and the many CSI projects that we support - The Ubuntu-Botho Community Development Trust, which invests in developmental projects for the benefit of impoverished communities |
| Business partners | BEE partners | <p>We have regular contact with our Ubuntu-Botho empowerment partners and consult them about appropriate financial solutions for the emerging market through:</p> <ul style="list-style-type: none"> - Our Market Development Executive and Group Account Manager: Ubuntu-Botho, who plays a co-ordination role with the empowerment group - The Sanlam/Ubuntu-Botho Provincial Advisory Boards that operate in each province, acts as a cross-selling platform - A Shareholder National Road-show at which Sanlam business units are given the opportunity to share their new products and opportunities with Ubuntu-Botho and other stakeholders - The Sanlam/Ubuntu-Botho Annual Conference, which aims to identify a series of actions to ensure that the relationship continues to work well - The Umoja Electronic Newsletter, distributed bi-monthly, which provides shareholders with an update on Sanlam's business activities and share notifications |
| | Employees | <p>We communicate regularly with our employees and assess our employment climate through:</p> <ul style="list-style-type: none"> - Six-monthly employee performance review and appraisal sessions - Bi-monthly 'Headway' communication and other communiqués from the Group Chief Executive - Regular executive management feedback sessions - Monthly Sandaba internal newsletter - Regular interaction and management tools via the Intranet - Annual employee satisfaction/climate surveys - Bi-annual ethical climate studies and ethical risk assessments by an independent service provider |
| | Intermediary sales agents/brokers | <p>We communicate regularly with and receive feedback from our intermediaries via:</p> <ul style="list-style-type: none"> - Our network of Broker Consultants, who maintain regular contact with all Sanlam-accredited brokers - 'Tempo', our monthly product-focused newsletter for intermediaries - Distribution Bulletin Board, a weekly electronic newsletter - Regular broker forums, seminars and awards programmes |
| | Retirement fund trustees | <p>We communicate with and receive feedback from our pension fund trustees through a number of mechanisms, including:</p> <ul style="list-style-type: none"> - 'Insight', our monthly newsletter for pension fund trustees - Trustee training sessions for pension fund trustees |
| | Suppliers | <p>We conduct annual supplier workshops and prescribe certain BEE criteria in our Sanlam procurement policies</p> |
| Customers | Policyholders and investment clients | <p>We communicate, interact with, and receive feedback from our clients on an ongoing basis through:</p> <ul style="list-style-type: none"> - Our network of field force advisers - Regular correspondence, newsletters and our website - Customer feedback mechanisms such as our customer service department and client contact centres - Invitations to attend our financial results presentations - Our Internal Ombudsman - Customer satisfaction surveys |

Regulatory bodies and Industry Associations with which Sanlam engages

| <i>Regulator</i> | <i>Description of engagement</i> |
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| Association for Savings and Investment in SA (ASISA) | ASISA represents the majority of South Africa's life insurance companies, asset managers, collective investment scheme management companies, linked investment service providers and multi-managers. The members of ASISA have mandated this association to pro-actively engage with the policymaker and regulator, as well as intermediaries and consumers on regulatory and other important issues of common concern. Sanlam is a member of ASISA and our Group Chief Executive is its current Chairman. |
| Business Unity South Africa (BUSA) | BUSA represents South African business on macro-economic and high-level issues that affect it at the national and international levels. Its function is to ensure that business plays a constructive role in the country's economic growth, development and transformation and to create an environment in which businesses of all sizes and in all sectors can thrive, expand and be competitive. |
| Department of Labour (DoL) | The Department of Labour publishes legislation that regulates labour practices and activities, and helps to reduce unemployment, poverty and inequality through a set of policies and programmes developed in consultation with its South African stakeholders. |
| Department of Trade and Industry (dti) | The dti develops and implements national policies, legislation and regulations for consumer protection, enabling consumers to exercise their rights, enforcing business compliance with legislation, and facilitating the development of good business practices. To this end the dti has sponsored key pieces of legislation, including the National Credit Act, the Companies Bill and the Draft Consumer Protection Bill. |
| FAIS Ombudsman | The FAIS Ombud considers and addresses complaints by clients against financial services providers in terms of the FAIS Act. Sanlam interacts regularly with the FAIS Ombud to ensure effective resolution of advice-related complaints. |
| Financial Intelligence Centre (FIC) | The primary objective of the FIC is to identify the proceeds of unlawful activities and to combat money laundering. Information obtained is shared with similar bodies in other countries, as well as with investigating authorities in South Africa. Compliance with money laundering control legislation is monitored by the FIC, which also provides guidance to accountable institutions and supervisory bodies. |
| Financial Services Board (FSB) | The FSB regulates the non-banking aspects of the financial services industry, including financial advisory and intermediary services, insurance, retirement funds and collective investment schemes. |
| Insurance Sector Education Training Authority (INSETA) | INSETA promotes and enables quality skills development in the insurance sector through funding education and training in South Africa to meet the national skills agenda, thereby contributing to transformation in the sector. For this purpose, Sanlam pays regular skills development levies to INSETA. |
| National Business Initiative (NBI) | The National Business Initiative (NBI) is a voluntary group of leading national and multi-national companies, working together towards sustainable growth and development in South Africa through partnerships, practical programmes and policy engagement. Sanlam is a member of the NBI. |
| National Credit Regulator (NCR) | The NCR was established under the National Credit Act and is responsible for the regulation of the South African credit industry. It is tasked with carrying out education, research, policy development, registration, investigation of complaints, and enforcing the Act. |
| National Treasury (NT) | The NT is responsible for financial and fiscal policy in South Africa. In particular, it plays a critical role in developing the proposed national retirement fund reforms. Sanlam is contributing to the formulation of the principles underlying the proposed National Social Security System. |

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| Ombudsman for Long Term Insurance | This office mediates in disputes between insurers and policyholders. Sanlam liaises and cooperates with the Long-term Insurance Ombudsman and his office in order to maintain relationships, ensure ongoing communication, and facilitate the effective resolution of complaints. |
| Pensions Fund Adjudicator (PFA) | The office of the Pension Funds Adjudicator was established to investigate and adjudicate on complaints in terms of the Pension Funds Act. Sanlam interacts regularly with the PFA to ensure effective resolution of pension fund-related complaints. |
| Stock exchanges | Sanlam is listed on the Johannesburg Stock Exchange Limited (JSE) and on the Windhoek Stock Exchange. We abide by the Codes of Conduct of these exchanges, which includes best execution practices and 'fit and proper' requirements. |
| South African Reserve Bank | The SARB is the key custodian for financial stability in the economy, the supervisor to the payments system, the custodian of foreign exchange regulations, and plays a key policy role for the pricing of capital in the economy through the setting of official interest rates. These determine the underlying confidence, efficiency and sustainability of the financial system, the financial sector and the real economy, which have a direct impact on Sanlam's business. |

HUMAN RIGHTS & LABOUR:

Transformation of our society

In South Africa's still-transforming society, our business can only become sustainable if it plays its part to ensure that the socio-economic circumstances of *all* our country's people improve significantly. If our society remains fractious and un-integrated, our business cannot prosper in the long term. Conversely, our positive contribution to elevating the socio-economic circumstance of broader society stimulates virtuous cycles of supply and demand, so cultivating a more robust business environment.

We have, therefore, committed ourselves to a wide range of initiatives that contribute to developing a more equal economic landscape and reducing poverty in broader society. We do so by striving to:

- Transform our organisation so that it is fully integrated into the society in which we operate, as well as to be in line with the requirements of the dti Codes of Good Practice and the principles of the Financial Sector Charter.
- Diversify the ownership, management and control of our Group so that these represent our country's demographic and socio-economic composition more equitably.
- Provide appropriate finance for promising third-party empowerment transactions and for projects that support the development of our country's infrastructure.
- Spend money on a range of sponsorships, which, although they have a commercial agenda, also focus on the development of our country's people.
- Make grants and invest in CSI projects that support under-privileged communities, socio-economic development, and our fragile biophysical environment.

In a national context where Black Economic Empowerment (BEE) is a guiding imperative, transforming our employee demographics and developing an equitable workplace is a business priority for Sanlam. We recognise that our continued sustainable growth and competitive advantage rests on creating an equitable working

environment where the diversity of all employees is valued and the dignity of individuals is respected. A more demographically representative employee base also helps position us better for entry into non-traditional Sanlam markets, thereby broadening our offering to a wider range of the South African public.

Our employment equity objectives are, therefore:

- To address our current staff composition at all occupational levels and categories within Sanlam by means of critical mass targets, which are intended to facilitate an equitable representation and utilisation of human resources.
- To ensure that our staff composition is such that the company is able to serve its continuously changing client base effectively with due regard for its diversity. This will promote accountability for and responsibility in respect of the needs of communities.
- To implement initiatives for the accelerated education, training and development of historically disadvantaged groups in order to improve their existing skills base and career advancement opportunities.

Investing in our communities

An important part of making our country sustainable – and therefore of ensuring a stable and prosperous environment in which to do business – is to help foster more equitable participation in the economy and to elevate the socio-economic circumstances of millions of impoverished people in our society.

Two ways in which we have the resources and the expertise to do so are by:

- Providing BEE transaction financing to help fund the productive and sustainable participation of black companies and black people in our economy.
- Funding certain targeted investment areas (for example, physical infrastructure) that will provide socio-economic benefits and support development in under-served, under-privileged regions of the country.

Focusing on workplace transformation and diversity

In a national context where BEE is a guiding imperative, transforming our employee demographics and developing an equitable workplace is a business priority for Sanlam. We recognise that our continued sustainable growth and competitive advantage rests on creating an equitable working environment where the diversity of all employees is valued and the dignity of individuals is respected. A more demographically representative employee base also helps position us better for entry into non-traditional Sanlam markets, thereby broadening our offering to a wider range of the South African public.

In response to the regulatory environment, Sanlam's Employment Equity Strategy and Plans are closely aligned to the requirements of the Department of Labour and the dti. But more than this, developing an engaged, transformed and diversified workforce is a core component of our business strategy. We aim to transform into the leading South African financial services company that ensures equal opportunities for all our staff members, and where diversity enhances our productivity and is valued for its contribution to innovative thinking.

Our new Human Capital Transformation Strategy is based on our organisation's traditional values of ethical behaviour and respect, together with a number of key principles:

- Creating an enabling working environment that is conducive to attracting, developing and retaining the skilled people with a specific focus on the designated groups.
- Advancing an organisational culture that appreciates diversity and inclusiveness.
- Encouraging consistency and integrity in all management and HR practices.
- Promoting proactive forward thinking in addressing EE and skills development.
- Allowing for flexibility and adaptability in line with the changing business environment.
- Supporting, monitoring and evaluating the delivery of all processes and structures necessary for the implementation of transformation.

Offering skills development and career progression

Maintaining a sustainable business requires ongoing training of our people, ensuring that the correct skills are in place to be innovative and responsive. We focus continuously on uplifting the educational levels and job-specific skills of Sanlam employees.

We offer a broad approach to increasing the availability of skills across the company, as well as programmes that specifically address the development of black staff members. The dti Codes set targets for both skills development and employment equity and these elements are inextricably linked, particularly in a business such as ours, which requires specialised skills.

Employee retention is another key sustainability indicator for Sanlam. This is improved through motivating employees by equipping them to do their jobs well, as well as through effective succession planning. Low turnover and highly skilled employees contribute to Sanlam's excellent persistence figures in the market, as customers learn they can trust Sanlam's people.

Our Group Learning Forum includes representatives of all Sanlam's businesses. It is here that overarching strategic initiatives are discussed, and it is also a space to identify potential service providers and make decisions on efficient procurement.

Skills development at Sanlam is an integrated management process with shared accountability for training and development between management and the individual employee. Each employee has a negotiated training and development plan that is reviewed periodically, and each business unit has a specific skills development plan based on its business strategy and requirements. These initiatives are implemented to address shortages, which range from general business skills to highly specialised investment skills.

HUMAN RIGHTS, LABOUR & ENVIRONMENT

Investing in more responsible ways

Globally, we have already seen growing awareness and support for socially responsible investing (SRI) because investors increasingly recognise that if companies manage these risks better they will be much more sustainable and ultimately better investments, in the long run.

One particular development that suggests SRI is becoming an important investment consideration for asset managers and institutions are the growing number of signatories to the United Nations Principles for Responsible Investment (PRI). These principles encourage custodians of assets to fully integrate environmental, social and governance (ESG) issues into their investment and ownership decision-making.

Sanlam occupies a powerful position in the economy through our assets under management. The way we invest these assets can have a tremendous effect on the sustainability of the larger economic system. While our primary goal is to protect and grow the wealth of our policyholders, investors and shareholders, we also recognise that we need to begin taking account of social and environmental issues within our investment portfolios.

Through our investment subsidiary, Sanlam Investment Managers (SIM), we committed ourselves to the socially responsible investment path by becoming a signatory to the UN's PRI two years' ago. This was our first step in getting our investment team to engage with ESG issues in a more structured manner.

The principles to which we have committed are voluntary, aspirational and incremental.

As a signatory to the six UN Principles for Responsible Investment, we have undertaken that we will begin taking steps, and report on the progress we are making, to:

- Incorporate ESG issues into our investment analysis and decision-making processes,
- Be active owners and incorporate ESG issues into our ownership policies and practices,
- Seek appropriate disclosure on ESG issues by the entities in which we invest,
- Promote acceptance and implementation of the Principles within the investment industry,
- Work together to enhance our effectiveness in implementing the Principles,
- Report on our activities and progress towards implementing the Principles.

They are not prescriptive, but instead provide a menu of possible actions for us to take in order to begin incorporating ESG issues into our investment decision-making and ownership practices. On an ongoing basis we are formulating ways to address the Principles incrementally.

Influencing our supply chain

Businesses form part of complex supply chains that contribute to the social and environmental impact of all products and services. In fact, each company's environmental and social footprint is relatively small compared to the cumulative footprint implicit in the products and services it produces. Consequently, environmental and social practices throughout the supply chain determine the size of each company's overall footprint.

Around the world corporations are, therefore, being called on to bring the persuasive power of their purchasing to bear in order to influence the operating practices of those who supply them. In addition, in a South African context, companies are being encouraged to support the growth and development of black enterprise by ensuring that a significant proportion of their purchase of goods and services is allocated to black suppliers.

At Sanlam we acknowledge that our economic, social and environmental impacts extend beyond our own direct operations, and include the actions and products of those suppliers and contractors with whom we do business. We also recognise that our influence on our supply chain can be a powerful driver of change. To this end, we have started to:

- Procure as many of our goods and services as possible from BEE-accredited and previously disadvantaged suppliers as one way to promote more widespread inclusion in the South African economy.
- Consider how best we can begin to take account of ESG issues at those companies within our supply chain, and how we can begin to incorporate these factors into our procurement decisions.

ENVIRONMENT

Protecting our environment

In an era of rapidly growing concern about the health of our planet, companies can no longer treat our biophysical environment as an externality: we must all begin paying for the costs of our environmental impact and find innovative ways to minimise our resource use and the future impact of our operations. The risk of not doing so is an unsustainable future for all of humankind. On the other hand, responsible resource use presents the opportunity for significant operational cost savings, and a commitment to sound environmental stewardship offers the reputation benefits of becoming a truly sustainable brand.

We recognise that although Sanlam is a so-called 'low-impact' business, our operations nevertheless have far-reaching environmental consequences – through the carbon we emit (directly and indirectly), the resources we consume, the waste we produce, the properties we own and occupy, the people we employ, and the suppliers with whom we choose to do business. We therefore have a responsibility to minimise these impacts and have commenced with efforts to do so by:

- Committing to managing our direct and indirect environmental impacts responsibly and to supporting a number of key environmental initiatives.

- Assessing and reporting on our carbon footprint and signing up to the Carbon Disclosure Project.
- Measuring our energy, water and materials consumption and exploring efficiency measures to reduce this consumption.

We also recognise that we have secondary environmental impacts that arise from:

- The portfolio of investment properties that we own (although we do not occupy all these buildings).
- The businesses that we back through our financing and investment activities.
- The suppliers we support through our procurement activities.

We therefore also have a crucial role to play in influencing behaviour through responsible investing and responsible supply chain management.

Committing to responsible environmental stewardship

As a long-term insurance company, we are acutely aware of the risks that climate change, water shortages, land degradation, pollution and other challenges thrown up by unmanaged consumption of environmental capital will pose to all businesses and individuals in the future. It is likely that organisations will be forced to function under conditions where seemingly limitless resources become increasingly scarce and ‘acts of god’ become more frequent and intense. The impacts on developing countries are expected to be particularly harsh.

The risks are not only the physical threats of operational disruption – there are also regulatory, fiscal, competitive, reputational and insurance-related risks. And the costs of doing business are likely to increase considerably, unless we can all learn to manage our natural resources consumption more efficiently and find new ways of doing business.

Companies that take positive and proactive steps to engage with these issues will be rewarded, reputationally and, potentially, financially. For example, South Africa’s draft Taxation Laws Amendment Bill 2009 proposes an incentive for any business that takes part in a UN Clean Development Mechanism (CDM) project, which would exempt the revenue from the sale of carbon credits from income tax.

So, while our environmental strategy does ‘start at home’, Sanlam has a far broader view of how our interaction with and influence on the biophysical environment is important to our business.

Our approach and actions

This year we established an Environment Committee to direct and guide a more comprehensive approach to environmental sustainability within Sanlam, and to create internal ambassadors for environmental sustainability. We believe this has prepared the ground for us to engage more deeply with our business units on environmental issues in the year ahead.

In this, Sanlam took expert advice, engaging with the World Wide Fund for Nature (WWF) on a consultancy basis throughout the year on the back of our Living Waters

partnership with WWF. Through this partnership, WWF helped us mainly with our environmental target setting and measurement, as well as with the re-drafting of our Environmental Policy.

During 2009 we began developing this new Environmental Policy, driven by a real sense of urgency and a deep understanding of our duty towards future generations. The policy is currently in draft form and will be finalised during 2010. The draft draws on best practice principles embedded in the King III Code on Corporate Governance, the Johannesburg Stock Exchange's Social Responsibility Index, the Carbon Disclosure Project, the United Nations Millennium Development Goals, the United Nations Global Compact and the United Nations Principles of Responsible Investing (UN PRI).

As a signatory to the United Nations Global Compact, we are committed to addressing three universally-accepted principles related to the environment: supporting a precautionary approach to environmental challenges; undertaking initiatives to promote greater environmental responsibility; and encouraging the development and diffusion of environmentally-friendly technologies. Our investment business unit (Sanlam Investment Management) is a signatory to the UN-PRI, which holds us to begin considering ESG issues in our investment decisions and to reporting what we have done each year to the PRI.

We have also committed to reduction targets for our energy and water consumption and waste generation, and we will continue to run periodic awareness raising among staff. We see it as our duty to educate and advise our clients, employees and third parties on environmental management and the role they personally should play, in their own day-to-day work, by selecting responsible business partners and in their personal lives. We also aim to develop products that will meet our clients' needs in a future that will be defined by the sustainable management of environmental capital.

In addition to partnering with our short-term subsidiary, Santam, on an industry-wide Ecocentric Journey initiative, we have started to engage and co-operate much more closely with our short-term business arm to leverage internal employee-focused environmental education opportunities across both businesses.

The Sanlam Environmental Committee

A new facet to our environmental governance in 2009 is the dedicated Environmental Committee. This consists of members of the Sustainability Committee, various individuals from across the Group who are positioned to champion the environmental sustainability strategy within our businesses, and representatives from the World Wide Fund for Nature. The Committee meets quarterly, following the Sustainability Board Committee meetings, with working group sessions scheduled as necessary.

The Environmental Committee ensures that Sanlam is meeting the requirements of 'best practice' in the sustainability space and participates in the process that will strategically position Sanlam as a leading diversified financial services company in South Africa when it comes to environmental responsibility. As well as reporting on progress against targets, among the Committee's practical objectives is to create an appetite for environmental stewardship as a value system within the Sanlam Group

and to understand and implement investment decision-making based on environmental criteria.

Adaptation Response Programme to Climate Change Impacts

With the Copenhagen Conference as a major environmental touch point in 2009, the Environmental Committee considered climate change and how we should begin to address the associated risks at Sanlam. The following objectives were agreed upon:

- Understand the potential impacts of climate change in the life insurance industry,
- Gain insight into the current adaptation steps undertaken in the life insurance industry globally,
- Establish key climate risks to our business and prepare for these risks,
- Establish a plan to address and mitigate these risks,
- Become a business leader in South Africa by addressing adaptation to climate change and climate variability,
- Be responsible to Sanlam's higher risk clients (in a climate change scenario),
- Increase our market share through innovation.

Our performance

We have made significant strides in formally entrenching environmental issues on the Sanlam agenda during 2009, evidenced by the governance structures that have been officially established this year and the innovative new projects, such as Blue Space, that we've initiated. With Santam's Ecocentric Journey conference, held at Sanlam headquarters in September 2009, we also made a very public statement about our intention to take the lead in environmental sustainability within the assurance space.

Case study 1: Our Environmental dashboard

During 2009 we developed the Sanlam Environmental Dashboard to keep track of our progress against a range of environmental performance measures and targets. Currently the dashboard reflects only our carbon emissions data, based on the most recent Carbon Footprint Report. However, during 2010 we will be developing the Dashboard further, to expand its capabilities as a friendly visualisation tool that shows a snapshot of our environmental performance against all environmental targets in all measured buildings. In addition, more work is being done in relation to information processes to ensure accurate and consistent data capturing.

Case study 2: Sanlam Blue Space

During 2009 Sanlam, in partnership with the WWF, began formulating its exciting new Blue Space project through which it aims to take a leadership position to raise consciousness about and responses to critical environmental issues, particularly relating to water. The five core principles underpinning Blue Space are the following:

- Work on the ground on water management practices that promote socio-ecological systems that are resilient to the major environmental changes we are seeing.
- Provide leadership in a rapidly changing world by charting the fundamental response to an economic imperative imposed by environmental change.
- Create closer business alignment on Sanlam's journey to sustainability.
- Find ways for Sanlam to use its market influence and products to address water issues.

- Provide highly visible marketing and communication, both internally and externally.

While issues of greenhouse gas emissions and energy consumption currently hold centre stage in the environmental risk discourse, it is clear that an adequate supply of healthy water is absolutely fundamental to global sustainability. Compromised water systems impact on broad global issues such as food security, ecosystem conservation, disaster management, and the role of aquatic flora as a global ‘lung’.

South Africa, in particular, is already a water-stressed country, and business, social and environmental pressures will continue to mount around this scarce resource. The direct impacts on Sanlam and the businesses it works with include: decreased water available for business activities; increased costs of water; operational disruptions with associated financial loss; impacts on future growth, exacerbated by more stringent conditions around licenses to operate; and increased demand for disclosure of impact and compliance.

Sanlam and its various business units are therefore committing resources to the Blue Space – in the form of strategic expertise, new product developers and marketing professionals – who will work alongside a WWF project manager to develop implementation programmes. This includes innovating, designing and determining the viability of four to six new ‘blue’ products (or alterations to existing products) that meet the criteria of business profitability and environmental good practice or benefit.

Case study 3: The Ecocentric Journey

In its Business Risk Radar 2008, Ernst & Young rated climate change as the top risk faced by insurers today. Yet the local industry has been slow to respond to this challenge. The ground-breaking three-day Ecocentric Journey conference, initiated by our subsidiary Santam, took place at the Sanlam Head Office in Bellville from 15 to 17 September 2009.

The conference gathered participants from across the South African insurance industry and leading local experts in the field to debate three broad themes: 'Understanding Climate Change', the 'Need for Resilience' and 'Business Success and its role in Climate Change'. The aim of the event was to provide insurers and other business leaders with the tools necessary to understand climate change and its risks to the industry, as well as highlighting the unique opportunities that emerge out of encouraging sustainable practices.

The Ecocentric Journey was an opportunity for the industry to set a faster, more purposeful course of adaptation to climate change risk, and a chance for the insurance industry to begin to build the new philosophical framework and toolset to meet the coming challenges.

For more information, visit <http://santam.intersustainability.co.za/>

Measuring and declaring our carbon footprint

It is widely accepted that greenhouse gases (GHGs), including those released by human activity, are contributing to climate change. For this reason it is important that we put a figure to our organisation's carbon emissions – also known as a 'carbon footprint' – in order to manage and reduce our impact in this area.

As a signatory to the Carbon Disclosure Project Sanlam has committed to accounting, publically, for our greenhouse gas emissions each year by submitting a questionnaire to the CDP. This independent global NGO collects and distributes information that assists investors, companies and governments in taking action around climate change. In 2009 South Africa's third CDP report generated a response rate of 68% (compared to last year's 59%) ranking South Africa as the 5th highest CDP response rate internationally. Although this is a positive development, the National Business Initiative (NBI), which administers the CDP in South Africa, has made it clear that companies now need to start moving beyond disclosure of their environmental impact to a strategic level of managing and reducing this impact.

Our approach and actions:

In 2007 we commissioned an independent agency to conduct our first (baseline) carbon footprint assessment, relating only to our Head Office in Bellville, Cape Town. The measurement covered 57% of our full-time employee base.

In 2008, we expanded this to the four largest Sanlam buildings: Sanlynn building in Pretoria, the Sanlam Hyde Park office in Johannesburg and the Sanlam Investment Management building in Bellville. Together, these four buildings account for 68.5% of all Sanlam full-time equivalent employees (FTEs), excluding Santam.

In 2009 we expanded our measurement further to include a fifth building, the Glacier Building in Bellville. This measurement now accounts for 75% of our full-time employees.

These carbon footprint calculations were undertaken in full accordance with the GHG Protocol, which is the most widely used standard for GHG accounting and reporting, and is compatible with other GHG standards such as ISO14064, as well as generally accepted financial accounting standards.

In our role as credible environmental stewards, we are committed to not only measuring and declaring our carbon footprint, but also reducing it.

Our performance:

Our CO₂-equivalent emissions for 2009 are presented in the table below. This shows that, during 2009, the vast majority of our carbon emissions were Scope 2 indirect emissions (electricity consumption) and an insignificant balance from Scope 1 emissions and non-Kyoto Protocol GHG emissions (in our case, Freon gas).

Overview of Sanlam's carbon dioxide equivalent (CO₂e) emissions:
Direct Scope 1 & 2 emissions (2009)

| DIRECT EMISSIONS FROM SANLAM BUILDINGS | | | | | |
|--|---|------------------|---|-------------------|--|
| Scope | Description | Units | Emissions factor ¹ | Total consumption | Metric tonnes of CO ₂ e emissions |
| 1. | Equipment owned or controlled by Sanlam (e.g. generators) | litres of diesel | 2.6694 kg CO ₂ /l | 12 842 | 34.28 |
| 1. | Emissions from A/C and refrigerant gas refills (Kyoto Protocol gases) | kg | EFs differ according to different gases | 0 | 0 |
| 1. | Sanlam fleet ² | litres of petrol | 2.337 kg CO ₂ /l | 790 | 1.84 |

| INDIRECT EMISSIONS FROM SANLAM BUILDINGS | | | | | |
|--|--|--------|---|--------------------------------------|---|
| 2. | Purchased electricity | kWh | 1.03 kg CO ₂ /kWh ³ | 37 524 766 | 38 650.51 |
| Organisational boundary | | | Head Office | Head Office, Hyde Park, Sanlynn, SIM | Head Office, Hyde Park, Sanlynn, SIM, Glacier |
| Scope | Activity | | | | |
| 1 | Diesel usage in equipment owned or controlled by Salam | 31.56 | 39.80 | 34.28 | |
| | Air conditioning & refrigeration gas refills | 193.88 | 0 | 0 | |
| | Vehicle fleet | 0 | 0 | 1.84 | |

| | | | | |
|---|---|--------------|-----------|--------------|
| 2 | Purchased electricity | 25 918.56 | 27 700.20 | 38 650.51 |
| | | | | |
| 3 | Business travel in rental cars | 246.19 | 275.05 | 267.18 |
| | Business travel in commercial airlines | 2 896.07 | 3 738.68 | 3 084.95 |
| | Hotel accommodation | Not reported | 155.06 | 167.81 |
| | Business travel in privately-owned vehicles | 129.49 | 246.93 | Not reported |
| | Third-party vehicle fleet | Not reported | 18.23 | Not reported |
| | Employee commuting | 3 446.18 | 5 446.24 | 7 403.44 |
| | Office paper consumption | 329.6 | 367.82 | 323.80 |
| | | | | |
| | Non-Kyoto Gas | 61.43 | 891 | 1 184.21 |
| | | | | |
| | TOTAL | 33 252.96 | 38 879.03 | 51 118.02 |
| | | | | |
| | FTEs covered | 2 996 | 4 116 | 4 424 |
| | Emissions/FTE | 11.1 | 9.45 | 11.56 |
| | | | | |
| | Office space covered (m ²) | 101 250 | 124 124 | 127 348 |
| | Emissions/ m ² | 0.33 | 0.31 | 0.4 |

Across the five buildings included in the calculation, Sanlam's CO₂e emissions for 2009 were 11.42 metric tonnes per employee (compared with 9.45 metric tonnes per employee across four buildings in 2008). Our 2009 emissions show a decline in diesel usage, but an increase in emissions from our vehicle fleet. A decrease is evident in emissions from business travel in rental cars, however, as well as in business travel in commercial airlines.

During 2009, Sanlam was recognised as one of the top-16 companies on the JSE 100 for the level of disclosure of our carbon emissions for 2008 via the Carbon Disclosure Project. We achieved 9th place overall and were, as such, included in the African Carbon Disclosure Leadership Index (CDLI), which was developed to identify companies with outstanding carbon disclosure practices.

Part of our CDP commitment requires us to measure our carbon footprint as described in the previous section and in more detail in our Carbon Footprint Report. We are also committed to answering an annual questionnaire, which we are required to submit to the CDP. Based on our responses to the CDP questionnaire, the CDP provides the

investment community with information about the greenhouse gas emissions of corporations and their climate change management strategies.

The information requested in the CDP questionnaire focuses on the following key areas: climate change risks, opportunities and strategy; greenhouse gas emissions accounting; greenhouse gas emissions management; and climate change governance. Through the CDP's database, this information is made available in a comparable format that enables investors to assess the relative carbon-related risks for different businesses, and also adds value for a range of other corporate stakeholders.

Case study 1: The Copenhagen Communiqué

In the lead-up to 2009's important climate change talks, captured in the popular imagination as 'Hopenhagen'', Sanlam signed the Copenhagen Communiqué, joining more than 800 global companies in calling for an ambitious, robust, credible and equitable deal at the Copenhagen Convention. This Communiqué, an initiative of the Corporate Leaders Group on Climate Change run by the University of Cambridge Programme for Sustainability Leadership, communicated the view among leading international businesses, including Sanlam, that climate change poses a systemic risk to our global economy. Specifically, it asked the Copenhagen Convention to "deliver the economic signals that companies need if they are to invest billions of dollars in low carbon products, services, technologies and infrastructure".

Key elements of the communiqué included requests for: credible measurement, reporting and verification of emissions; measures to deliver a global greenhouse gas emissions market; policy measures to incentivise low carbon technology and services development; a framework and funding solutions for developing countries to accelerate large-scale deployment of clean technology; a mechanism to Reduce Emissions from Deforestation and Forest Degradation (REDD); and a comprehensive global approach to emissions from international aviation and shipping. The Communiqué built on the Bali and Ponzan Communiqués, which have played an important role in building momentum in the international climate negotiations and have reinforced the message to governments that a large part of the international business community wants a strong and effective global climate framework.

Case study 2: Seal the Deal

Communicating our commitment to environmental issues and encouraging staff buy-in is an important part of our strategy in this sphere. In the run-up to Copenhagen in December 2009, we used our internal electronic newsletter, E-daba, to promote **Seal the Deal**, a United Nations petition campaign calling for a comprehensive global climate agreement at the conference. Internationally, nearly 450,000 people signed the petition. While the outcome of these challenging talks – an 'Accord' not a legally binding agreement – was a disappointment for many NGOs and governments, the personal and passionate support of Sanlammers and hundreds of thousands of people across the world makes it clear that climate change is an issue that will continue to be at the forefront of global consciousness.

Measuring our resource consumption and efficiency

Sanlam's focus on getting its own environmental house in order is in line with growing expectations on the part of our employees and other stakeholders. It is also important for us to 'put our money where our mouth is' if we are to engage with our stakeholders on issues of environmental sustainability.

Although low, our primary impacts on the environment arise from two sources:

- The buildings that we occupy and the resources that we consume, the carbon we emit and the waste we generate in occupying these buildings.
- The carbon emitted and the other environmental consequences of our business activities beyond the boundaries of our buildings (such as business travel and employee commuting).

Efficiency in these areas is not only environmentally friendlier, but financially sustainable too, as savings are unlocked through reducing consumption. Looking ahead, the amendments to South Africa's draft Taxation Laws Amendment Bill 2009 make an allowance for investments in energy efficiency to become tax deductible, provided a baseline, audited by the Energy Efficiency Agency, has been certified for the company's energy usage prior to the investment being made.

Our approach and actions:

Our commitment to reducing our energy consumption is not new. Sanlam was one of the first signatories (in May 2005) to South Africa's Energy Efficiency Accord, in terms of which we are committed to reducing our fossil fuel-based energy consumption by 13.6% by 2012.

We set environmental targets around electricity usage, water consumption, CO₂ emissions, waste and recycled waste during 2007 for 2010 – and focused on the Sanlam Head Office building only. In 2009 these target measurements were also applied to our Sanlynn building in Pretoria, the Sanlam Hyde Park office in Johannesburg and the Sanlam Investment Management building in Bellville. This brings the scope of the general overall target measurements in line with the scope of measurement for CO₂ that we have been providing to the CDP.

When it comes to energy use, we have very clear guidelines for how we should be performing. For example, at Sanlam Head Office, we target a maximum demand of 6,500kVA year-round. The maximum demand capacity for the building is 14,000kVA, therefore our aim is that peak demand at any given time will not exceed 50% of total possible demand.

We are now engaged in developing a more focused internal staff-based communications strategy on environmental sustainability for 2010. This strategy will complement a broader Sanlam Sustainability Management communications strategy.

In the long run we would like to work towards a scenario that will allow us to track our own environmental impacts across every building that houses Sanlam staff – starting in South Africa, but, ideally, going beyond our borders to our offices in the

UK, India and elsewhere. We realise that this will require informing and educating our staff on a broad front.

Case study: In-house energy and water conservation initiatives

Our recent and ongoing energy and water conservation initiatives at Head Office include:

- Cycling the air conditioning plant to align with actual cooling demand rather than preset values, to optimise efficiency.
- Replacing some of our lifts with new technology lifts that are significantly more energy efficient.
- Strict housekeeping around turning off lights and equipment when not in use.
- In the gardens, deactivating all sprinkler systems during winter and altering times when watering takes place to prevent evaporation.
- Running a staff awareness campaign not to waste water in the bathrooms, as well as a general water-wise campaign with the City of Cape Town.

We have already worked on several projects to improve the efficiency of our lighting systems and will continue to refine interventions in this area. We will be focusing more on improving energy efficiency of small appliances and equipment in future.

Considering waste, we have had some success in reducing the purchasing and increasing the recycling of paper. In future, we will be concentrating on reducing our total waste, and will be focusing on employee awareness initiatives to accomplish this.

ANTI-CORRUPTION

The Sanlam Board Risk and Compliance Committee oversees the Group's strategy to combat financial crime, including corruption, and to ensure ethical business practices. The express commitment of the Board to work against corruption in all its forms and to comply with anti-corruption legislation can be found in a number of publicly available statements and group policies dealing with compliance and the combating of financial crime:

- The Group Code of Ethical Conduct;
- The Group Compliance Charter and Policy; and
- The Group Financial Crime Policy

The code and policies express Sanlam's zero tolerance towards unethical business practices, non-compliance with regulatory requirements, financial crime and also corruption.

A Group Ethics Committee, chaired by a member of Sanlam's Executive Committee, monitors ethical issues across the Group and advises the Executive Committee accordingly.

A dedicated Group Compliance Office (GCO) and a Group Forensic Services (GFS) function advise the Board and executive management on strategies and policy issues related to compliance, financial crime as well as ethical matters. The GCO and the

GFS also facilitates and coordinates the implementation of the Group's policies and codes mentioned above. The financial responsibility for implementation and compliance is however expressly assigned to the executive management of the individual businesses in the Group.

Sanlam has a group-wide policy on the Receipt and Giving of Gifts and other gratifications whilst our company's corporate responsibility framework deals with donations to charitable organisations. In addition, Sanlam does not make any political donations.

Sanlam's Code of Ethical Conduct, group policies and practices apply to all our directors, managers, employees, suppliers, subsidiaries and business partners and our company undertakes regular awareness sessions for staff to keep them informed of our anti-corruption policies and practices.

A fraud and ethics hotline is available for the reporting of any incidents, or suspected incidents, of financial crime, corruption or unethical conduct. – The hotline is operated by an independent third party to ensure anonymity and provide protection against victimisation, where required, in accordance with the provisions of the Protected Disclosures Act enacted by the government of South Africa. A database is maintained of all instances of unlawful conduct and all actions taken in response to reported matters are captured in the database.

In addition to its participation in the UN Global Compact's Working Group on the 10th principle, Sanlam also participates in:

- the South African National Anti-Corruption Forum (NACF); and
- the Business Anti-Corruption Working Group (BACWG) that operates under the auspices of Business Unity South Africa (BUSA), the official voice of organised business in South Africa.

The NACF is a cross-sectoral forum that aims to achieve national consensus by coordinating the anti-corruption strategies of the Government, the business sector and civil society. A Sanlam staff member forms part of the organised business delegation of BUSA at the NACF.

The BACWG, currently chaired by a Sanlam staff member, coordinates the anti-corruption initiatives of organised business in South Africa. During the course of 2008 the BACWG initiated a project in cooperation with an agency of the German government, GTZ, to raise awareness in the business community in respect of anti-corruption measures.

The project produced three deliverables:

1. A charter for ethical business practice;
2. An anti-corruption guide for small and medium sized enterprises (SMEs) in South Africa; and
3. An anti-corruption guide for foreign investors in South Africa.

The guides for SMEs and foreign investors were launched at a business anti-corruption forum hosted by BUSA in October 2009.

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 our web-based Sustainability Report and its supporting documents, *together with* other relevant information presented in certain sections of our Annual Report 2009 and on the broader Sanlam Group website at www.sanlam.co.za.

In other words, we have reported on all the company profile disclosures listed under Column B below (in blue), we have disclosed our broad approach to managing each of our material sustainability issues, and we have reported on at least 20 specific performance indicators relating to those material issues, with at least one from each of the economic, environment, human rights, labour, society and product responsibility categories.

GRI reporting requirements for application level B (highlighted in blue)

| 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 Disclosures 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 Principal by either: a) reporting on the indicator or b) explaining the reason for its omission | |