
Live with confidence
Integrated Report 2021
Sanlam
Financial Planning | Investments | Insurance | Health | Retirement | Wealth

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OUR REPORTING SUITE

The Sanlam investor relations website contains our annual reporting suite, which provides additional information on our financial results, sustainability performance, governance and remuneration approach and shareholding. Please visit www.sanlam.com to find out more about our priorities during the year. More information about this report, including the scope, boundary and reporting guidelines used, is available on page 184.

A STATEMENT FROM OUR BOARD

The Board of directors (Board) acknowledges its responsibility to ensure the integrity of this report and evaluates its preparation and presentation. In the Board's opinion, this report addresses the material matters about Sanlam's long-term sustainability and fairly presents the Group's integrated performance.



Elias Masilela
Chair



Paul Hanratty
Group Chief Executive

We welcome your feedback. Please contact us with suggestions on how we can improve our reporting, disclosure and practices to the benefit of all our stakeholders. Contact Sanlam Investor Relations on IR@sanlam.co.za.



Introducing Sanlam's 2021 Integrated Report

Confidence Rule 51:

A FIRST CLASS LIFE STARTS WITH FINANCIAL PLANNING



A SNAPSHOT OF OUR PURPOSE-LED PERFORMANCE IN 2021

13,9%
Return on Group Equity Value per share
(2020: -2,8%)

↑ 13% **R9 469 million**
Net result from financial services
(2020: R8 382 million)

↑ 23% **R10 288 million**
Net operational earnings
(2020: R8 349 million)

↑ 14% **R355 886 million**
New business volumes
(2020: R310 875 million)

↑ 44% **R2 764 million**
Net value of new covered business
(2020: R1 921 million)

↑ 27% **R78 322 million**
Net fund inflows
(2020: R61 563 million)

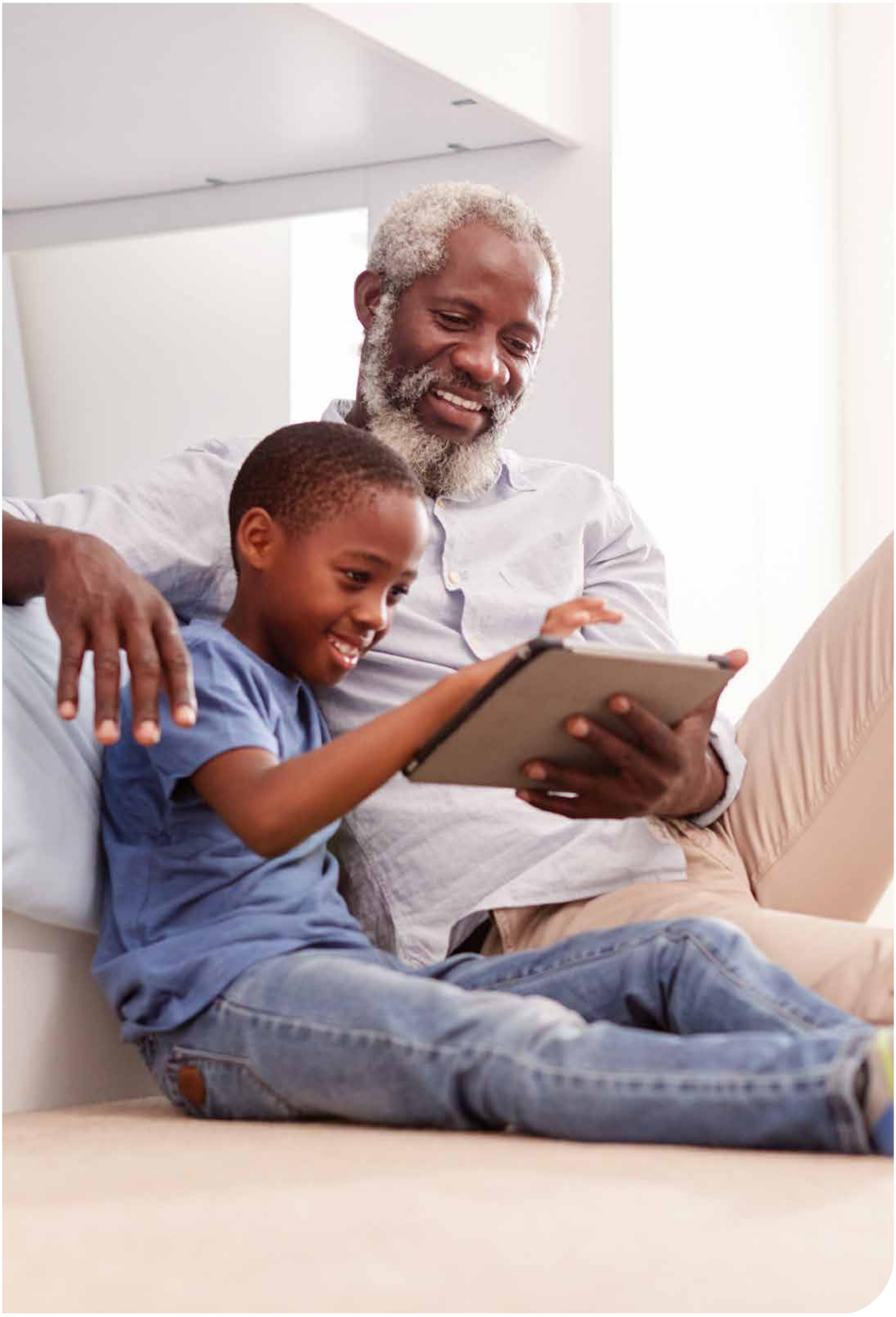
Our purpose is to empower generations to be financially confident, secure and prosperous.

Everyone deserves an equal chance of living a better life and reaching the financial goals that matter to them. To achieve this, we need to do more than provide access to financial institutions or credit. We need to ensure that everyone has access to well-functioning financial infrastructure and knows how to preserve, manage and grow their wealth.

Financial confidence is at the intersection of financial inclusion and financial security. It drives a sense of empowerment that unlocks possibility and motivates people to reach their full potential.

This is our brand promise: to empower millions of Africans to live with confidence. This promise gives life to our purpose, facilitated by an expanded product offering, data and digital transformation, empowerment, building a future-fit culture, innovation and partnerships.

Confidence is a game changer. This report unpacks how we are imprinting **live with confidence** in the DNA of every aspect of our business and empowering generations to be financially confident, secure and prosperous, across Africa and beyond.



KEY INDICATORS

	Sanlam is included in the FTSE/JSE Responsible Investment Index
Level 1	Sanlam is a level 1 B-BBEE contributor
A-	CDP climate change score (2020: A-)
7th consecutive year	Sanlam was awarded Top Employers certification for South Africa
R12,8 million	consumer financial education spend (2020: R12,6 million)
R82 million	invested in corporate social investment (CSI) through the Sanlam Foundation in 2021 (2020: R47 million)
20 100	beneficiaries reached through the consumer financial education programmes
	The enterprise development programme helped create **502** sustainable new jobs while supporting **2 964** jobs in total since its inception in 2013
187,18 (kWh/m²/year)	in 2021: lowest electricity consumption in the past five years
0,49 (kl/m²/year)	in 2021: lowest water consumption in the past five years
	Climate Investor One mobilised **US$850 million** of commercial funds that have been allocated to renewable energy infrastructure projects
	Climate Investor Two announced a conditional first close at **US$675 million** during COP26 in November 2021
83%	Overall client satisfaction score
More than 2,8 million	retail and institutional clients across South Africa
154 675	employees globally
95%	of permanent South African employees are generation X, Y and Z
62%	female employees globally
61	culture score (2020: 58) against an industry average of 50
	Supplier procurement spend to small- and medium-sized enterprises of **R3,26 billion**



100 Sanlam scholarships for 2022

Sanlam enabled 100 scholars from historically disadvantaged backgrounds to join the UCT Online High School. The scholarships were awarded to 100 academically strong learners and cover 80% of their high school tuition over five years – an investment of R11,6 million from Sanlam.

The UCT Online High School was launched in July 2021 in partnership with Cape Town-based education technology company Valenture Institute. The new school aims to make use of its proprietary learning technology, analytics and learner support model at the forefront of online and blended learning.

This is part of Sanlam's efforts to establish a diverse and transformed talent pipeline of future skills.



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Chair and Group Chief Executive Messages

Confidence Rule 62:

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

Chair's report



Elias Masilela SOB
Chair

2021 demonstrated our ability to deliver on our purpose and lead through uncertainty.

Sanlam entered the year with an attitude to rebuild from the devastation of 2020. Resilience was the order of business, with the aim of restoring performance to pre-2020 levels. No doubt, this was a bold stance given the state of flux that the South African and continental economies found themselves in. At the heart of this resolve was an emphasis to deepen partnerships with clients and the rest of our stakeholder world.

In the middle of the growing uncertainty and despair, we reinforced our purpose by launching our new brand promise, live with confidence, across our 33 African markets. This promise was akin to renewing our vow to stand beside clients and empower them with the financial support they need to lead their best possible lives.

This promise has never been more critical, particularly as the world grapples with the impact and uncertainty of COVID-19. The pandemic further exposed structural weaknesses and led to fiscal pressure, challenged economic governance, raised debt levels and widened inequality across the continent. While the biggest priority for all economies we operate in is economic recovery, it remains most elusive amid heightened risk due to low vaccination rates. The more we record these results, the more unrealistic the realisation of the United Nations Sustainable Development Goals (SDGs) globally and the targets of South Africa's National Development Plan become.

Nevertheless, we are left with little option but to lift ourselves up even more to assist in improving capabilities, particularly the resilience of individuals, communities, and businesses to mitigate the effects of future negative shocks. Being Africa's largest non-banking financial services group, with an unmatched presence on the continent and a leading niche presence in India and selected developed markets, this social responsibility and expectation is significantly more escalated for Sanlam. As a conscientious responsible corporate citizen, wherever we operate, we have proactively embraced this responsibility. In this regard, one of our strategic ambitions is to invest more than R1 trillion in the economies in which we operate – believing that the responsibility to turnaround the fortunes of our economies now lies in the hands of the private sector.

We paid gross mortality claims of **R22 billion** across our African and Indian operations, and **R3,2 billion** in gross contingent business interruption (CBI) claims (inclusive of interim relief payments in 2020) and incurred a further **R237 million** for businesses impacted by the social unrest in Gauteng and KwaZulu-Natal.

We committed capital of

R2,25 billion

to support South African companies impacted by COVID-19

This ambition clearly demonstrates our commitment to stay on the side of our clients and other stakeholders. We paid gross mortality claims of R22 billion across our African and Indian operations, while Santam paid R3,2 billion in gross contingent business interruption (CBI) claims (inclusive of interim relief payments in 2020); and incurred a further R237 million for businesses impacted by the social unrest in Gauteng and KwaZulu-Natal. These payments helped individuals, families and businesses in their most difficult times. In all instances, appreciating the plight of our clients, timeliness of support was key. Where this was not realised, it was due to factors outside of our control such as policy or legal uncertainty

Service to clients can only be optimised and sustained if, and only if, the institutional set up is service-delivery fit. Appreciating this, we took the necessary decisive action to future-fit our business. Important focus areas include pursuing strategic partnerships, adopting digitally enabled solutions, further embedding sustainability into our business and investment decisions, and continuing our journey to ensure Sanlam has an inclusive and agile culture. This underpins our strategic stance of fortifying our South African business while deepening our play as a Pan-African entity.

Importantly, by demonstrating a resilient business performance in the grips of the pandemic, we affirmed unequivocally that our clients and broader stakeholders could trust Sanlam and live with confidence.

TRANSFORMATION AND EMPOWERMENT

Transformation and empowerment are critical to our success and remain pivotal parts of our long-term strategy.

One aspect of transformation is intermediating the capital we are entrusted with to bring more South Africans into the mainstream of our economy. In 2020, we committed capital of R2,25 billion to seed the Investors' Legacy Range, which provides large-scale support to South African companies impacted by COVID-19. In 2021, Sanlam bolstered these funds by raising a further R750 million. The success of the Investor's Legacy Range clearly makes Sanlam a significant player among South Africa's leading impact investors.

Another milestone was publishing the inaugural Sanlam Gauge. Presented in partnership with key stakeholders, Sanlam Gauge is the first report of its kind to deliver insights on sectoral rather than



Over the past four years, Sanlam has retained its status as a **level 1 B-BBEE contributor** in South Africa – the highest level a company can achieve.

individual company performance related to South Africa's B-BBEE activity, commitment and success. We are excited about the possibilities this platform presents, particularly in promoting and facilitating conversations around true economic inclusion.

Over the past four years, Sanlam has retained its status as a level 1 B-BBEE contributor in South Africa – the highest level a company can achieve. Our B-BBEE level, together with our track record of empowerment transactions, position us well to increase access and participation and enhance the livelihoods of all South Africans in the most equitable and sustainable manner.

CREATING A SAFE, INCLUSIVE AND SUSTAINABLE SOCIETY

We are committed to using Sanlam's strength to benefit broader society.

Since the onset of COVID-19, we have been at the forefront of fighting the pandemic's devastating impacts. We were one of the first South African companies to set up vaccination sites and begin vaccinating employees, their families and members of the public. We established these sites in partnership with AfroCentric and have vaccinated over 33 000 people across South Africa since June 2021.

Beyond COVID-19, we recognise the need to respond to the pressing human, environmental and financial pressures the world faces today. In particular, climate change is an ongoing systemic risk that requires urgent action from business. Accordingly, we are preparing disclosures aligned to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Sanlam will publish the Sanlam Climate Change Resilience Report as a TCFD beginner report this year. The Just Energy Transition Partnership announced at COP26 will support South Africa's decarbonisation efforts. We welcome this partnership and will support government's efforts.

In delivering inclusivity and sustainability, a heightened level of urgency can be drawn from the discussions and outcomes of COP26. Given the importance of these two subjects, an industry-led Task Force, the Impact Task Force, which South Africa was a part of under the aegis of the G7 Presidency of the UK, presented a report to respond to these. It provided answers and actions to two critical questions: first, how can we accelerate the volume and effectiveness of private capital seeking to have a positive social and environmental impact; and second, how do we make sure this mobilisation has a real impact and does not leave people and places behind?

Indeed, these are not new questions, although the urgency of the context requires a more effective response than we have seen in the past, as captured in the title of the report: Time to Deliver.

By embracing and delivering on impact investing, companies such as Sanlam are already aligning to the urgency highlighted by the report. Among many observations, the report ironically concludes that "there is more than enough private capital to fill the funding gap, and investment decision-makers are becoming increasingly alive to social and environmental risks."

Further lessons from this report highlight that we need to:

- Harness the power of financial markets for public good.
- Pursue a future-fit Just Transition.
- Remove external and internal barriers limiting the flow of institutional investors' transformational capital.
- Pursue investments that integrate environmental and social objectives.
- Ensure the mobilisation of domestic capital pools to work alongside international sources of finance.
- Support the deployment of funds to people and places of greatest need and opportunity.
- Ensure better governance of multilateral development banks and development finance institutions, which have great potential to utilise their market position.

Governance is critical for all economic agents and is taken seriously by Sanlam, seamlessly leading us to the next theme.

GOVERNANCE, GUIDANCE AND LEADERSHIP

We recognise that the Board must have the appropriate balance of

knowledge, skills, experience, diversity, and independence to discharge our governance role and responsibilities objectively and effectively.

As part of an ongoing Board optimisation process, we focused on strengthening Board independence and broadening skills and diversity. At 31 December 2021, we recorded 53% independent directors, 58% black representation, 37% female against a 35% gender representation target, a fuller skills competence as well as being a true African board. These are great strides.

We appointed Ebby Essoka, Ndivhuwo Manyonga and Willem van Biljon as independent non-executive directors to the Sanlam Limited and Sanlam Life Insurance Limited boards.

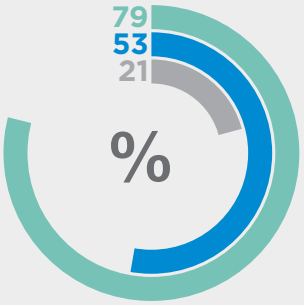
Ebby has vast experience in finance and brings deep knowledge of business on the African continent. Ndivhuwo has a wealth of experience in the financial services industry across various disciplines and is South Africa's first black African female actuary. Willem is a technology entrepreneur and brings much needed expertise in technology and digital transformation as we transform our business. To elevate this transformation, the Board established a Digital Transformation and IT Forum that provides the Risk and Compliance committee with a level of oversight for digital transformation.

The Board also bid farewell to Dr Rejoice Simelane, who retired in March 2022. The Board and I appreciate the passion and diligence with which Rejoice has served the Sanlam Group, contributing to its growth and transformation in the 18 years that she has been on the Board especially the contribution she made as an active member of the Social, Ethics and Sustainability Committee. We bid her well in all her future endeavours.

We are also focused on continuity at Board and committee level. To ensure seamless governance, every committee Chair has an alternate. Furthermore, we paid sustained attention to conflict of interest and independence under the committee of independent directors. In listening to and responding to the views of shareholders and analysts, we fine-tuned the Board's workings to reach optimality.

KEY FACTS ABOUT SANLAM'S BOARD COMPOSITION AND DIVERSITY AT 31 DECEMBER 2021

Board composition

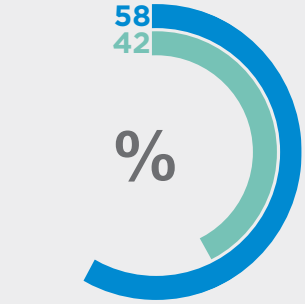


- Independent non-executive
- Non-executive
- Executive

Ebby Essoka, Ndivhuwo Manyonga and Willem van Biljon were appointed as independent non-executive directors to the Sanlam Limited and Sanlam Life Insurance Limited boards.

Board diversity

Race diversity (%)

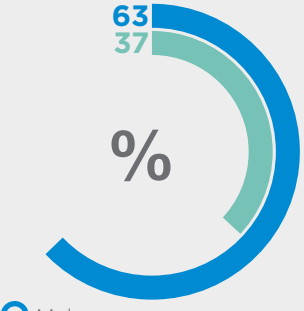


- Black
- White

Sanlam increased the Board's racial diversity to include **58%** black directors (up from **53%** directors in 2020), including **7** black females

Board diversity

Gender diversity (%)



- Male
- Female

Sanlam increased the Board's gender diversity to include **7** (37%) female directors (up from **6** directors in 2020)

To remain a leading player in the countries in which we operate, certain key observations will remain on our radar. These observations include, among others, social and consumer activism, climate change, information technology, new ways of work and employee burnout.

The Board values feedback from our shareholders and notes the views expressed via their voting at our AGM regarding both the re-election of certain directors and our remuneration implementation report. In the appointment of directors, we have deliberately struck a fine balance between institutional memory and new talent, working together to optimise on strategic decision making. Sanlam's Board is also now majority independent.

The Board continues to work towards the transparent and fair implementation of our remuneration policy. We try to manage the delicate balance between a remuneration structure which continues to motivate and retain our best people, and one which is aligned to shareholders' and other stakeholders' interests. We commit to ongoing consultation with shareholders and welcome any feedback or input from shareholders and other stakeholders throughout the year.

We also changed Sanlam's governance structures to drive greater agility across the business. Having reviewed and adapted the Group Governance Policy, the Board abolished cluster boards, which served a governance role, and established Quarterly Business Reviews (QBRs). The QBRs function as strategic management fora where leaders can engage on performance and strategic delivery. We retained the cluster audit and risk committees to ensure oversight of relevant risk, compliance, financial and control measures.

The Board closely monitors strategy execution to ensure we meet the demands of market opportunities that Sanlam is gearing up for in Africa and India. The Board is satisfied with the Group's progress and remains assured that the strategy provides a solid launch pad to deliver on Sanlam's growth ambitions.

OUTLOOK AND APPRECIATION

The future remains uncertain as the negative effects of the COVID-19 pandemic are likely to remain with us beyond 2022. Predictions are that the virus is likely to evolve into an endemic disease over time. This will directly affect the way we do business and the manner in which clients consume our solutions. The market and client of tomorrow will be different, and we will have to continually anticipate and adapt to these changes to stay relevant and competitive. To remain a leading player in the geographies we operate in, certain key trends will remain on our radar. These trends include, among others, social and consumer activism, climate change, information technology, new ways of work and employee burnout.

Sanlam continues to encourage vaccination as the most effective measure against the pandemic. Sanlam remains financially strong, with a sound balance sheet, stable cash generation and an exciting growth outlook. We are confident that we will continue to deliver value and remain a trusted partner to all stakeholders.

My sincere thanks to my fellow Board members for diligently contributing your invaluable expertise and guidance. To the Exco, thank you for carefully balancing stakeholders' needs while finding opportunities to push the business forward in these difficult times. To every Sanlam employee, you kept us going and ensured that we could keep our promises to clients and all other stakeholders. Your sacrifice and loyalty earned our deepest gratitude. Thank you to our clients for trusting Sanlam as a partner on your lifelong journey to financial confidence, security and prosperity. To all stakeholders, thank you for the confidence, trust, guidance, support and encouragement, which afforded us the licence and space to continue to serve. The partnership is invaluable.

Siyabonga.



Elias Masilela SOB
Chair

Group Chief Executive's **report**

In times like these, insurance companies must come to the fore and prove their worth as businesses that are there for people when they need them most.



Paul Hanratty
Group Chief Executive

We made excellent operational and strategic progress in positioning the Group to deliver on its financial, client, economic and people ambitions. However, the year was blighted by the continued impact of COVID-19. Sanlam's people and clients were significantly affected by the loss of life and livelihoods due to the pandemic. We extend our sincere condolences to the families of the 57 Sanlam employees and many Sanlam clients who succumbed to the virus during the year.

Our operational results are outstanding and demonstrate that customers value having Sanlam as a trusted partner more than ever before. During 2021, we strengthened our market position in every business line and customer segment and continued to make significant strategic progress. The ongoing digitalisation of our business and broadening of our product set will enable more seamless client engagement while offering clients more holistic solutions.

Reinforcing the critical role we play, and honouring our commitment to clients, Sanlam Life and Savings (SLS) paid R17 billion, and Sanlam Emerging Markets (SEM) paid R5 billion of gross mortality claims in 2021, with cumulative payments of R34 billion since the beginning of 2020. Santam continued to settle CBI claims and paid R3,2 billion to policyholders to the end of December 2021, inclusive of the relief payments of R1 billion in August 2020, to businesses affected by the pandemic. These payments made a real difference to the individual or family behind each claim. The value of these claims also supported South Africa's broader economy and kept people and businesses going.

In **2021** the Sanlam Group laid the foundations for future growth by strongly developing our platforms and at the same time delivering a strong operating performance in a difficult operating environment. We are building on our purpose-led strategy across the Sanlam Group as part of our ongoing sustainability journey to focus on shared value creation, deepening financial inclusion, driving sustainable investment decisions throughout our assets under management, value chains and ecosystems, and optimising value through our strategic partnerships.

DELIVERING A RESILIENT FINANCIAL PERFORMANCE

Our operating performance reflects our strength and ability to maintain value creation for shareholders and other stakeholders in challenging times.

↑ 14%

New business volumes exceeded R350 billion for the first time. We are particularly pleased with the performance of the Sanlam Pan-African life insurance business.

↑ 56%

Sanlam Investment Group (SIG) reported strong net inflows of R33 billion, underlining the development of the asset management platform as South Africa's largest black-owned asset manager.

↑ 14,6%

Our core performance metric, adjusted RoGEV per share, was ahead of the hurdle rate and reflects the Group's strength and diversity despite the negative impact of COVID-19.

We made significant progress in attracting new clients and deepening relationships with existing clients. We are particularly pleased with new business volumes in life insurance and asset management and an adjusted RoGEV per share above our hurdle rate. A robust platform and product offering meant we were well-positioned to meet clients' needs. Overall, persistency trends remained ahead of our expectations as the pandemic highlighted the importance of our products and services, particularly during tough times. We are grateful that our clients remain loyal to Sanlam even when affordability is challenged.

Our Pan-African portfolio delivered another satisfactory performance over the year. The sound management actions taken in recent years are bearing fruit and reflect the quality of our franchise across the continent. The general insurance, life and asset management businesses all recorded a robust performance. In India, the Shriram businesses continue to entrench their leading niche position.

Read about our financial performance in our Group Finance Director's report on page 74.

STRATEGY EXECUTION AND DISCIPLINED CAPITAL ALLOCATION

Our strategic and capital allocation decisions ensure that we continue to strengthen our position in chosen markets, which enables value creation that benefits all stakeholders.

In 2021 we made significant progress in strengthening our position across the African continent.

The development of SIG as South Africa's leading black-owned asset manager, and the proposed merger with Absa Investment Managers to create a scaled investment platform offering diverse asset classes, will significantly improve our market position. Strong client cash flows during the period underline our progress in developing the Group's investment management platform. The breadth of offering, integration of sustainability principles into our investment processes and ownership credentials combined to elevate our investment platform's prominence over the year.

To provide a more holistic product offering to clients and fulfil a market need for affordable health insurance, we launched a new set of health insurance offerings in partnership with AfroCentric. The proposed transactions with Alexander Forbes will enable the Group to focus on providing umbrella pension fund solutions and a full range of investment and insurance products to the corporate benefits market. This focus will further strengthen the Group's competitive position in the corporate benefits market over time and, as our operational results indicate, the Group's performance in this market is solid and improving.

We divested from our UK operations outside of asset management, informed by our capital allocation framework and strategic intent to develop the leading African non-banking financial services group. We took steps to further optimise the Pan-African portfolio by strengthening our position in key markets and exiting sub-scale operations.

We announced the establishment of an InsurTech strategic alliance with the MTN Group to take the benefits of our insurance and investment products to the African continent's consumers. This will significantly enhance the financial inclusion of consumers not reached through traditional distribution channels.

Our partners in India, the Shriram Group, undertook a group realignment. This will result in the legal consolidation of various entities, which will enable a simplified group structure and a stronger entity able to serve a broader set of clients through its ecosystem. Expanding our investments in India remains an option we are exploring. However, this will only be executed on terms that enable us to achieve our targeted hurdle rate.

Through structural activity and balance sheet optimisation, the Group increased its discretionary capital position to R2,9 billion at 31 December 2021. We will continue to allocate capital in line with our strategy and capital allocation framework.

If we cannot deploy capital, we will return it to shareholders in the most efficient way possible.

OUR DIGITAL TRANSFORMATION VISION

Transforming to a future-fit digital platform business.

We want to be the leading insurer in reaching new clients through digital ecosystems. Digital transformation is therefore a key strategic focus, with two main goals: simplifying and modernising existing business operations and rapidly developing a diversified digital business model in non-banking financial services.

Modernising our business means that we aim for 100% of client communication and processing to be digital in the immediate to short term, and that we will invest in technology to leapfrog customer experience, use analytics, and drive business process efficiencies. Digitally transformed platforms and infrastructure will also result in lowest unit cost of administration.

A digital business model within Sanlam will create new value as it will ensure that digital customer acquisition is our biggest measure, we have the most efficient distribution channels through digital enablement and we are Africa's leading insurer in reaching new clients by partnering through digital ecosystems.

We refer to this as transitioning from Sanlam 1.0 to Sanlam 2.0 and Sanlam 3.0. We are already progressing on this journey, with the gains made in 2021 supporting our operating performance.

Sanlam 1.0 is the continued delivery of a leading and trusted insurance business on a solid operating platform. On this platform, we are simultaneously building Sanlam 2.0, the digitalising efforts of the front and back ends of our current business.

Disciplined capital allocation in line with strategy and framework

Aug 2021
Completed sale of Nucleus Financial Group plc

Apr 2021
Completed acquisition of 25% of African Rainbow Capital (ARC) Financial Services

Sept 2021
Announced sale of Sanlam Life and Pensions UK*

Sept 2021
Announced sale of UK Wealth and Financial Planning businesses*

June 2021
Announced acquisition of Alexander Forbes Life Limited's group risk and retail life businesses*

Aug 2021
Announced strategic InsurTech alliance with the MTN Group*

Oct 2021
Announced launch of Sanlam Health Solutions

Oct 2021
Announced merger of ABSA and Sanlam's asset management businesses*

Dec 2021
Announced acquisition of Alexander Forbes' Individual Client Administration business*

Dec 2021
Announced sale of stand-alone employee benefits retirement fund administration business*

- Strengthening our position in key markets and segments
- Redeploying capital aligned to strategy

* Subject to regulatory approval.

For Sanlam, financial inclusion is deeply connected to our purpose and brand promise – without access to financial services and well-functioning financial infrastructure, people cannot live confidently or pursue their life goals. Our recently announced strategic alliance with the MTN Group will take the benefits of our insurance and investment products to a wider community of clients and people across the continent and support our goal of reaching **50 million** customers by 2025.

Sanlam 3.0 will be our digital native business. We will invest in new platforms, build on new offerings through a diverse range of product innovation, and connect with new ecosystems. Strategic partnerships will present opportunities to leverage diverse industry players and access clients who are not necessarily within our value chain. We have seen this success through our partnership with Capitec and anticipate similar success in our recently announced partnership with the MTN Group.

We will scale existing digital product innovations, investments businesses like Sanlam Indie, MiWay, EasyEquities, Shriram, Multidata and Satrix, among others, and end-to-end digital offerings in financial services. Over the next few years our digital journey will transform our business into a future-fit fully digital enabled platform across the African continent and in India, to reach a targeted 50 million customers.

CREATING VALUE FOR OUR STAKEHOLDERS AND WIDER SOCIETY

As a purpose-led organisation we are further embedding sustainability into our business activities and decision-making.

For Sanlam, financial inclusion is deeply connected to our purpose and brand promise – without access to financial services and well-functioning financial infrastructure, people cannot live confidently or pursue their life goals. The widespread protests in Gauteng and KwaZulu-Natal in July 2021, which damaged business premises and productive capacity in the economy, highlighted the desperate situation of many South Africans. Financial inclusion is a key element of social inclusion. We can play a meaningful role in South Africa's economic recovery by leveraging our product sets and investment capabilities to support and integrate those excluded from the mainstream economy.

Our recently announced strategic alliance with the MTN Group will take the benefits of our insurance and investment products to a wider community of clients and people across the continent and support our goal of reaching 50 million customers by 2025.

As Sanlam, we further invest money on behalf of clients and policyholders and invest our discretionary capital. These investments can mobilise capital toward a better society. Accordingly, we incorporate sustainability into our investment frameworks. We are rolling out alternative strategies to invest for impact, such as economic growth, job preservation and creation, inclusivity and equality. An example of this is our Investor's Legacy Range.

Enhancing climate resilience is another urgent and continuing need. This is particularly important for Africa, as climate change will exacerbate existing challenges related to human health and safety, food and water security, and socio-economic development. We own a substantial stake in Climate Investor One, which mobilised and allocated US$850 million of commercial funds to renewable energy infrastructure projects. Climate Investor Two was launched in January 2020 and announced a conditional first close at $US675 million at COP26. Locally, Santam continued to invest in Partnerships for Risk and Resilience (P4RR) in partnership with 63 local municipalities.

Multi-industry collaboration is essential to respond to the social and environmental challenges the world is facing today. This is supported by the United Nations Sustainable Development Goals (SDGs) recommendations. While we can provide evidence of how we contribute to outcomes within each SDG, our focus is on tangible outcomes. We therefore undertook a review to prioritise the SDGs

that provide the biggest opportunity for shared value creation. Read more about this on page 71 and in our Resilience Report, available online.

PEOPLE AND CULTURE

We continued our journey to embed a future-fit culture that will enable us to compete successfully in a dynamic world.

Sanlam's culture journey started in 2020, and we used the Barrett Values Centre framework and methodology to understand and measure the Sanlam culture. We conducted the first Group-wide assessment in September 2020, followed by a second survey in September 2021. 69% of employees participated (2020: 71%). Sanlam's culture score improved from 58 in 2020 to 61 in 2021 – a significantly higher score than the industry average of 50.

We are running a cross-functional project to set up agile ways of working. This project includes implementing a hybrid working model. We are revisiting our physical, financial and emotional wellbeing programmes to help facilitate lifestyle changes. An extensive virtual leadership programme was launched in the first six months of 2021 to support our readiness for new ways of interacting with clients and employees. We also approved a new diversity, equity and inclusion framework this year. Ultimately, we want to ensure that our employees, regardless of their differences, are engaged and able to perform and can access equal opportunities and thrive.

Our vaccination programme is necessary to minimise the pandemic's impact and create safe spaces for our employees and clients. We have a mandatory vaccination policy, but our approach is to encourage vaccination and engage with people on a case-by-case basis with clear principles.

Changes to the Group Executive Committee

During the year, Robert Roux (Chief Executive Officer of SIG) and Lizé Lambrechts (Chief Executive Officer of Santam) announced their intentions to step down from their roles at the Group. Robert has been with Sanlam for over 22 years and held several senior management roles. We thank him for his dedication and commitment to the Group. Similarly, we thank Lizé for her exemplary leadership and valuable contribution in her seven-year tenure as Chief Executive Office of Santam, and in previous service to the Sanlam Group prior to that.

Carl Roothman, previously the Chief Executive Officer of Sanlam Private Wealth, was appointed as the Chief Executive Officer of SIG with effect from 1 January 2022. Carl is a financial services executive who joined Sanlam in 2013 and has held various executive roles. His appointment underlines the depth of talent within Sanlam. Effective July 2022, Tavaziva Madzinga will replace Lizé at Santam. Tava is a qualified actuary and has worked in the insurance and broader financial services sector in South Africa, Sub-Saharan Africa, and the UK. He will join a solid executive team, and we look forward to his contribution.

Theo Mabaso, Sanlam's Group Chief Information Officer, formally joined the Executive Committee as the Digital Transformation Executive. Theo has been with Sanlam for over five years and has over 22 years of experience in technology and financial services.

We want to ensure sufficient capacity to deliver on opportunities to create and unlock value in the longer term. We therefore completed an extensive talent review for executive and senior leadership this year to determine succession for critical roles and identify emerging talent and development needs.

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Sanlam enters **2022** on sound footing. We will continue to be led by our purpose as we execute on our strategy and deliver value for all stakeholders.

OUTLOOK

Our focus remains on strategic execution and utilising the strength of our financial position and diversity of operations to deliver value to our shareholders and other stakeholders, despite the challenging operating environment.

Sanlam enters 2022 on sound footing. We will continue to be led by our purpose as we execute on our strategy and deliver value for all stakeholders. The recovery of key metrics to above pre-pandemic levels provides a solid base on which to build. We are particularly excited at the growth prospects in our Pan-African operations as we continue to strengthen this platform and position it for long-term growth. We will also focus on bedding down and successfully integrating our corporate activity from 2021.

The economies in Africa continue to recover from the economic damage caused by the pandemic. Despite this continued growth and recovery, the penetration of insurance and savings remains low across the continent. Sanlam is well-positioned to capture this growth opportunity by leveraging the reach of our broad platform and partnership model to drive financial inclusion through providing simple products, at scale, using digital ecosystems.

The impact of the pandemic will however persist, and we believe there will be further waves of infection. The relevant local vaccination programmes will affect the impact that future waves have on mortality experience. COVID-19 will eventually become endemic, and vaccination will constitute the most significant means of controlling the disease.

As previously indicated, the Group expects to retain modest discretionary reserves to mitigate any mortality losses after 2021. The Group has implemented management actions, including risk-based repricing of all group schemes, redesign of retail risk products, implementation of new underwriting protocols and strengthening of the mortality basis. It however, remains difficult to accurately forecast the extent and timing of future waves and their impact. These management actions are therefore likely to remain in place for the foreseeable future.

In addition to the management actions, the Group will maintain a higher level of discretionary capital than is normal for a period of time, to provide a buffer should the management actions taken prove to be inadequate. The Group will target a minimum of R3 billion of discretionary capital, which may be used to mitigate the impact of any unexpected COVID-19 mortality experience on dividends.

Our digital transformation journey has progressed well in 2021. We empowered our agents through digital tools which supported improved productivity, developed our portfolio of digital platforms further and enhanced our client experience. Sanlam will build on these foundations as we continue to modernise our business and invest in new capabilities, partnerships and assets to build disruptive, trusted platforms and ecosystems through scalable technology.

We remain confident in the growth prospects of all our businesses over the medium to long term. We are confident in the Group's cash-generating capability and expect that we will continue to deliver value to shareholders and other stakeholders. We will continue to build a leading and enviable market position across Africa and remain optimistic about the medium- to long-term opportunities that the continent presents.



Paul Hanratty
Group Chief Executive

03

Sanlam at a glance



Confidence Rule 55:

YOU DON'T HAVE TO BE A FINANCIAL EXPERT. YOU JUST HAVE TO PARTNER WITH ONE.



Who **we are**

Sanlam is a diversified financial services company founded in South Africa, with a strong presence in 33 countries on the African continent, India, Malaysia and selected developed markets. We are a purpose-led organisation, with all our efforts centred on helping our clients live with confidence. We promote financial inclusion, transformation and empowerment through our broad product and financial advice offering, inclusive culture and partnership approach. We have a proven track record of delivering superior value to clients, employees, shareholders and broader society.

We offer a large and diversified range of solutions including the following products:

- Life Insurance
- General Insurance
- Savings and Investments
- Corporate
- Asset and Wealth Management
- Retail Credit
- Financial Planning and Advice
- Healthcare

We are driven by our purpose to empower generations to be financially confident, secure and prosperous.

Sanlam has a 104-year history of empowering South Africans and is a trusted adviser to retail and institutional clients across the country. We are focused on protecting our clients' wealth and peace of mind while enabling them to live with confidence. While our business is founded in South Africa, we have extended our footprint across Africa and have a leading niche presence in India.

Regardless of where we operate, our clients are the starting point for our business activities. We develop tailored, appropriate solutions and enable our clients to make sound financial choices through advice-led offerings. Omni-channel presence ensures that clients are reached and serviced through their preferred channel. We are developing our digital capabilities to serve our clients better and extract greater efficiencies from our business. We are committed to service excellence at a fair cost and upholding the highest standards across our business.

Our impact is also felt in how we support innovation, digital transformation and skills development and give rise to new supply chains that create financial prosperity. Ultimately, we are a purpose-led business, focused on working across our value chain to create an enabling environment for accelerated economic recovery and sustainable, inclusive economic growth that brings meaningful social change and ensures a resilient future for all.

Sanlam has a **104-year** history of empowering South Africans and is a trusted adviser to retail and institutional clients across the country.

Our purpose in action. Empowering:

Our clients

- We paid gross mortality claims of R34 billion since the start of 2020
- Santam paid gross CBI claims of R3,2 billion up to the end of December 2021, inclusive of interim relief payments of R1 billion in 2020
- We are protecting and growing assets of over R1 trillion
- We are partnering with the MTN Group, Africa's largest mobile operator, to provide access to a full range of insurance services to the MTN Group's customers across the continent, including a large number of customers in remote regions. The alliance promotes financial inclusion across the continent by creating easier access to digital insurance and investment products

Our shareholders

- Target shareholder value creation, as measured by return on Group Equity value, above cost of capital of i+4%, with i being the South African nine-year risk-free rate
- Target real dividend growth of 2% to 4% per annum over a rolling three-year period

Broader society

- We administered more than 33 000 vaccinations across South Africa
- Our climate and SME funds address key societal challenges: climate change and job creation
- We are committed to investing more than R1 trillion in the economies of Africa in a manner that is responsible and impactful for the development of those economies

OUR STRATEGY GUIDES OUR LONG-TERM THINKING

- Becoming an African Champion
- Building a fortress position in South Africa
- Accelerating growth outside of South Africa

- Strengthening our position where we operate outside of Africa

Our strategy is executed through business clusters that deliver tailored, comprehensive and client-centric financial solutions to individual and institutional clients.

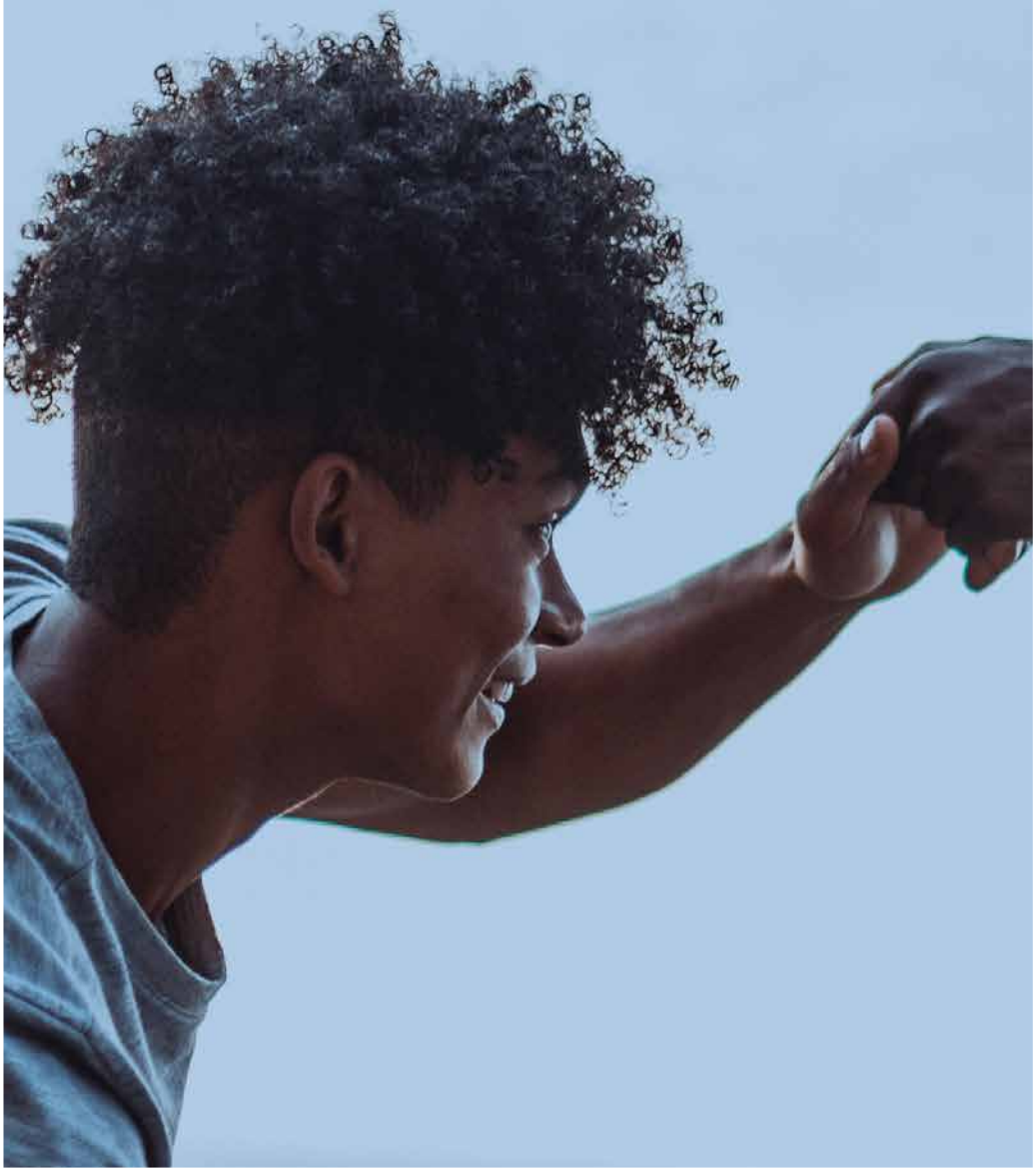
Our clusters

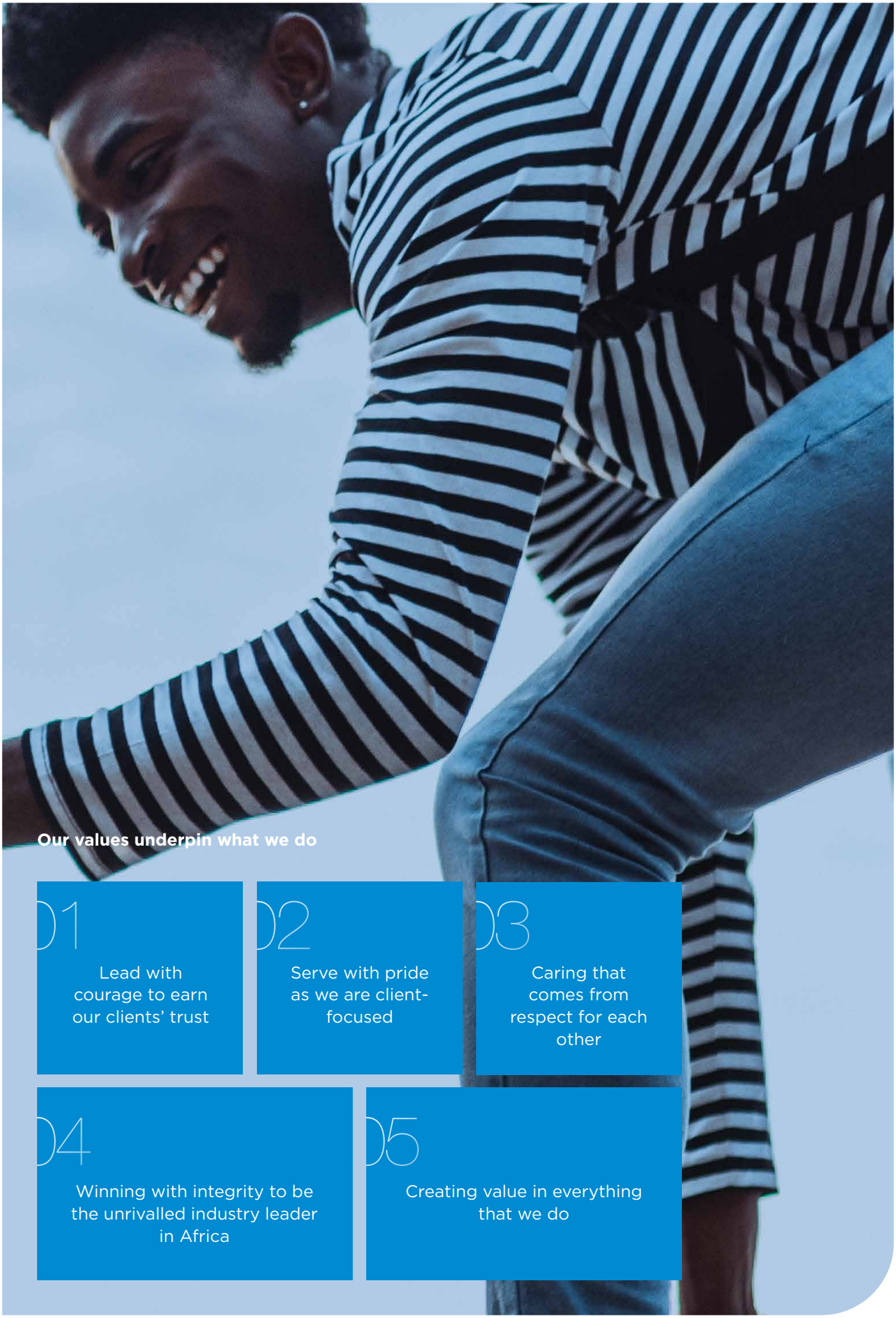
SA Retail Affluent
SA Retail Mass
Sanlam Corporate

- Sanlam Life and Savings
- Sanlam Emerging Markets
- Sanlam Investment Group
- Santam
- Group Office

How we are embedding strategy in our business

Read more about the key 2021 activities for each cluster on page 47.





Our values underpin what we do

01
Lead with courage to earn our clients' trust

02
Serve with pride as we are client-focused

03
Caring that comes from respect for each other

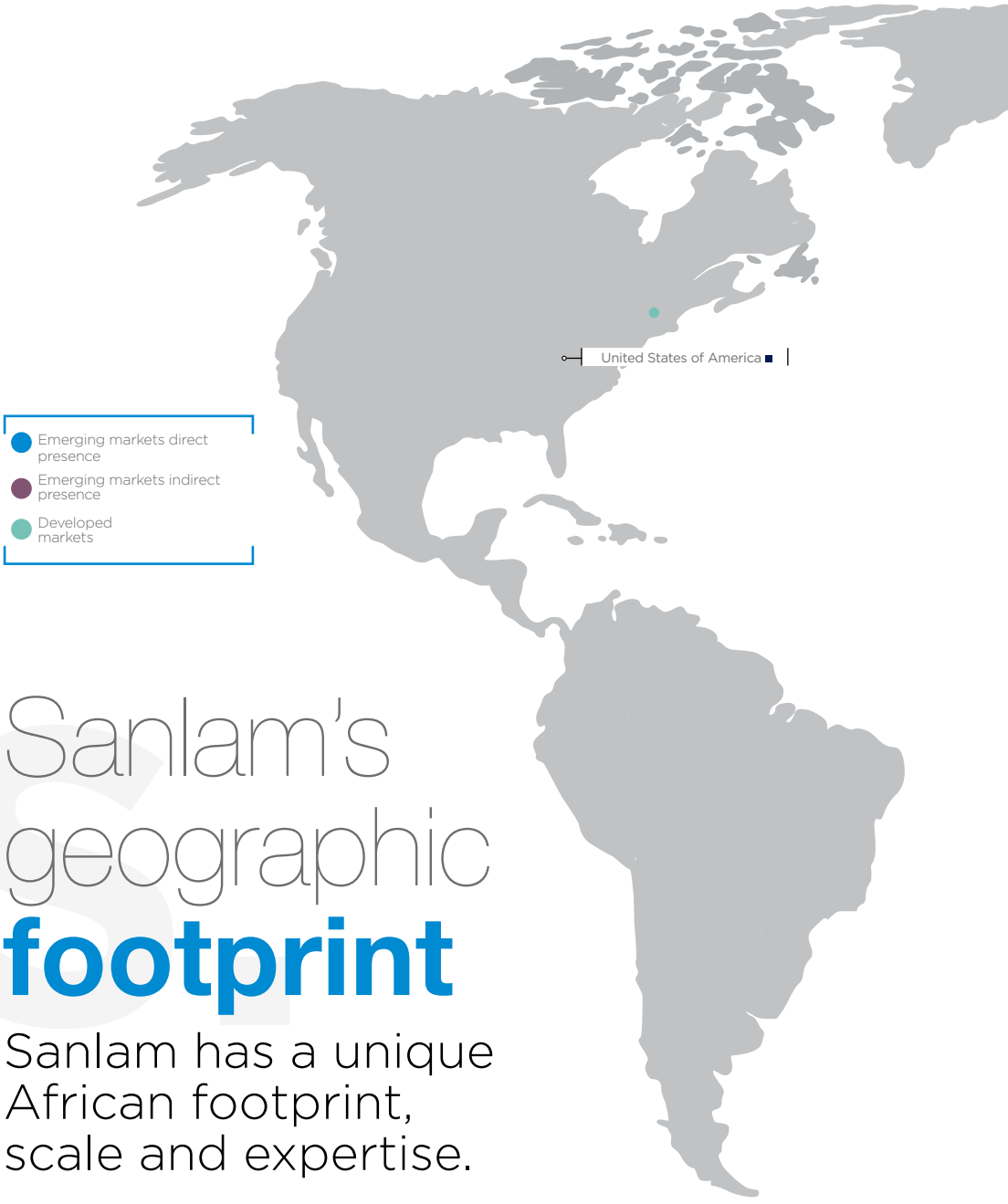
04
Winning with integrity to be the unrivalled industry leader in Africa

05
Creating value in everything that we do



GLOBAL

Ireland
United Kingdom
Australia
USA
Burundi
Lesotho
Angola
Zambia
Kenya
Uganda
Lebanon
Tanzania
Tunisia
Malawi
Algeria
Mozambique
Morocco
Zimbabwe
Mali
Namibia
Niger
Botswana
Burkina Faso
South Africa
Senegal
Guinea Conakry
Madagascar
Côte d'Ivoire
Mauritius
Ghana
India
Nigeria
Malaysia
Cameroon
Philippines
Gabon
Congo-Brazzaville
Togo
Benin
Rwanda
eSwatini

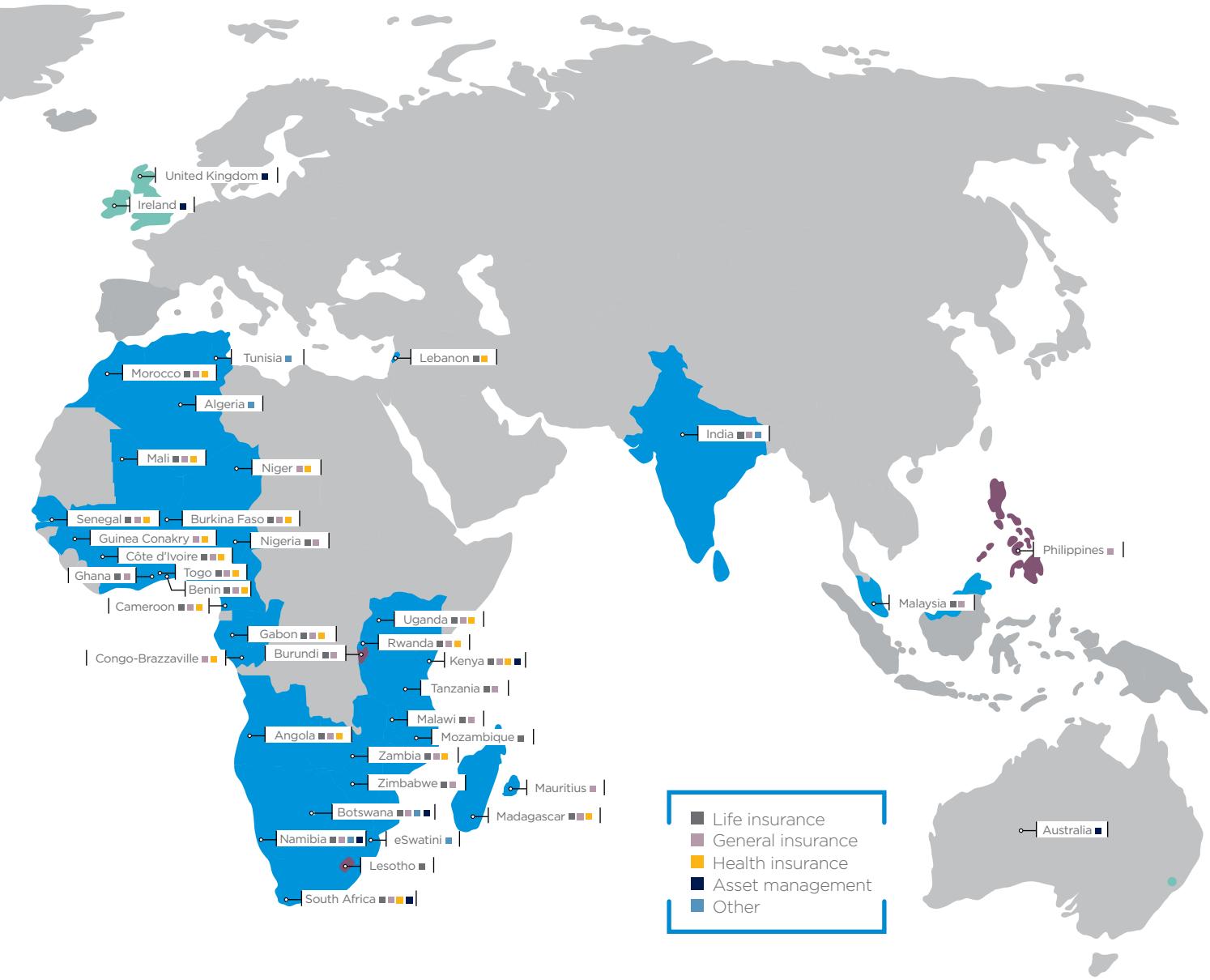


Sanlam's geographic **footprint**

Sanlam has a unique African footprint, scale and expertise.

We are the largest insurance group in Africa as measured by market capitalisation. We are one of the largest internationally active insurance groups in the world, as measured by in-country presence, with a direct and indirect presence in 41 countries excluding South Africa. We have the most extensive insurance footprint on the African continent through SEM, and we have a direct presence in 33 countries in Africa. Our holistic approach ensures ease of doing business, aimed at international insurance brokers and developed market insurers that need to provide their client base with insurance and employee benefits solutions across Africa.





Sanlam is one of the top three market leaders in 10 African countries for life and 13 for general insurance.

Building scale where it matters:

We have an unrivalled African insurance footprint, with a diversified, tailored offering.

AN OVERVIEW OF THE SHRIRAM GROUP

Shriram is a leading non-banking financial institution (NBFI) in India focusing on promoting financial inclusion across the most vulnerable sectors of society. Shriram focuses on under-penetrated second and third tier semi-urban and rural areas through a customer-centric and community-led approach. Shriram has built a track record in the lending and insurance business, offering a range of products and services to the under-banked through its vast branch network. Shriram has a strong ecosystem through its financing and insurance businesses that encourages cross-selling, while diversifying its distribution and leveraging its leading digital platforms.

Shriram Transport Finance

Shriram Transport Finance is one of India's largest asset financing NBFI and is strategically present in the entire commercial vehicle financing ecosystem. Through its associate Shriram Automall, Shriram Transport Finance offers a platform to facilitate the meeting of buyers and sellers for the sale of pre-owned commercial vehicles.

2,1 million	1 825
Customers	Branches

Shriram Life Insurance

Shriram Life Insurance is India's leading private insurer in the relatively untapped mass market segment. Shriram Life Insurance offers a suite of investment and insurance products.

890 000	423
Customers	Branches

Shriram City Union Finance

Shriram City is among India's largest and most well-diversified retail finance NBFI's. It is the leader in two-wheeler financing and a leading player in small enterprise finance. Shriram City caters to large, underserved retail customers.

4,4 million	986
Customers	Branches

Shriram General Insurance

Shriram General Insurance is one of India's leading and most profitable general insurers. Shriram General Insurance's key focus areas include motor own damage and motor third party insurance.

4,1 million	41 000
Policies	Agents

04



Why invest in Sanlam

Confidence Rule 53:

IF YOU WANT TO WIN, PICK A WINNING TEAM.

Why invest in Sanlam

Unrivalled long-term growth potential as the leading non-banking financial services group on the African continent.

Diverse Products

Insurance | Savings and Investments | Corporate | Asset and Wealth Management | Retail Credit | Financial Planning and Advice | Healthcare

Partnerships

Banks | Telcos | Financial Services | Non-financial Services | Retailers | Strategic co-investors in Africa

Technology

Modernising core business | Future-fit client ecosystems | Disruptive product innovation and digitalisation | Digital native businesses

Sustainability

Shared value creation | Financial inclusion | ESG integration in asset management | Partnerships

Supported by

01 Brand appeal and customer loyalty

02 Strong capital base and operational cash generation

03 Best skills and expertise in the industry

Built on a foundation of

PURPOSE | VALUES | CULTURE

Diversification by product line and geography creates stability.

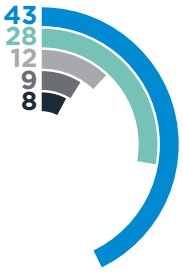
Split of earnings and GEV by LOB and geography

Line of business analysis

Earnings (%)



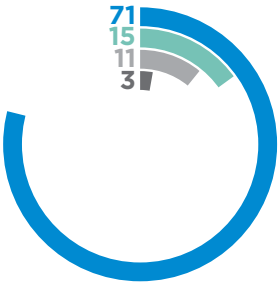
Shareholder value (%)



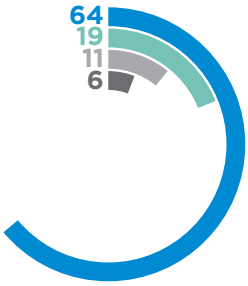
- Life
- GI
- Asset management
- Credit
- Other

Regional analysis

Earnings (%)



Shareholder value (%)



- South Africa
- Pan-Africa
- Other emerging markets
- Developed markets

We have a compelling investment case.



Structured to deliver sustainable long-term growth

Capital efficient business model

Improving margins and ROC from scale, superior client value propositions and efficiency

New business growth rates to exceed nominal GDP growth

Self-financing business growth translates to value

Long-term real RoGEV at attractive level

We have a distinct and unmatched competitive advantage.

1 South Africa

- Leading player in insurance and asset management
- Best long-term and sustainable broad-based black economic empowerment credentials
- Scale advantage matters

2 Pan-Africa

- Unparalleled African footprint with a diversified and tailored offering
- Leading position in at least 10 key African markets across life and general insurance
- Poised for further growth

3 India/Asia

- Only African player with a meaningful presence in India and East Asia
- Leading non-bancassurance driven life insurer, with a well-established presence in the untapped mass market segment
- Dominant, with a full ecosystem in the niche insurance market

4 Mobile financial services

- Strategic alliance with Africa's leading mobile operator, the MTN Group, provides additional scale and digital services breadth
- Leading insurer in reaching new clients by partnering through digital ecosystems

5 Distribution

- Vast distribution networks across brokers, bancassurance, telcos, agents, direct and aggregators
- Enhanced distribution network through strategic partnerships such as those with MTN, Capitec, Shriram and MiWay, with additional access to a larger customer base in Africa and East Asia

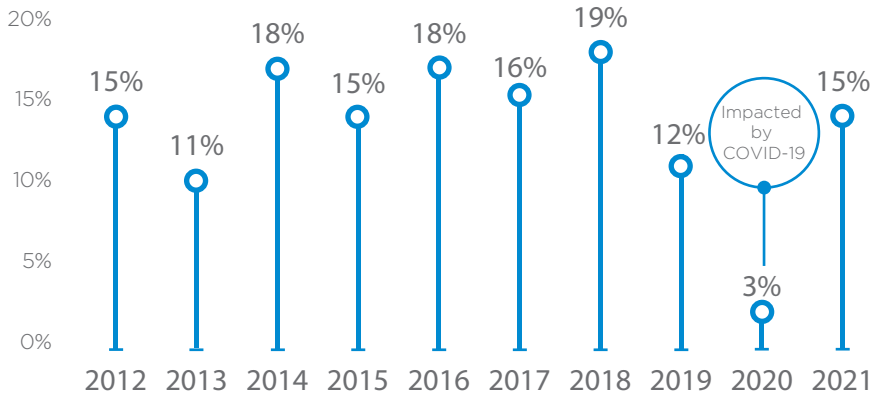
6 Asset management

- Leading scale player, driving efficiencies and shareholder outcomes
- More than R1 trillion of assets under management across four businesses
- One of South Africa's largest black-owned asset managers

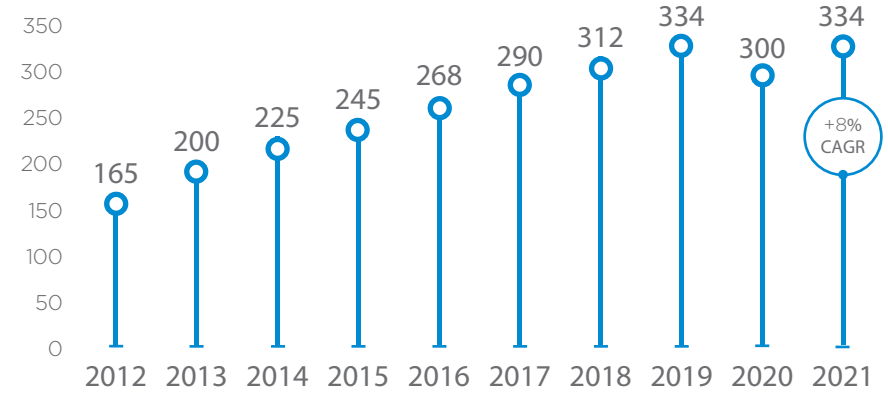


We demonstrate financial strength and performance and have a consistent track record of sustainable growth.

Shareholder value (adjusted Return on Group Equity Value per share)



Annual ordinary dividend (cents per share)







05

Sanlam's strategy

Confidence Rule 50:

THE BEST THINKING IS FUTURE THINKING.

Strategy at a **glance**

Our strategy is underpinned by our purpose of empowering generations to be financially confident, secure and prosperous.

The continent's future growth prospects remain strong, and we have an opportunity to use it as a base for inclusive wealth creation that will empower current and future generations to be financially confident, secure and prosperous. Key to this is humanising technology and designing our digitalisation journey around our clients. Read more about the growth opportunities in Africa, India and beyond on page 28.

Our strategic objectives:

- Becoming an African champion
  - Building a fortress position in South Africa
  - Accelerating growth outside South Africa
- Strengthening our position where we operate outside of Africa

Our strategy is enabled by:

Data and digital transformation: leverage data and digital transformation to increase the value offered to clients and improve efficiencies

Continuous development of our people and culture: empower people and evolve the culture to be competitive in a fast-changing world

Sustainability: focus on shared value creation in Africa and India by driving financial inclusion and integrating ESG into asset management, value chains and ecosystems – supported by strategic partnerships

Partnerships: leverage our partnership model to introduce a broader spectrum of society to the benefits of financial resilience

Innovation: increase orchestration within the Group to implement our strategy across the clusters and drive innovation and collaboration

Our ultimate strategic ambition is composed of four parts

Client

- Provide access to our products and services for more than 50 million clients across Africa by 2025
- Be rated as having the best client experience in each market in which we operate
- Be rated as the most trusted and secure insurer in each African market in which we operate

Financial

- Achieve consistently superior returns for shareholders relative to competitors in the insurance Sector of the JSE
- Maintain leadership as the biggest insurer in Africa as measured by market capitalisation

Economic

- Invest more than R1 trillion in the economies of Africa in a manner that is responsible and impactful for the development of those economies
- Diversify the benefits of ownership of the Company to local participants
- Create and participate in powerful ecosystems that utilise digital technology to stimulate economic growth throughout our markets in a manner that could not be achieved with purely physical infrastructure

People

- Attract the best people in the market, empower them to learn, lead and live our shared purpose
- Foster a high performance and agile culture that drives accountability and exceptional employee experience
- Harness the power of our diverse workforce to deliver innovative solutions for our clients

We deliver on these objectives by pursuing goals.



SOUTH AFRICA

- Deepening client relationships
- Digitalisation and data usage
- Increase direct distribution
- Empowerment as a competitive advantage in institutional markets



REST OF AFRICA

- Optimise the portfolio
- Drive operational execution in the core markets
- Volatility of investment returns reduced to focus on return on capital
- Selective expansion on consistent delivery platform



INDIA

- Strong brand in India enables insurance to be sold outside current ecosystem
- Opportunity to enhance Sanlam involvement

Delivering of **strategy**

We are maintaining our position as a leading and digitally-enabled African insurance market leader.

We continue to digitally optimise our core business to a more efficient tech enabled provider, to better serve existing customer segments. We will leverage these foundations and invest in new capabilities and assets to build a disruptive digital platform through scaling our financial services knowledge to serve the future financial market opportunity

Sanlam 1.0

Optimise

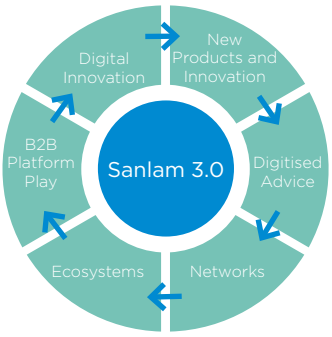
Sanlam 1.0 is our core intermediated business model

Sanlam 2.0

Towards modern foundations: Doing things differently

Sanlam 2.0 will be the digital version of the current business whose key transformed foundations will be leveraged to build new business models

Sanlam 3.0 will be Digital Native with advice innovatively built into the overall engagement model and value proposition, delivered through scalable technology.



Transform: Doing different things

- New Customers
- New Ecosystems
- New Channels
- Net New Revenue
- Hyper Scale
- New Digital Media

Strategic partnerships

ARC for broad-based empowerment in South Africa

Shriram – a leading non-bank financial services player in India

Bank assurance

Absa for scale in South African asset management and expanded distribution

Capitec for financial inclusion of the under-serviced in SA through collaboration, 1.7+ million funeral policies sold on platform since 2018, access to 15 million customers

Telcos

Partnering with the largest mobile operator in Africa

Access to more than 100 million active mobile money users, more than 200 million customers

Agents and brokers

Sanlam uses a vast network of tied agents and independent brokers across the African continent and through Shriram in India

Direct

Disruptive digital models offering new value creation





OUR DIGITAL TRANSFORMATION VISION ENABLES STRATEGIC DELIVERY

We want to create engagements and experiences that help our clients live with confidence and be inspired as we guide them towards their financial aspirations.

Sanlam has evolved from a collection of independent, federated businesses. This led to a proliferation of client- and intermediary-facing capabilities that create a sub-optimal, fragmented client experience. We are therefore focused on delivering a product and service ecosystem that is built around client needs and support for their financial wellbeing. Our new client experience (CX) strategy guides this journey.

Our goal is to deliver a consistent, seamless and integrated client experience. This experience will be digitally powered and rendered through appropriate sales and service channels. It will rely on comprehensive and timely access to data and insights from across the Group. It will be enhanced through our loyalty and reward offering, Wealth Bonus. Read more about Wealth Bonus on page 50.

The Group's CX strategy established a broad foundation for a new client and intermediary experience platform across the insurance value chain.

Examples of Sanlam Client Experience (CX)

Development of a unified experience (UEX) framework

To drive the convergence of Sanlam's current client-facing digital estate, including all websites, portals and apps.

Roll out the Future of Advice

To empower intermediaries to seamlessly provide consistent advice across financial needs while ensuring clients realise their financial goals. Read more about Future of Advice on page 50.

Transform Sanlam's approach to digital marketing

A new digital marketing operating model where cross-functional teams work together to develop iterative, data-driven and results-orientated marketing.

We are focused on simplifying and rationalising our core set of administration systems and IT estate. Over the next few years, we will focus on efficiency and making things simpler for the business to support better client experiences and outcomes.

What our digital transformation vision means for clients

- We offer a holistic value proposition across products, engaging clients on the questions they have through advice, guidance and rewards
- Client journeys are presented in product sets that address their specific needs and bring them clarity. This builds confidence and enables them to understand and address their financial needs seamlessly
- Clients can engage with us in the channel of their choice when gathering information or purchasing and servicing a product
- We offer seamless engagement across our digital platforms, whether web or app
- We create standard journeys across product lines and business units, removing the need for clients to repeat information
- Clients have control over their finances by providing a seamless transition from self-directed to intermediated settings

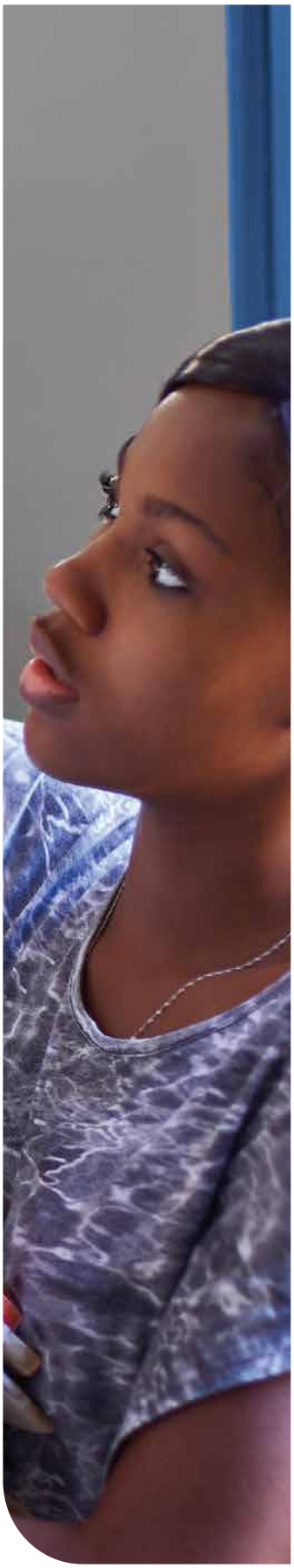
What our digital transformation vision means for Sanlam

- **Enhancing our digital business model:** we will benefit from digital customer acquisition and efficient distribution channels supported by digital enablement. Improved competitiveness will drive sales growth. This will help cement our position as the leading insurer in reaching new clients by partnering with them through digital ecosystems.
- **Transforming digitally:** digital client communication and processing will help us leapfrog customer experience, analytics and business process efficiencies. Digitally-transformed platforms and infrastructure will result in low unit administration costs. Improved client satisfaction will improve retention and improved intermediary efficiency and productivity will support better client outcomes.
- **Enhancing our distribution networks through differentiated digital-solution partnerships:** we will benefit from new and existing partnerships with businesses such as the MTN Group, MiWay, Indie and Capitec. These partnerships will enable us to either strengthen our internal or external digital ecosystems.

Sanlam data security and protection

As part of Sanlam's data security to ensure sound data security practices are implemented, the information and data policy was refined and approved by the Sanlam Board. Data governance teams, and data stewardship are fully operational looking at aspects such as data privacy and security. With POPIA coming into effect in 2021, Sanlam Group Technology has embedded the data privacy management capabilities. On the technical front, data protection and leakage prevention, and data activity monitoring continue to be deployed and provide increased levels of data security.





A HIGH-PERFORMANCE AND AGILE CULTURE LAYS THE FOUNDATION FOR STRATEGIC DELIVERY

Sanlam's culture journey, "Winning as One" signals our commitment to collaboration and leveraging synergies in supporting Group strategy execution. The culture journey started in 2020.

We put key Group initiatives in place, complemented by specific cluster-focused initiatives to cater for unique differences. We aligned all under the "Winning as One" motto applying four principles:

1. Start with leadership commitment and maximise their impact as role models.
2. Employee involvement is a key ingredient as we aim to fully understand their experience, needs and priorities.
3. Aligning our day-to-day practices makes all the difference in shaping the desired culture.
4. We need to be purposeful about evolving and embracing the desired culture and living our values.

Our culture journey brings leadership to life, involving employees in crafting solutions, being intentional about what we do and how we do things. The Barret culture survey and its outcomes allowed for dialogue on how to move in a synchronised way across the Group.

Measuring our culture progress

We use the Barrett Values Centre framework and methodology to understand and measure the Sanlam culture. We conducted the first Group-wide assessment in September 2020, followed by a second survey in September 2021. 69% of employees participated (2020: 71%).

Sanlam's culture score improved from 58 in 2020 to 61 in 2021 – a significantly higher score than the industry average of 50. We also observed more behaviour/value matches in the personal and current culture behaviours in 2021 compared to 2020. The Group entropy score improved from 15% in 2020 to 14% in 2021 moving in the right direction. It indicates that some attention is still required to reduce employee energy consumed in doing unproductive or unnecessary work.

Salient results:

- Continuous improvement emerged as a new culture match, indicating openness to change.
- The most significant improvement was in employee recognition which increased by 3%, indicating that employees acknowledge there is a culture of recognition, and they would like that to continue.
- Long hours increased by 5% and indicated an area of concern.
- Top and senior management results improved, and cost reduction eased as a concern.

CULTURE-BUILDING INITIATIVES

Culture starts with leadership

Our leaders need to understand how they are showing up and the impact they have on the culture. Group Executives and their direct reports participated in a leadership development initiative based on the Barrett leadership model. Leaders were rated by colleagues and peers and received an assessment of their own leadership style.

A culture of agility

We launched a strategic agility leadership programme for the top three management tiers, consisting of self-directed digital content and eight monthly masterclasses. Positive feedback confirmed impact through thinking shifts, practical applications and improvements. Six strategic initiatives were identified as part of the programme. These were aligned to strategic outcomes and considered the culture survey results. Teams had to define the real problem and deliver a proposed solution. The six workstreams were supported with ongoing coaching, and all proposals were presented to the Culture steerco and executive sponsors. Final proposals were approved for implementation in 2022.

Keeping check of our core values

We did a values analysis and alignment exercise to drive the One Sanlam culture. The different value sets within the clusters and the Group were reviewed through a consultative process for possible overlaps, synergies, areas of disconnect, and opportunities for alignment to the desired culture. Ultimately the aim was to agree on key values based on the Group purpose, strategy and desired culture while keeping the Barrett model in mind. Find the new core values, as agreed with Exco on page 21.

Employee experiences unpacked

40 diverse employee focus groups assisted in understanding, validating and identifying employees' experience, needs and satisfaction levels. We also asked them for input on solutions to improve the culture and enhance the hybrid work environment. Overall feedback confirmed the need to continue improving recognition, focus on employee development, leadership visibility and support the wellbeing of our workforce. Based on this, we can enhance our employee value proposition.

New Ways of Work

We want to ensure that our people are ready to reset and thrive while balancing their wellbeing, productivity and transition to a hybrid way of working. This includes higher levels of flexibility, line manager enablement, employee wellbeing, people practices, technology/connectivity, workspace planning and culture impact. Read more about this on page 60.

Our culture journey brings leadership to life, involving employees in crafting solutions, being intentional about what we do and how we do things. The Barret culture survey and its outcomes allowed for dialogue on how to move in a synchronised way across the group.

Strategic risks and **opportunities**

We recognise that our purpose, risks and opportunities, strategy, performance and sustainable development are inseparable elements of the value creation process.

Sanlam is one of the biggest internationally active financial services groups. Due to our potential impact on the system and the inter-connected nature of financial services, effectively managing complex risks needs to be a key capability. We distinguish between strategic and operational risks, mitigated through a mature risk management governance structure:

The top-down approach is undertaken at an executive and senior management level and considers the key strategic risks affecting Sanlam in the medium to long term. We also do a quarterly scan of external risk reports.

The clusters and business units undertake a bottom-up approach with the assistance of their risk management functions to assess all categories of key risks from an operational perspective.

STRATEGIC RISKS FOR 2021

Strategic risk	Sanlam's response
COVID-19 pandemic → COVID-19 continues to have a multifaceted impact globally. Clinically significant variants could complicate the attainment of herd immunity. In the short to medium term, COVID-19 has had a pervasive impact across the Group. Over the longer term, the Group will need to consider the prolonged impact of COVID-19 and/or future pandemics. Organisations also need to adapt to different ways of working, including working remotely.	*Risk mitigation actions* • Possible downscaling of the Group's office footprint to support new ways of work, including hybrid working models • Considering new ways of working, including ensuring employees can work from home *Potential opportunities* • Building stronger organisational resilience by reviewing current business continuity management plans and strategies • Identifying and actioning new opportunities, including potential new partnerships
Poor economic growth ↑ Changes in the global, regional and domestic macro-economic environments can significantly affect local economic and market conditions. It is likely that COVID-19 will severely, perhaps even permanently, damage the fabric of South Africa's economy and those of other countries in which we operate. South Africa's recent riots and political unrest, together with the current unemployment, is concerning.	*Risk mitigation actions* • Ongoing balance sheet management and management of expense levels • Reviewing business strategies to accommodate the current economic climate *Potential opportunities* • Optimising distribution and evaluating partnerships in SLS to exploit growth opportunities • Diversifying SEM portfolio to provide some natural mitigation as well as closely managing performance and hurdle rates • Developing competitive capabilities in SIG to target higher return asset classes
Disruptive threats/Fourth Industrial Revolution → The ongoing technological revolution affects Sanlam's current and future customers, employees and partners. International insurance players, incumbent banks and tech players may disrupt the industries/lines of business. Legacy systems, scarcity of talent with key capabilities, lack of cross-cluster collaboration and associated pressure on costs may constrain our ability to respond. To continue to be the leading insurer in Africa, Sanlam requires a digital transformation which may be challenging considering our scale.	*Risk mitigation actions* • Ongoing implementation of the Group's strategy, which prioritises digital transformation • Fostering support from Sanlam's leadership teams (including managers) to ensure strategy implementation • Collaboration between human resources, clusters and strategy teams to ensure the Group understands which skills are required *Potential opportunities* • Ongoing simplification and modernisation projects within Sanlam Group Technology
Cyber risk ↑ New threats such as cyber-hurricanes, increasing reputational risk and tougher data regulation mean that the threat of cyberattacks is escalating. Protecting against attacks demands more timely and effective risk intelligence. Lasting damage is reputational and could be caused in a wide number of ways, the most prevalent being the theft or ransom of sensitive client data, the corruption of insurers' databases, fraud or the theft of intellectual property. COVID-19 introduced additional cyber-risk through employees working from home and connecting remotely to the Sanlam network.	*Risk mitigation actions* • Group Exco's Technology Council oversees Sanlam's response to cyber risk and the execution of the cyber resilience strategy • Ongoing assessment of Sanlam's crown jewels (critical data and systems) most at risk

Trend ↑ Increasing → Stable

Strategic risk	Sanlam's response
Human resource scarcity and stretched resources ↑ Employees in key talent segments are stretched due to operational, regulatory and competitive challenges. In South Africa, sourcing key talent and black talent remains challenging. SEM lacks experienced in-country staff in specialist positions and must respond to pressure to appoint local skills. Competitors actively target staff. The Group is tracking and actively monitoring staff's mental and psychological wellbeing. There is also an increased risk of staff feeling disconnected from their colleagues which in turn may impact productivity.	*Risk mitigation actions* • Employee engagement, motivation and retention are being enhanced through digital platforms, including virtual learning • Short-term actions include a focus on retention, using contingent resources, identifying essential versus less urgent work, and accommodating flexible working practices • Ongoing enhancement of our remuneration policy • Approval of a hybrid work framework and ongoing monitoring of employee wellbeing *Potential opportunities* • Longer-term actions include ongoing talent pipeline feeder programmes, enhancing our employee value proposition and building internal capacity
Simultaneous regulatory implementation and uncertainty → In South Africa, considerable uncertainty remains in relation to further phases of market conduct regulation. The administrative burden of group supervision under the Prudential Authority is clear. Sanlam continues to receive ad hoc information requests. The release of IFRS17 requires significant investment in building new valuation models and accounting systems, data management and process optimisation. The effort required to ensure simultaneous implementation of new and updated regulatory measures continues to place strain on the Group.	*Risk mitigation actions* • Proactively investigating and formulating views on all regulatory proposals • Participating in discussions with regulators directly and through industry associations • Continuous re-evaluation of cluster business models to obtain an advantage within the changing regulatory environment • Group-wide coordination to achieve economies of scale and a consistent approach • The Group's IFRS17 programmes remain on track, and we completed a financial impact assessment during the year • Ongoing engagement with the Prudential Authority
Diversified growth initiatives ↑ Increased corporate activity is taking place within the Sanlam Group due to restructuring of the strategic portfolio. The following risks therefore need to be managed: integration and on-boarding risks of new business into the Sanlam Group; transition risks, where business units are sold off; further strain on key staff and resources involved with the transition or integration of business units over and above their daily operational responsibilities; and increasing complexity of the Sanlam Group as new businesses are acquired.	*Risk mitigation actions* • Development of a SEM roadmap, with key strategic initiatives (including key performance measures and milestones). QBRs track performance • Appropriate hurdle rates set for capital invested across emerging markets • Balance sheet reviews and analyses performed across the portfolio to safeguard assets • The Group Strategic Office has been established to provide guidance on strategic Group initiatives • Under the amended Sanlam governance structures, new Quarterly Business Reviews (QBRs) will replace Board meetings to specifically focus on the tracking of key strategic initiatives and associated KPIs *Potential opportunities* • Expanded capacity and breadth of skills, as well as the in-country recruiting of skilled staff at senior levels in-country • Ongoing focus on the investment strategy and significant assets across the portfolio

Trend ↑ Increasing → Stable

Strategic risk	Sanlam's response
Transformation, diversity and inclusion → The imminent Employment Equity (EE) Amendment Bill will result in mandatory EE sector targets that are much higher than the current EE targets organisations set for themselves as per the EE Act. This will result in stretched targets which will need to be achieved between 2020 and 2024. Failure to be compliant will result in potential loss of business and potential fines.	*Risk mitigation actions* • Conducted scenario analysis to determine the gaps and developed a four-year forecast to determine targets and plans • Appointment of black Group Exco members to ensure transformation is led from the top • Approval of Group-wide diversity and inclusion initiatives *Potential opportunities* • Deliberate focus to source external black talent and progress internal black talent
Political and social instability → Instability is a feature of South Africa's socio-political and economic environment, fuelled by inequality, unemployment and poor service delivery. Government took decisive action to deal with COVID-19. However, the economic consequences of these actions will not only lead to further job losses and inequality but will also force government to take action to rescue its fiscal path. If taken, these actions may lead to increased social instability. SEM is invested in several economically and politically unstable countries, which can give rise to unintended consequences and risk.	*Risk mitigation actions* • Participating in engagement between business, labour, government and society • Working on consumer financial education programmes to improve financial literacy • Working on projects termed SA Inc. projects aimed at rejuvenating the economy and contributing to uplifting the social and economic environment • Continuous monitoring of SEM's political, economic and regulatory environments • Strengthening SEM's compliance capabilities and improving its ability to deal with regulatory change • Ongoing and proactive engagement with in-country regulators/authorities
Severe weather/climate change → Climate risk is systemic, with profound social and economic impacts. There is increased stakeholder and investor interest in Sanlam's climate disclosure. National Treasury released a draft technical paper in May 2020 ("Financing a Sustainable Economy"). In this paper, they propose several actions for the financial services sector and the expectation is that the following will be started between 2020 and 2025. This signals a move from voluntary to compulsory disclosure.	*Risk mitigation actions* • Building institutional capacity to meet the requirements of TCFD • Working with PwC to understand and articulate the Group's response to climate-related matters • Revising our Group-wide carbon emission targets • Determining how much underlying carbon is in our investment portfolio while investing in longer-term infrastructure projects, such as renewable energy • Partnering with municipalities through Santam to manage fire and flood risks • Ongoing partnership with WWF-SA • Coordinating a Group-wide approach towards ESG reporting *Potential opportunities* • SIG's Infrastructure Fund, which contains a low-carbon focus

Trend ↑ Increasing → Stable

Our approach to risk mitigation is supported by increased digitisation, data analytics and direct distribution that support our digital transformation vision as well as our focus on strategic partnership, mergers and acquisitions. Digital transformation and strategic partnerships are critical to identifying and capitalising on opportunities within our operating environment.

PROTECTING CLIENTS' INFORMATION

Clients trust Sanlam with their information, including their goals and aspirations. Trust builds confidence and gives clients peace of mind. While we are guided by law, it is fundamental to us that we act with care and responsibility to ensure we protect our clients' information.

The Protection of Personal Information Act 4 of 2013 (POPIA) came into full effect on 1 July 2021. POPIA gives effect to the right to privacy as set out in the Constitution of the Republic of South Africa and aims to protect the personal information of data subjects, striking a balance between the rights to privacy, access and flow of information. POPIA requires that Sanlam has the right governance around data sharing, manages a client consent register, and complies with rules around direct electronic marketing.

Sanlam is the trusted custodian of the personal information of many retirement funds, employers, members, policyholders and clients. Sanlam processes personal information in line with the conditions set out in POPIA.

Sanlam is committed to:

- Ensuring that all personal information is processed in a responsible manner that does not unjustifiably infringe the privacy of any data subjects.
- Securing the integrity and confidentiality of personal information in our possession or under our control.
- Complying with legislation, including but not limited to data protection laws.

Read more about the actions we are taking in our Resilience Report, available www.sanlam.com.

Data privacy in Africa (outside South Africa)

Even though POPIA is South African legislation, there are similar regulatory initiatives in Africa outside South Africa. SEM undertook research to assess and understand in-country data privacy regulatory frameworks in the countries where Sanlam operates. The first step was to ensure full compliance with existing legislation. The Sanlam Group Data Privacy Policy was communicated to the SEM risk and compliance community. In-country teams are responsible for the implementation and compliance with the policy and receive regular communication around the topic. To assist in-country teams to better understand data privacy risks, the central risk and compliance team provides guidance on how to conduct privacy impact assessments and data inventory guides.

OUR GOVERNANCE APPROACH TO MANAGING RISKS

The Board is responsible for overseeing risk management. The Risk and Compliance committee is mandated by the Board to advise and assist with the design and implementation of Sanlam's Group risk assurance framework and responsibilities.

The Risk and Compliance committee takes responsibility for approving the Group's risk appetite and level of risk tolerance for recommendation to the Board. The committee also monitors the implementation of the Group risk assurance framework and supporting policies. A comprehensive and mature enterprise risk management framework is in place, with appropriate risk escalation processes from a business unit to Group level. The enterprise risk management framework is reviewed annually. Sanlam's risk appetite statement is the key mechanism through which limits are set for material risk categories.

Risk management through the ORSA process

The Own Risk and Solvency Assessment (ORSA) is an overarching process that combines the results from processes embedded at the Group and cluster level as part of our enterprise risk management framework. The ORSA process consolidates the outputs and provides an analysis of the risk capital required to be held in respect of the Group's risks, currently and over the business planning horizon. The risk and capital assessments in the ORSA take account of Sanlam's risk profile, approved risk appetite and business strategy.

The Group risk function manages the ORSA process and drafts a quarterly Group ORSA Update report, which covers assessments and analysis of the Group's top-down strategic risks, bottom-up operational risks, risk profile, approved risk appetite, corporate credit risk, liquidity risk, current and projected capital and solvency positions, stress and scenario testing, and projections over the business planning horizon. After management review, the report is tabled at the next Sanlam Risk and Compliance committee and Board meetings.

The Group risk function is responsible for drafting the annual Group supervisory ORSA report according to the requirements under the Prudential Standards. Management discusses the Group supervisory ORSA and recommends it to the Board for approval before submission to the Prudential Authority. The Group ORSA process is well established and supported by parallel ORSA processes at cluster level.

There were no material breaches of our risk appetite statement. Read more about the role and focus areas of the Risk and Compliance committee in the online Corporate Governance Report.



06

Sanlam in 2021

Confidence Rule 30:

TO PROTECT WHAT MATTERS, YOU NEED TO KNOW WHAT MATTERS.

The clusters' key **activities**

We execute our strategy through our business clusters, which delivered tailored, comprehensive and client-centric financial solutions to individual and institutional clients throughout the year.

SLS SANLAM LIFE AND SAVINGS

SLS offers retail and institutional life insurance and investment products, as well as credit and health products in South Africa. The cluster uses its advice and distribution capabilities, as well as digital engagement, to serve client needs from simple to complex products. SLS embraces partnerships and innovation to meet client needs better.

Key highlights for 2021

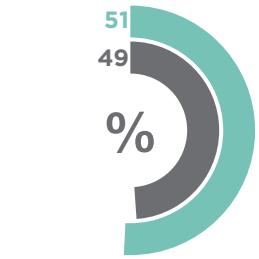
We delivered strong growth and enhanced our client value proposition, underpinned by digital enablement

Strong new business growth, persistency and client support

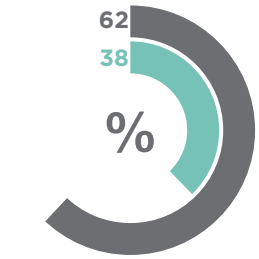
- New business volumes grew 40%, with strong growth in all businesses.
- Persistency remained strong, with a positive embedded value experience variance of R742 million. This included strong persistency in more than 25 000 recurring premium products where premium holidays were provided, with a reinstatement rate of more than 80% to date. Sanlam Corporate also provided contribution relief to its clients – with all but close to 8% again paying contributions as at 31 December 2021.
- Our digital channels delivered excellent growth over the year, with Sanlam Indie new business growth of 31% and MiWay life new business growth of 12%..
- SLS paid gross mortality claims of R17 billion for the year, a 78% increase on 2020.

Digital innovation

- Launched a WhatsApp service capability that enables customers to conclude transactions digitally, including servicing and concluding a funeral claim.
- Sanlam Indie collaborated with Santam to enhance its direct client offerings. Sanlam Indie will leverage its digital expertise and create a bigger direct client ecosystem, assisting cross-selling.
- Formalised a strategy to guide the delivery of a personal, unified, and consistent client experience that is digitally enabled. This includes introducing self-service technologies that unlock opportunities for Sanlam to engage with members at multiple touchpoints along their financial journey.
- The launch of electronic signature software, E-sign, digitised the client contracting process and improved adviser productivity and efficiency.



SLS % of Group earnings
Other



SLS % of Group value
Other

Caring and being there for clients
SLS made a difference over a very difficult period by paying **R17 billion** in mortality claims in 2021

Product innovation

- Continue to explore ways to expand the product set in SA Retail Mass including non-underwritten life, savings and simple short-term insurance solutions. Launched a project that enables customers to consolidate existing funeral products and add benefits such as life cover.
- Launched Satrix Smooth Growth Fund, which provides 100% vesting bonuses and first ever event-driven smoothing in the retail market. This provides valuable guarantees to clients when life happens – for example, when they are retrenched or disabled.
- Launch of Sanlam's new loyalty offering, Wealth Bonus, as well as the launch of Sanlam Health Solutions.
- Launched Sanlam Virtual Doctor, which provides Sanlam Umbrella Fund members with free access to a nurse of general practitioner through the Sanlam Member Portal or Sanlam My Retirement App. This enables members to access healthcare free-of-charge, regardless of whether or not they have medical aid. Sanlam Virtual Doctor was launched in partnership with AfroCentric.
- The inclusion of alternatives in our offerings gives clients the benefit of portfolio diversification. This includes, for examples, Glacier's Invest Income Solutions and Sanlam Corporate's pooled portfolios. Furthermore, Glacier has expanded its international offering.
- Our hybrid annuity solution in Glacier, which allows clients to seamlessly blend guaranteed and investment linked annuities, supported strong growth in new lump sum investments.

Client centricity

- Continued the mass conversion project, which converts dated policies on Sanlam's legacy systems into modern solutions. A total of 60 000 policies were converted in 2021. Clients benefit from a more transparent fee structure, greater investment flexibility and choice and flexible maturity rates.
- The Sanlam Umbrella Fund expanded its offering to include a free will-drafting service and access to virtual healthcare (Sanlam Virtual Doctor), enabling it to service clients' needs holistically. The fund now has more than R60 billion in assets under management – a key milestone.
- Continued to explore opportunities to improve members' retirement outcomes by engaging with members to better understand their financial goals, with the option of offering them appropriate retail solutions.
- Continued to support retirement fund members through our retail advice offering delivered by Graviton Wealth Management, a subsidiary of Sanlam.

We pursued mutually-beneficial, strategic partnerships

- The Capitec partnership continued its strong growth trajectory. Sanlam's long-standing partnership with the Zionist Christian Church remains valuable. Both partnerships enable Sanlam to expand its reach among lower-income consumers while delivering the benefits of financial education and inclusion. Sanlam's strategic alliance with the MTN Group will strengthen our partnership approach. Read more about this strategic alliance on page 52.
- In partnership with AfroCentric, launched Sanlam Health Solutions to meet the need for affordable, flexible and personalised healthcare solutions in South Africa's private healthcare market. Sanlam Health Solutions will

deepen Sanlam's existing partnerships with Bonitas and Fedhealth, thereby strengthening the Group's retail value proposition and expanding Sanlam's distribution focus on health, retail and corporate.

We implemented projects to support adviser productivity

- Supported further digitisation of the client acquisition process in SA Retail Mass. 70% of tied agency sales are now done via Sanlam's I-Manage platform. The platform enables intermediaries to search for client information, conduct a financial needs analysis and complete sales digitally, among others.
- The support provided to advisers in 2020 when they could not generate an income due to COVID-19-related restrictions supported retention and improved productivity.
- Made significant progress in the implementation of a new policy administration platform, Root, for Sanlam Indie.

We supported financial education, access and inclusion

- Sanlam remains one of the few financial services groups that provide services for all markets in South Africa. We do this either directly through our network (tied and untied) or through partnerships that include, among others, our rewarding partnership with Capitec and long-standing relationship with the Zionist Christian Church.
- Undertook consumer financial education training at multiple worksites across South Africa, helping beneficiaries gain the skills and knowledge to make better financial decisions while supporting financial inclusion.
- For the fortieth consecutive year, delivered South Africa retirement industry research via Sanlam Benchmark Symposium – one of the most referenced research papers in the retirement fund industry that provides insights to help effect positive financial retirement outcomes for South Africans.

The Sanlam Umbrella Fund now has more than **R60 billion** in assets under management – a key milestone.

Sanlam remains one of the few financial services groups that provide services for all markets in South Africa. We do this either directly through our network (tied and untied) or through partnerships.



Preparing for the future of advice

As part of our commitment to deliver future-fit advice, Sanlam initiated a Future of Advice project within SanlamConnect. This project aims to empower intermediaries to confidently, seamlessly, and from a single place provide consistent initial and ongoing advice across various client financial needs and goals – all while meaningfully connecting with clients.

As part of the Future of Advice project, Sanlam is developing a standardised, automated advice capability called Advice Partner. Clients will benefit from access to consistent, quality advice as Advice Partner will provide a transparent record of their unique advice process. The solution will also increase intermediary productivity. It is a tool for newcomer advisers and can be used by an adviser to work with clients through their needs process.

Advice Partner will be one of the capabilities that supports Sanlam's CX and digital transformation strategy. Read more about CX and digital transformation on page 36.

Rewarding and encouraging client loyalty

We want our rewards mechanism to help people make the right decisions today to unlock future value and make them financially confident. Wealth Bonus automatically rewards clients with a built-in, wealth-building benefit that acts like an investment.

Wealth Bonus is the new Sanlam rewards offering launched in March 2021. It collates awards over a range of Sanlam products from life, disability, severe illness and income protection to retirement plans and health offerings. All these Sanlam products come with benefits that include compounding returns, a retirement boost, regular cash-back payouts and free lifestyle benefits. For example, Matrix clients earn an extra 15% in their Wealth Bonus benefits if they are also members of Bonitas or Fedhealth.

Whenever a client pays a premium, adds to their savings, or makes an investment, Sanlam contributes towards the built-in benefit that automatically creates even more wealth for their future. The Wealth Bonus pays out at guaranteed future points. Even where a product's contribution is small, the power of the benefit lies in the long-term earning potential for a client's entire product portfolio. The more participating products a client has, the bigger their overall Wealth Bonus.

Responsible credit

Almost one million of our clients have personal loans, but as little as 10% of these are with Sanlam. As we already give clients advice to build their financial confidence, we identified an opportunity to support our clients more in managing their debt.

We launched Sanlam Credit Solutions in May 2020 to give clients free access to their credit scores and profile. When registering, they can access credit management coaches and tailor-made credit products. The uptake exceeded all expectations, attracting over 200 000 clients to the platform since the launch, of which more than a third are new to Sanlam. Good conversion rates mean that clients are following the advice they receive, taking up more Sanlam solutions and moving into a better financial position.

Strengthening the South African competitive position

A series of transactions announced with Alexander Forbes and Absa will enhance our competitiveness through increased scale. The transactions will also support our commitment to provide sound advice and excellent products for customers, backed by the strongest possible balance sheet. Read more about this on page 13.

SEM SANLAM EMERGING MARKETS

SEM constitutes Sanlam's financial services offering in emerging markets outside South Africa. SEM is divided into Sanlam Pan-Africa and Other International, comprising mainly of India and Malaysia. SEM believes in local partnerships and skills development to create sustainable businesses and uplift the societies in which it operates. By creating access to a broad range of simple and relevant financial services through diverse distribution platforms, SEM creates the opportunity to empower millions of clients to live with confidence.

Key highlights for 2021

We delivered strong growth across our portfolio

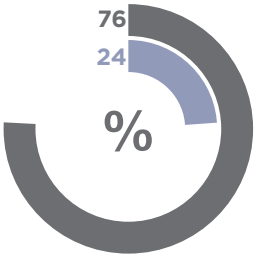
- The Sanlam Pan-African general insurance portfolio showed robust growth of 9% in constant currency in new business volumes, spread across the portfolio. Strong growth of 11,9% was achieved on float assets. An underwriting margin of 4,4% was delivered.
- The Sanlam Pan-African life portfolio had a solid year, with new business volume growth of 23% in constant currency and net value of new covered business (VNB) growth of 88%. The portfolio benefitted from increased cross-selling and the diversification of product and distribution channels.
- The Sanlam Pan-African asset management operations had another resilient year, recording 5% growth off the high base from 2020.
- India's life insurance and credit businesses performed well, albeit impacted by COVID-19. The general insurance performance was more muted due to the lack of prescribed premium increases for the past two years.
- SEM paid R5 billion in gross mortality claims over the year, a 71% increase on 2020.

We continued to drive digitalisation, with a focus on enabling agents and intermediaries

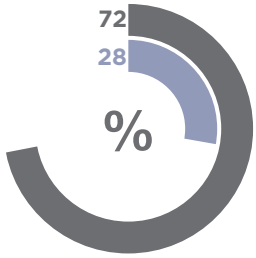
- To support digital enablement, SEM is pursuing strategic in-country digital partnerships with fintechs and other distribution partners, among others. Sanlam's strategic alliance with the MTN Group will bring added scale, enabling SEM to implement digital initiatives across countries and jurisdictions. Digital initiatives are focusing on improving the productivity and efficiency of the sales force, customer servicing and engagement, the promotion of online sales and servicing, and improving back-office automation and efficiency.

We made good progress unlocking synergies between countries and vesting the Sanlam brand

- Strengthened collaboration between country management teams and employees through an integrated online communication knowledge exchange and e-learning portal that creates a platform to collaborate.
- 12 countries were rebranded to Sanlam in 2021, with all remaining countries to be rebranded in 2022 as we continue to vest Sanlam's brand and reputation outside South Africa.
- Building subsidiaries' alignment and adherence to the Sanlam culture, Group values, governance and compliance policies and frameworks, and Code of Ethical Conduct continued.

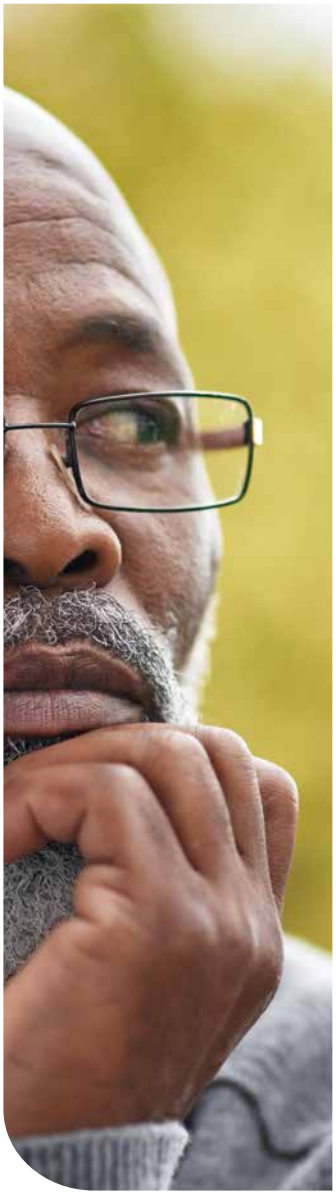


SEM % of Group earnings
Other



SEM % of Group value
Other

Sanlam and the MTN Group are planning to join forces in an exclusive strategic alliance that will aim to build and leverage their strengths and assets to establish a digital insurance and investment capability across Africa.



We executed on our ambition of becoming an African champion

- Progressed well with exiting smaller sub-scale businesses in the Pan-African portfolio. These transactions align with the Group's strategy to optimise the Pan-African portfolio while strengthening its position in core markets.

We developed and launched a standardised customer satisfaction survey for different products across SEM's core markets in Africa

- Examples of key performance indicators include customer satisfaction (CSAT), customer loyalty (based on Net Promoter Score measures) and ease of customer interaction (based on Customer Effort Score measures), among others. SEM will use the survey results to develop a broad and deep understanding of customer satisfaction and what the cluster can do differently to deliver better outcomes for customers.

Sanlam and the MTN Group announced a strategic InsurTech alliance

Sanlam and the MTN Group joined forces in an exclusive strategic alliance that will aim to build and leverage their strengths and assets to establish a digital insurance and investment capability across Africa.

The MTN Group's mobile financial services business targets sectors across Africa that have previously been unable to access such products via traditional channels. While approximately 46% of Africa's population has mobile phones, insurance penetration remains low at less than 5% in most markets.

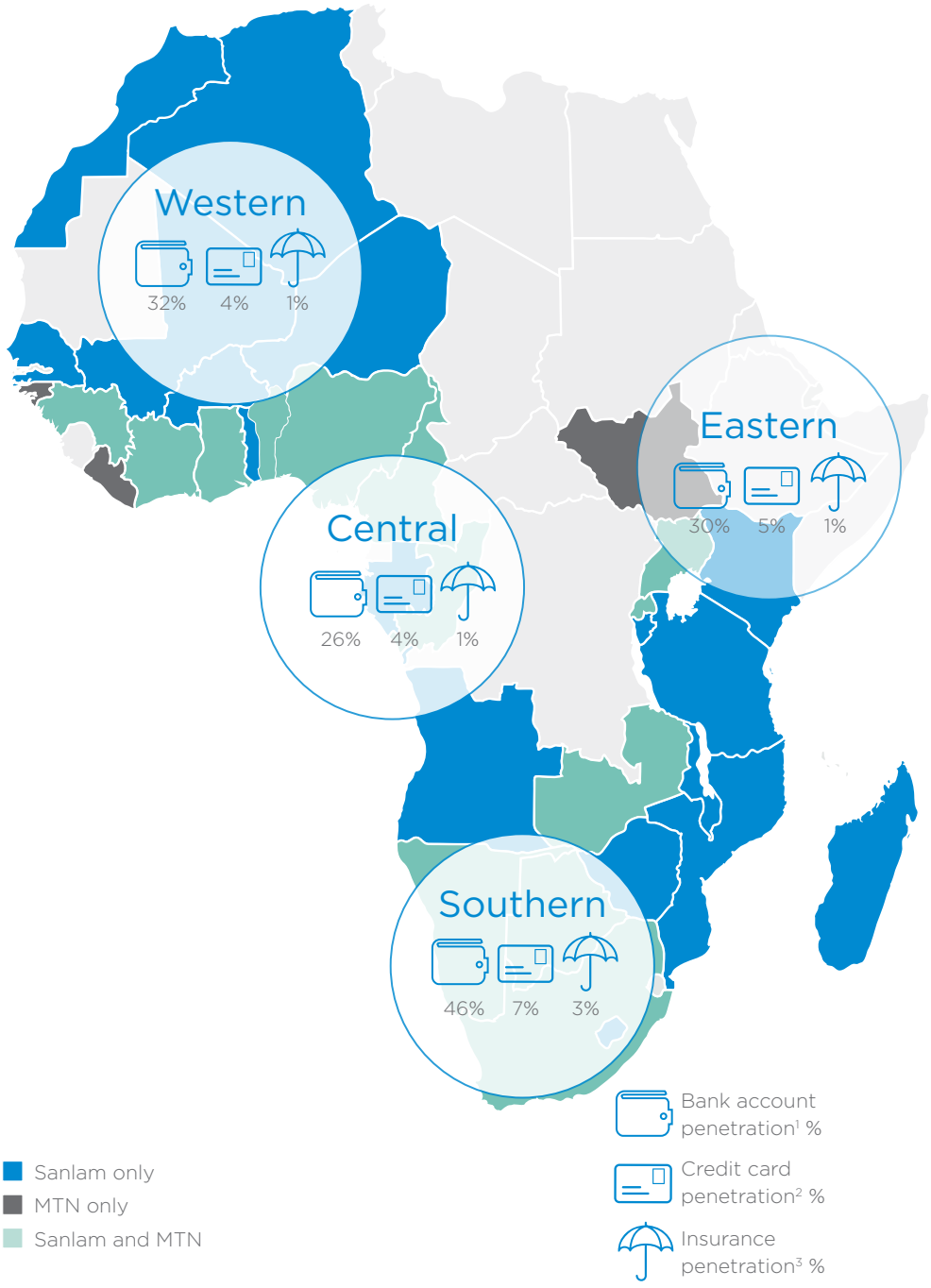
The collaboration allows us to extend consumer access to our products and grow our Africa operations by providing insurance to the MTN Group's customer base across the continent, thereby deepening our extensive African footprint.

It will enable Sanlam and the MTN Group to accelerate and scale its InsurTech offering through MTN's brand and reach and leverage Sanlam's licensing and geographical footprint, as well as its broad product capabilities and expertise.

Significantly, the alliance will promote financial inclusion across the continent by creating easier access to digital insurance and investment products. The alliance wants more than 30 million policyholders by 2026, building on the MTN Group's current active policyholder base of about six million. The partnership also can grow beyond micro-insurance to more comprehensive life, non-life and retail investment solutions.

The planned MTN partnership will be subject to completion of suspensive conditions including approval from various regulators.

What our planned partnership with the MTN Group represents for Sanlam



A snapshot of financial penetration across some of Africa's largest markets reveals the scale of the opportunity.

95%
of payments remain cash-based, with 90% of economies driven by small business

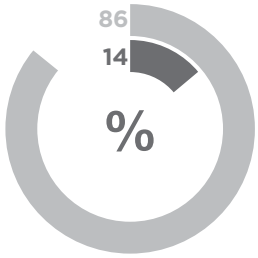
75%
of mobile money users do not have access to loans, and nano loans for business remain untapped

2,6%
insurance penetration in sub-Saharan Africa

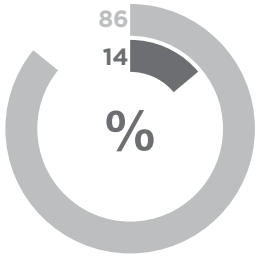
Western Africa includes: Benin, Burkina Faso, Cape Verde, Côte D'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo; Central Africa includes: Cameroon, Central African Republic, Chad, Congo, Republic Brazzaville, Democratic Republic of Congo, Equatorial Guinea, Gabon, Soa Tome & Principe; Eastern Africa includes: Burundi, Comoros, Djibouti, Ethiopia, Eritrea, Kenya, Madagascar, Malawi, Mauritius, Reunion, Rwanda, Seychelles, Somalia, Somaliland, Tanzania, Uganda; Southern Africa includes: Angola, Botswana, Lesotho, Mozambique, Namibia, eSwatini, Zimbabwe

[1] World Bank – World development indicators – 2017 Average % over the region; Southern Africa excludes South Africa.

[2] Statista 2017 – Average % over the region; Southern Africa excludes South Africa.



SIG % of Group earnings
Other



SIG % of Group value
Other

SIG SANLAM INVESTMENT GROUP

SIG provides retail and institutional clients in Africa, the UK and selected developed markets with a comprehensive range of specialised investment management, credit and risk management expertise. SIG is a key enabler of Sanlam's purpose through superior solutions, leading product capabilities and strong investment performance. A focus on impact investing drives positive social and economic change, creating a world where people can live with confidence. As one of South Africa's largest black-owned asset managers, Sanlam Investments is transforming the industry while driving financial inclusion through cost-effective solutions.

Key highlights for 2021

Sanlam Investments recorded its best net inflows in many years

- The benefits of being one of South Africa's largest black-owned asset managers emerged in 2021, with Sanlam Investments recording net inflows of R26 billion for the year, the best net inflows in many years.

We continued to evolve our traditional investment management capabilities to include passive and alternative investments

- Satrix is core to SIG's passive investment strategy, with over R160 billion in index-tracking assets across institutional and retail mandates. Great progress was made to develop and launch new products through Satrix that give clients the benefit of portfolio diversification. New products include an infrastructure index-tracking fund as well as a new exchange-traded fund (ETF) that invests in the JSE's 30 most diverse and inclusive companies.
- SIG started rolling out a range of alternative strategies explicitly aimed at investing for impact, such as economic growth and job preservation, creation, inclusivity and equality.

We continued to pursue sustainable and responsible investment

- Continued to leverage the strategic partnership with Robeco, an international asset manager that specialises in sustainable investing. The partnership accelerates SIG's alignment with global best practice by providing the cluster with access to Robeco's platform, research and experience. This enables SIG to rapidly upskill its people and help embed sustainable investing practices into its investment processes. It also promotes positive long-term sustainability outcomes for South Africa.
- Stewardship activities are the backbone of SIG's approach to sustainable and responsible investment. Through engagement and proxy voting, SIG addresses systemic issues and improves the quality of returns and the markets we invest in.

We are re-allocating capital from the UK to support strategy execution

- Sanlam completed the sale of Nucleus Financial Group plc in August 2021. In September we announced the intended sale of Sanlam Life and Pension UK and the Group's UK private investments and wealth planning businesses. The total gross proceeds from the sale of the three UK businesses are GBP254 million. These transactions are in line with Sanlam's strategy to simplify its UK operations and reallocate capital to Africa and other selected emerging markets. The Group will maintain its institutional asset management capabilities in the UK, which manage client assets of GBP4,5 billion. This enables the Group to amplify its international asset management offering to better service its African clients.

Recognising the value of sustainable investment

We incorporate environmental, social and governance (ESG) factors into investment frameworks to make better, more informed decisions about our investments.

We are rolling out a range of alternative strategies explicitly aimed at investing for impact. Examples include:

The Investor's Legacy Range

Sanlam launched the Investor's Legacy Range in 2020 with a commitment of R2,25 billion of own capital to seed three funds: the SME Debt, Private Equity and Corporate Debt Funds.

The Resilient Investment Fund

The Resilient Investment Fund is a private debt fund that focuses on lending to established SMEs in South Africa that require capital to continue to grow but cannot access finance from traditional sources due to the lender's constraints.

Climate Fund Managers

A blended finance structure has proven to be a success driver in allocating capital to combat climate change in emerging markets. The Climate Investor One fund was the first such initiative by Climate Fund Managers, Sanlam's joint venture with the Dutch Development Bank, FMO. Climate Investor One mobilised US$850 million of commercial funds allocated to renewable energy infrastructure projects. Climate Investor Two was launched in January 2020 and announced a conditional first close at $US675 million during COP26 in November 2021. The fund focuses on water, sanitation, and oceans infrastructure.

A new sustainable infrastructure fund

In September 2021, SIG launched a sustainable infrastructure fund. This fund will source, assess, and invest in renewable energy, conventional energy, transportation, communication, water, and waste-related assets. The fund, which provides debt finance predominantly, received commitments of R500 million and aims to provide investors with predictable inflation-beating returns over the long term.

Read more about these funds and SIG's investment philosophy, process and approach towards sustainable investing in our Resilience Report, available on our website.

Creating broad access to financial assets and investment products

Cost-effective solutions that promote financial inclusion include Satrix and EasyEquities.

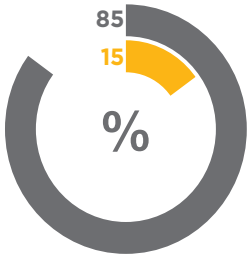
Satrix is the leading provider of index-tracking solutions in South Africa. With no minimums and easy, low-cost access to local and global products via the SatrixNOW online investment platform, Satrix is an important vehicle to promote and enable affordable financial inclusion.

Sanlam also has a 30% shareholding in EasyEquities, an innovative, affordable investment platform. With quick registration, low fees and no minimum investment requirement, EasyEquities has been able to remove the barriers to entry in local and international stock markets. Online video tutorials, blogs and podcasts ensure that new investors have resources and tools to improve their financial literacy.

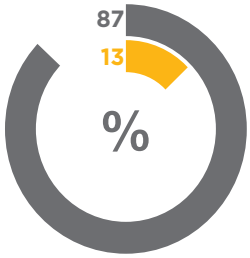
Sanlam and Absa combine investment management businesses in South Africa

Following the introduction of ARC Financial Services as an empowerment shareholder in SIG's third-party asset manager, we established the largest black-empowered asset management company in South Africa. This strengthened SIG's market position and created opportunities for further transactions, such as the agreement reached between Sanlam and Absa to combine their investment management businesses.

The combination of Sanlam Investments with Absa Investments will further strengthen Sanlam Investments position as one of South Africa's largest black-owned asset managers. Clients will benefit from access to a broader range of investment solutions to meet their financial needs. Increased investment in research and technology will equip the business with the data and systems to strengthen its industry leadership. Absa will also enter into a 10-year distribution agreement with Sanlam, meaning the expanded operations will utilise Sanlam's and Absa's distribution networks, significantly broadening market reach.



SNT % of Group earnings
Other



SNT % of Group value
Other

SNT SANTAM

Santam is a proudly South African general insurance group with a growing international footprint. We offer a range of policies against eventualities such as property damage, motor accidents, loss of income, crop losses and catastrophe loss. Our primary function is to displace risk, so that clients' insured losses are paid out of invested premiums. By providing products and solutions that protect clients against these risks, Santam offers risk protection. Clients can therefore live with confidence, knowing that the things that matter most to them are protected and insured.

Key highlights in 2021

Strong overall performance in a challenging year

- Santam showed 5% growth in the conventional business supported by Santam Re and MiWay.
- Finality was received regarding the CBI matter and Santam paid gross CBI claims of R3,2 billion to the end of December 2021, inclusive of the relief payments of R1 billion in August 2020, to businesses affected by the pandemic.

We continued to partner across the business and with other industry innovators to meet clients' evolving needs

- Santam continues to enhance client experience. Various project teams across Santam and MiWay are conducting robust research and market analysis into industry trends to develop targeted strategic initiatives that aim to improve client satisfaction; leverage Santam's and MiWay digital assets (client portal and app, broker portal, WhatsApp and MiWay Blink) to service clients more efficiently; focus on simplicity to increase adoption; and reduce churn and increase conversion rates.
- This exciting culture shift identifies areas of enhancement to work towards even more consistently excellent Santam Group experiences for intermediaries and clients.
- Intention to acquire 76% of the independent brokerage firm, Indwe Broker Holdings Proprietary Limited, from ARC Financial Services Investments and Sanlam for R125 million. Santam already owned the remaining 24%. Sole ownership of Indwe simplifies the investment and reporting structure. In support of Indwe's strategy to provide segment-focused solutions, Indwe's corporate and specialist business will be disposed of to an independently-owned entity. The personal and commercial business and Indwe BlueStar will remain part of Santam.

We supported clients by honouring their claims

Finalisation of matters relating to CBI claims

- In October 2021, the South African Supreme Court of Appeal provided judgment on the 18-month indemnity period to be applied to the Ma-Afrika Hotels and Stellenbosch Kitchen policies with CBI extensions. The judgment impacted policies issued by Santam's hospitality and leisure division, which were structured similarly to the Ma-Afrika Hotel's policy. These policies comprise less than a third of the 3 200 notified CBI claims. Santam accepted the outcome of the appeal, which provided legal clarity, and is making good progress to finalise the claims impacted by the judgment and the remaining CBI claims.
- Significant claim events such as these impact the availability of reinsurance capacity and the pricing of insurance. However, these events also highlight the absolute necessity of insurance to ensure financial resilience when unexpected adversity occurs. The total CBI claims paid is the largest amount from a single event in Santam's history, by a significant margin. This shows the value of insurance as a safety net for the South African economy during challenging times.
- Through reinsurance, Santam diluted the impact of significant claims on its financial position and solvency, proving the value of a well-structured reinsurance program.

- In light of the CBI claims experience and increased risks related to climate change, Santam also focused on exposure management and reviewed and amended wording for several policies.

Civil Unrest

- The civil unrest in July 2021 in South Africa impacted Santam in two ways:
  - Santam assisted South African Special Risk Insurance Association (SASRIA) to administer Santam's client claims brought against the state-owned insurer related to the destruction of property and looting during the civil unrest. This expedited claims settlements. Other insurers did the same and we are proud of the way the industry and government worked together to help clients, many of which are SMMEs.
  - Santam Re has a small participation percentage on the SASRIA reinsurance programme, with limited reinsurance exposure capped at a maximum of R315 million. Based on the reinsurance claims submitted by SASRIA, Santam Re raised net claims provisions of R237 million at 31 December 2021.

We enhanced our client value proposition through digital enablement

- Continued to migrate business functions onto Santam's digital platform to maintain and improve on high standards of operational efficiency. This platform also aids new product innovation.
- Continued to explore digital solutions to meet clients' ever-changing needs. Solutions include online quotes, chatbots and self-service, and automated underwriting and scientific pricing based on rich data.

ESG, climate change and societal impact

Santam has a robust and evolving ESG-focus, linked to its brand promise of Insurance good and proper.

Worldwide, weather-related catastrophes and cyber events are increasing significantly. This leads to a hardening of insurance premium rates and requires diligent underwriting practices and creativity in finding affordable solutions to safeguard what is important to clients.

In 2021, Santam placed increased focus on what climate change means for their business as a general insurance company. This is a complex issue, and Santam continues to examine risk and impact scenarios across its business. As a first step, Santam adopted the TCFD principles and set up governance structures at every level to address climate change. Santam also published its first TCFD report and climate change position statement, available on its website. This report introduces Santam's approach to identifying, assessing and addressing climate-related risks and opportunities.

In addition, Santam participated with Sanlam in CDP, which supports companies to disclose their climate action. Santam has been a member of ClimateWise since 2009 and is a founding member of the United Nations Environment Programme's Principles for Sustainable Insurance (UN PSI). Santam completed its ClimateWise and carbon disclosure reports, which respond to the TCFD-aligned questions on climate action initiatives. Santam maintained its ClimateWise score of 68%.

In partnership with 63 local municipalities, Santam continued to invest in its flagship initiative, P4RR. P4RR supports South Africa's most vulnerable communities by strengthening local municipalities' institutional and participatory development capacity to reduce the impact of disasters proactively. In 2021, through P4RR, Santam established a Climate and Disaster Resilience Fund.

Launch of MiWay Blink

Clients are increasingly looking for value-adding, digital-first products that meet their need for comprehensive but straightforward financial solutions.

MiWay's brand promise is to "enable you to live your way". Delivering on this brand promise, the business launched MiWay Blink, Santam's latest fully-digital car insurance offering.

The Blink app offers exclusive coverage through a smartphone and does not require clients to interact with MiWay representatives. When opened, the app can supply clients with a quote, and clients can also submit their claims using the app. Monthly premiums are calculated, and clients can decide how much they wish to be covered for. The app tracks car trips and offers rewards based on the amount of driving completed. The app also has built-in crash detection to detect if the user has been involved in an accident and if emergency services are required.

This end-to-end digital experience reflects Sanlam's ambition to offer clients intuitive and innovative products that enable them to engage with us through the channel of their choice while still benefiting from our financial expertise and products.

Our People snapshot

Our people are our single most important resource. We have 154 675 employees, supported by human capital teams at Group and cluster levels.



KEY HIGHLIGHTS IN 2021

We focused on future-fit talent, succession and wellbeing	• We completed an extensive talent review for executive and senior leadership to determine succession for critical roles and to identify emerging talent and development needs. • We initiated a project to review and redesign our future human capital operating model called the Human Capital Future Shift. It entails a re-organisation of key human capital services, capabilities, ways of working, processes and our governance framework. • We approved a new Group learning and development strategy to guide the integration and delivery of development initiatives in line with the strategy.
We are developing a high-performance and agile culture	• We rolled out culture-building initiatives to support our culture journey, "Winning as One". Read more about our culture journey on page 38.
Transformation, diversity, equity and inclusion remain critical	• We conducted a detailed analysis at cluster level to ensure compliance with Equal Pay for Work of Equal Value legislation. Income differentials are addressed annually for all employees. • We approved a new diversity, equity and inclusion framework that aims to attract, develop and retain employees from different backgrounds by creating an environment that promotes a culture of inclusion. • We rolled out a Group-wide leadership enablement initiative to empower leaders to successfully lead and engage high-performing teams in a hybrid work environment. • We are driving diversity, inclusion and transformation through remuneration-linked performance indicators. These relate, for example, to B-BBEE in South Africa and fair remuneration policies in other countries.

Read more about what we did to empower our employees in our Resilience Report, available on our website.

KEY TALENT RETENTION AND SUCCESSION INDICATORS*

4 497	new external appointments (2020: 3 286)
92%	of new external appointments were black (2020: 89%)
60%	of new external appointments were female (2020: 58%)
897	internal promotions (2020: 433)
79%	of internal promotions were black (2020: 84%)
55%	of internal promotions were female (2020: 57%)
22,2%	employee turnover rate** (2020: 19,4%)
75,3%	employee retention rate (2020: 85,8%)

* South Africa only

** The employee turnover rate is calculated by dividing the number of terminations by the average headcount for the same period. The calculation is done for permanent employees (as defined by the Department of Employment and Labour), including office employees and advisers.

KEY WELLNESS INDICATORS*

Top three wellness issues for 2021:

1. Stress
2. Bereavement
3. Anxiety

8.54%	of all employees use monthly clinical counselling by counsellors and psychologists
5%	of all employees received active financial coaching every month in 2021
202	employees participated in a Live with Purpose programme which focuses on mental resilience
24 403	primary health and virtual clinic visits were made by employees
281	employees completed the Ignite lifestyle intervention (nutrition, exercise and weight loss)
790	employees completed extensive wellness screenings at pharmacies and clinics

* South Africa only

To note:

Due to COVID-19 and the fact that the majority of employees were required to work from home, wellness participation rates were lower for on-site wellness days and drives this year. However, with the new ways of work, and a phased approach to returning to work in 2022, participation rates are likely to increase. The hybrid wellness offering, which includes digital consultations with nurses and health specialists, in addition to in-person services, will also gain traction as employees embrace new ways of working.



Agile and flexible ways of work

We want to ensure that our people are ready to reset and thrive while balancing their wellbeing, productivity and transition to a hybrid way of working. This includes higher levels of flexibility, line manager enablement, employee wellbeing, people practices, technology, connectivity, workspace planning and culture impact.

To align employees' preferences with operational requirements, we completed an analysis and mapping of each role in terms of the type of work, connectivity requirements and productivity, to plan for a phased return to the office. Cluster leadership teams are actively managing the specific return-to-office plans while providing input to space planning. The number of employees that will work on-site varies across the Group, given the variation in our business and the types of roles allocated to work on site.

Governing our workspaces

We are committed to enabling our employees to live with confidence using a holistic and integrated wellness offering accessible through modern digital mediums, as well as face to face. To contract with employees on work arrangements, the following was approved this year:

- **A new Occupational Health and Safety Policy Statement:** Sanlam is committed to promoting positive mental, physical and social wellbeing within the organisation. The statement sets out Sanlam's intent and approach while recognising that it will only achieve its health and safety objectives through consultation and cooperation by all stakeholders.
- **Remote work policy:** Work arrangements extend the workplace to employees' homes. Therefore, it is critical to confirm the Group's and employees' responsibilities pertaining to occupational health and safety legislation. The remote work policy sets out that employees have to ensure that their home-work environment adheres to the health and safety guidelines and recommendations. Management is responsible for ensuring that employees working from home receive critical and relevant information about health and safety.
- **Group hybrid work framework:** The framework defines hybrid work principles, guidelines and practices for employees, acknowledging that in certain instances, the nature of some roles requires that work is executed within the bounds of dedicated Sanlam offices. Therefore, the hybrid way of working is implemented in line with business continuity and operational requirements. Hybrid work principles encourage empathetic leadership, work flexibility, equitable opportunities, and collaboration and enable an outcome-based performance culture.

Transformation, diversity, equity and inclusion

Sanlam is committed to creating an equitable work culture, where the diversity of all employees is valued, and the dignity of individuals is respected.

To deliver on our purpose, we have to be deliberate about creating a workforce that reflects the diversity of the communities in which we operate. A culture that embraces diversity and inclusion plays a considerable role in creating confidence as it allows employees to work in a safe place where they can produce their best work.

As there is increased and diverse competition for talent in the digital economy, embracing diverse backgrounds and a generational mix in skills is a recruitment advantage.

To drive a diversity agenda, we held engagement sessions with employees on key issues, including privilege, unconscious bias, micro-aggressions, persons with disabilities, and more.

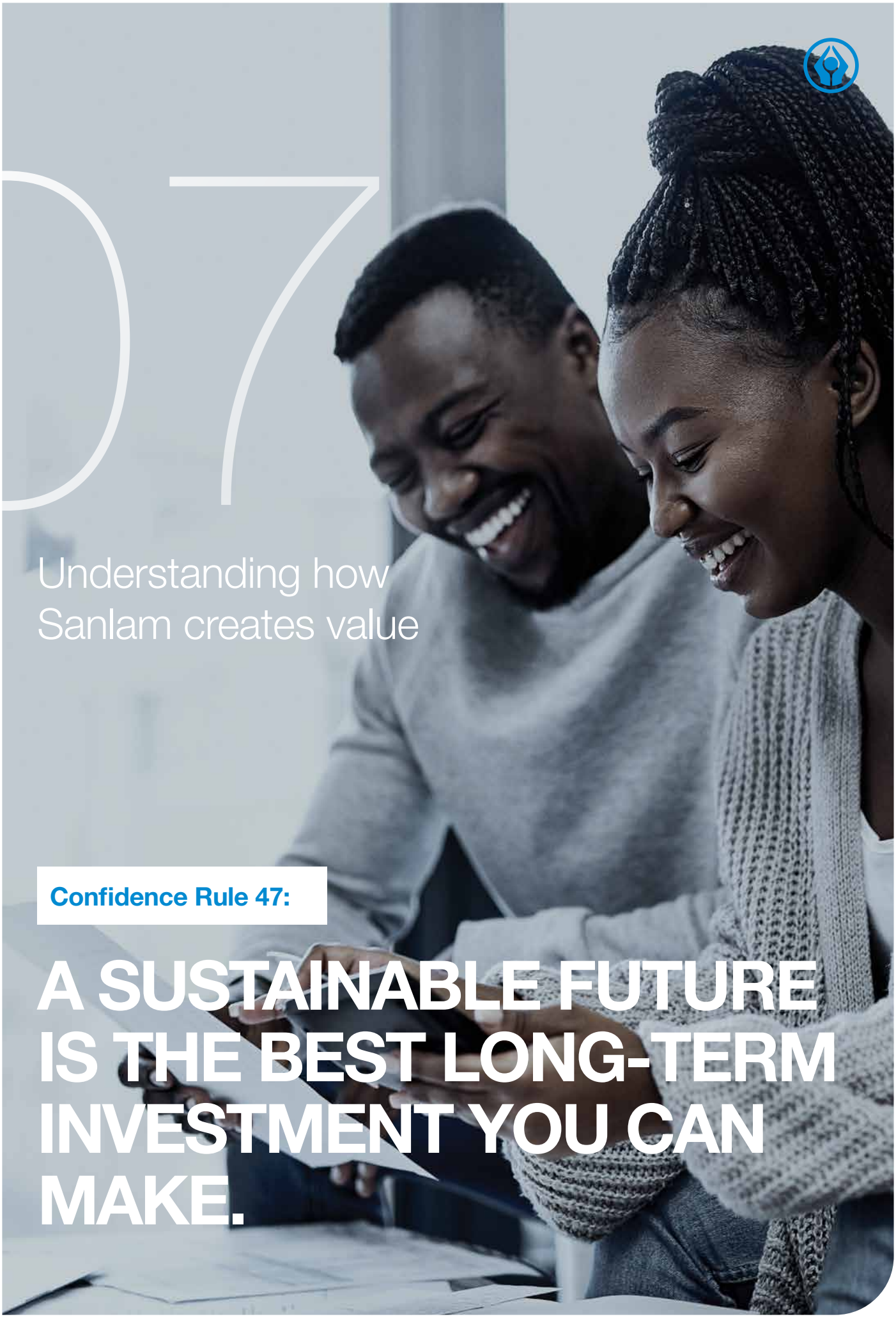
This year, 92% of all appointments in South Africa were from designated groups. 56 senior black leaders were appointed since January 2021 and 19 (13 women and six men) were funded from the Project Tx programme. Dedication to driving transformation across the Group lifted the Group's FSC overall EE score from 7,34 to 7,86, against the 2021 target of 7,66. The Group continued to increase the number of people with disabilities, who constitute 1,8% of our workforce and exceed the financial sector average of 1,5% and the total South African workforce average of 1,3%.

Supporting our employees

We recognise the impact of COVID-19 on our employees, particularly the strain that many encountered in their personal and professional lives. We therefore continued to find ways to support our employees through tough times.

The waves in COVID-19 infections compounded this pressure. During these times, our teams worked exceptionally hard to process the increase in claims and ensure we kept our promises to our clients. Ways in which we supported employees include:

- Access to our integrated, digitally-enabled employee wellness solution, which provides mental, physical, lifestyle and financial wellness offerings to employees across Sanlam, Santam and MiWay. Offered in partnership with AfroCentric, it is modern, easy to use and seamlessly integrates with our Employee Assistance Programme (EAP). It includes a wellness website, weekly e-mailers, annual health screenings, financial education, psycho-social counselling, legal guidance and more.
- Access to two workplace vaccination sites that have received the requisite accreditation and certification and strictly adhere to the stipulated health and safety protocols. Our vaccination sites are well used.



07

Understanding how Sanlam creates value

Confidence Rule 47:

A SUSTAINABLE FUTURE IS THE BEST LONG-TERM INVESTMENT YOU CAN MAKE.

Sanlam's business model

We accumulate premiums and pool savings on behalf of clients through our business activities. We provide ancillary financial services such as lending and reward to serve our client needs more holistically. We ensure clients can create and protect their wealth over generations.

We invest the funds we accumulate responsibly in a range of asset classes. Our shareholders share equitably in the overall wealth we create through the fees and margins we earn from our financial solutions.

Society benefits from the stability that we provide to the financial system. We fund government and corporates and contribute to economic growth and socio-economic development. By creating value for society, we enhance the size of our client base and the talent pool from which we attract skills.

Long-term structural growth drivers include strong economic growth markets, underpenetrated segments and addressing underserviced customer needs through digital products, solutions and platforms.

Purpose-led value creation, underpinned by products and partnerships.

02

We are enhancing our client value proposition

We service a growing number of clients by leveraging our **large African footprint and niche market position in India**

We are setting up our business to create opportunities for **50 million customers across Africa** to access financial solutions through multiple platforms by 2025

01

We begin with our purpose of empowering generations to be financially confident, secure and prosperous

We make our products **accessible,** promote **financial education** and **financial inclusion**

We empower generations through **financial advice**

We **protect and grow wealth**

05

Our diverse product set supports wealth creation and helps our clients live with confidence

Our **diverse product set** includes corporate benefits, life insurance, retirement products for individuals, wealth management, asset management, general Insurance for individual and business, micro-insurance and retail credit

Sustained value creation
Our ability to create value is underpinned by long-term structural growth drivers, including strong economic growth markets, favourable demographics and underpenetrated and underserviced customer needs. Read more about Sanlam's investment case on page 26.

Capital and risk management
We deploy discretionary capital, optimise capital allocation, undertake financial and actuarial risk management and implement effective governance structures to ensure regulatory compliance. Read more in our governance report on page 91.

03

We are transitioning from a traditional to an enhanced distribution model, supported by sustainable, strategic digital partnerships

Our **partnership with ARC,** a company within UBI, supports our empowerment credentials

Our **strategic alliance with the MTN Group** will establish a digital insurance and investment capability across Africa that supports financial inclusion, with access to more than 200 million customers

Our **JV with Capitec** allows us to distribute financial solutions to clients across a vast network of more than 800 Capitec branches

Our long-standing **relationship with Shriram** in India continues to grow from strength to strength

We work alongside **local investors and shareholders,** supporting strong and rewarding in-country partnerships

We are **increasing digital/direct sales,** which grew 22% in 2021

04

We are delivering our financial solutions to the market and through a range of business activities

Product development: we develop innovative solutions and adapt current solutions to meet clients' needs

Business support: we provide services that include financial management, accounting, actuarial valuations, regulatory reporting, human resources support and information technology

Distribution and client support: we provide client account administration, ongoing advice, claims management and management of client complaints

Product management: we match liabilities with appropriate assets and we analyse variances between actual and expected claims

The intended outcome of our business model is to empower generations to be financially confident, secure and prosperous.

Clients benefit from long-term financial confidence, security and prosperity: people can retire with dignity and are protected from the financial impact of unforeseen events.

R22 billion paid in gross mortality claims

Employees have career mobility opportunities with appropriate incentives to drive high performance. We protect our people and value their differences.

R15 billion paid in remuneration

We outperform our value creation hurdle rate over the long term and continue to increase our dividend in real terms.

R6 billion paid in dividends

Our strategy supports the creation of enhanced distribution opportunities and sizable procurement of goods and services across all our markets.

R15 billion paid in sales remuneration

Through our business activities, we create trust in the financial sector as ethical and fully functional. Our strategy supports financial inclusion and community empowerment.

R3 billion invested in our SME fund

We participate in business and industry initiatives to stimulate economic growth and stability and execute government's social agenda of job creation and empowerment.

R5 billion paid in taxes

Building a sustainable business
We are building a sustainable business and investing responsibly by integrating ESG considerations into our investment processes and stewardship activities. Read more about this on page 55.

Engaging with our stakeholders
We engage with our stakeholders closely and consider their needs, expectations and concerns in our decision making. Read more about this on page 66.



Resilient stakeholder relationships

Our stakeholder engagements help us blaze a trail of financial confidence and build affinity and closeness with people who have a relationship with Sanlam.

In the below table we provide a snapshot of the profiles, touchpoints and engagement outcomes for our key stakeholders. Additional information, including information on our broader network of stakeholders, is included in our Resilience Report, available on our website.

Who	Why	How	Outcome
Clients use Sanlam's products and services to build financial confidence and protect what is important to them. We serve people from all income groups in all geographies in which we operate or where we have an interest in a business partner's operations.	We want to be the trusted adviser to retail and institutional clients to support them in achieving wealth and peace of mind. This will deliver on our purpose to empower generations to be financially confident, secure and prosperous.	Clients engage with us for advice and solutions. Clients can access advice, information, products, and submit claims through a variety of channels, including websites, call centres, SMS and social media platforms.	Clients gain long-term financial confidence, security and prosperity. People can retire with dignity and are protected from the financial impact of unforeseen events.
Our 154 675 permanent employees constitute a diverse workforce that provides the Group with the skills and capabilities to deliver products, services and client-centric experiences.	We want to attract the best people in the market, empower them to learn, lead and live our shared purpose. This means fostering a high-performance and agile culture that drives accountability and an exceptional employee experience.	Employee engagement is ongoing and forms part of Sanlam's employee value proposition (EVP). We conduct regular employee surveys to inform Group-wide programmes that enhance their employment experience and development prospects.	Employees are retained with appropriate incentives to drive high performance. Employees are supported through future-fit leadership and financial, emotional and health-related wellbeing initiatives. Read more on page 58.
Shareholders and the investment community are our primary providers of financial capital, with analysts guiding their decision-making.	We want to achieve consistently superior returns for shareholders relative to returns achieved by competitors. We want them to understand and support the trade-offs we have to make to ensure Sanlam's long-term sustainability.	We provide information via the Sanlam website, stock exchange announcements and annual reporting elements, biannual results presentations, operational updates, the Sanlam investor conference, the annual general meeting and ad hoc meetings.	The value of Sanlam shares continues to grow thereby maximising the return on shareholders' investments. Shareholders received a dividend that continued to increase in real terms Read more on page 90.
Business partners and suppliers enable market access in a variety of geographies to support our growth and transformation ambitions.	Business partners and suppliers provide us with products and services that enable Sanlam to conduct business. Our business model relies on this collaboration as it often provides local knowledge and infrastructure.	Engagement is supportive and not intrusive. We pay suppliers according to service level agreements and contracts. Engagement is formalised through governance structures, reporting requirements and personal engagement.	Business partners and suppliers benefit from Sanlam's investment in the economies of Africa in a manner that is responsible and impactful for the development of those economies.

Who	Why	How	Outcome
Distribution partners function downstream from Sanlam's businesses and facilitate the delivery of our solutions to clients.	Distribution partners provide us with distribution capability, an understanding of the local market conditions, culture and existing relationships with regulators, independent brokers and institutional clients.	Distribution partners are supported by dedicated broker support units, tools and learning platforms. Sanlam invested in an automated advice solution to help intermediaries increase productivity. Read more on page 49.	Distribution partners benefit from fees generated through products and services distribution. Innovation and financial inclusion efforts support the creation of new and enhanced distribution opportunities across all our markets.
Civil society includes trade union federations, political parties and non-governmental organisations.	Civil society forms the base from which demand for Sanlam's products and services is generated, from which workforce skills are acquired and from where our business derives legitimacy. We want to be proactively responsive to societal issues.	The Sanlam Foundation is Sanlam's primary CSI vehicle and is focused on shared value initiatives that fulfil the needs of society and business. Various CSI initiatives that are aligned with the Group's priorities are also conducted in-country by SEM.	Communities and organisations develop financial confidence, resilience and prosperity. Communities experience the benefits of increased entrepreneurship, consumer financial education and investments in skills development.
Regulators are the institutions, entities and bodies that provide financial stability and a sustainable environment for financial services through prudential and market conduct and regulation.	Collaboration with regulators is essential to mitigate financial risk.	We engage regularly with industry regulators to assist in creating a trusted and stable financial services environment.	There is trust in the financial sector as ethical and fully functional. Sanlam complies with all relevant regulations and standards.



Responsible and responsive engagement

With a wide range of stakeholders, Sanlam acknowledges the need for different stakeholder management practices across its footprint and allows business entities relative autonomy in their positioning and responses. However, we expect all to adhere to the principles outlined in the group stakeholder management policy.

The policy sets out 10 principles for approaching stakeholder management across the Sanlam Group, including minimum requirements for planning, engagement conduct and reporting on stakeholder management.

Our intent with stakeholder engagement is to:

- Proactively unlock growth
- Respond to stakeholder issues
- Demonstrate good governance
- Display leadership and foresight as a good corporate citizen

We have a common understanding that sustainable performance and growth are inextricably linked to a reliable and healthy relationship with our stakeholders.

Milestones for 2021

- The adoption of StakeTracker, designed to assist with the implementation of and compliance to the policy, is progressing well and some businesses are using the system for quarterly stakeholder engagement reporting. Relationship owners are now able to capture their stakeholder information, coordinate events or engagement, share information, assign tasks and schedule follow-ups for action from a central and secure database.
- A stakeholder management training programme, aimed at upskilling all stakeholder relationships owners, was rolled out for the Group office and business clusters. The training addressed monitoring and evaluation, and reporting on stakeholder engagements and outcomes.
- The purpose of the stakeholder management policy is to ensure legitimate stakeholder expectations are effectively considered and met to secure and protect the Group's reputation. To achieve this, we conducted a study to get a baseline understanding and assessment of stakeholders' perceptions, expectations and the quality of our material relationships. The findings shared insights on how our stakeholders perceive us and highlighted areas of focus to improve the health of our stakeholder relationships.



Key findings from our stakeholder perception survey

The fieldwork, which was conducted with a sample of 2 247 stakeholders, aimed to help us build trusted relationships with all our stakeholders.

External stakeholders want Sanlam to:

- Be more responsive to customer needs
- Practice good governance
- Ensure fair dealings with stakeholders
- Place customers, clients and stakeholders at the centre of what we do
- Have accessible and approachable leaders
- Maximise our impact

Employees want Sanlam to:

- Place customers, clients and stakeholders at the centre of what we do
- Be more responsive to customer needs
- Respect employees and their contribution
- Support the wellbeing of employees

Sanlam's sustainability commitment

Even though Sanlam has been creating value for 104 years, our business is ever-changing in response to the world and our stakeholders. This means that we continue to explore what sustainability means and demands from us – without assumptions or preconceived ideas.

KEY HIGHLIGHTS FOR 2021

A purpose-led sustainability strategy

We developed a new Environmental, Social and Governance (ESG) and sustainability strategy for the Group, aligned to the new strategy launched in 2020.

Our four strategic sustainability pillars

Shared value creation

Due to Sanlam's scale and presence we can play a critical role in socio-economic development. Our potential impact goes beyond client relationships, extending to sustainable investments where we operate.

Financial inclusion

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

ESG integration in asset management, value chains and ecosystems

There is an opportunity to integrate sustainability in value creation activities across the organisation, such as asset management, partnerships, frameworks and decision-making.

Strategic partnerships

Partnerships can enable and/or facilitate the large-scale achievement of Sanlam's social and economic impact objectives in communities and societies within which we operate.

Aligning with the Sustainable Development Goals (SDGs)

As a blueprint for peace and prosperity for people and the planet, now and into the future, the SDGs are attuned to Sanlam's purpose. While all SDGs are important and we can provide anecdotal evidence of how Sanlam initiatives contribute to outcomes within each SDG, our focus is on tangible outcomes. We want to be intentional in prioritising SDGs that provide the biggest opportunity for shared value creation.

Core Sanlam SDGs:

- SDG 1 No poverty
- SDG 2 Zero hunger
- SDG 3 Good health and wellbeing
- SDG 6 Clean water and sanitation
- SDG 5 Gender equality
- SDG 4 Quality education
- SDG 7 Affordable and clean energy
- SDG 8 Decent work and economic growth
- SDG 9 Industry, innovation and infrastructure
- SDG 12 Responsible consumption and production
- SDG 11 Sustainable cities and communities
- SDG 10 Reduced inequalities
- SDG 13 Climate action
- SDG 14 Life below water
- SDG 15 Life on land
- SDG 17 Partnership for the goals
- SDG 16 Peace, justice and strong institutions





Protecting and preserving resources

The world is experiencing a greater sense of urgency to address the global climate crisis. We are committed to conducting business, and influencing meaningful and sustained changes in behaviour, in a way that will enable future generations to live with confidence.

Last year we announced our plan to develop a proactive roadmap that will ensure a coordinated approach towards meeting the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations by 2021. This year we will publish the Sanlam Climate Change Resilience Report as a TCFD beginner report.

TCFD progress in 2021

1. We obtained a view on the reporting landscape that highlighted the key and iterative processes we need to align with TCFD recommendations and reporting. The analysis included an industry quantification of the risks identified to understand the value at risk.
2. We commissioned a diagnostic report to assess our responses and readiness for TCFD reporting.
3. The team developed a coordinated plan to action and address the high priorities identified in the diagnostic report. The plan includes the allocation of roles and responsibilities within the Group.
4. We started working to understand how much underlying carbon is present in SIG's investments.
5. To ensure that Sanlam is intentional and prioritises SDGs that provide the biggest opportunity for shared value creation, we identified seven core SDGs for the Group this year, including climate action (SDG 13).
6. We will be publishing the Sanlam Climate Change Resilience Report as a TCFD beginner report to stakeholders.

Managing our environmental impact

We are committed to measuring and reducing the Group's carbon emissions and encouraging responsible environmental practice in our sphere of influence.

187,18 kWh/m²	kWh/m² electricity used (2020: 188,42 kWh/m²)#
0,49 kl/m²	kl/m² water used (2020: 0,65 kl/m²)
8,30 kg	kg/full-time employee (FTE) paper consumed (2020: 6,55 kg***)
A- CDP*	climate change score (2020: A-)
B CDP	water security score (2020: C)
46%**	head office landfill waste vs 54% head office recycled/diverted waste (2020: 41% vs 59%)

* CDP performance bands:
Leader (A/A-): implementing current best practice
Management (B/B-): taking action on climate change
Awareness (C/C-): knowledge of the impact
Disclosure (D/D-): transparent

** Waste performance in weight not volume. Relative increased as data for shredded paper was not available for all sites.

*** 2020 restated as kg paper/FTE rather than $kgCO_2e$ from paper/FTE.

Represents kWh/m² of total office space included in the reporting boundary, including common areas but excluding consumption by external retail tenants.

Ongoing COVID-19 support

We built on extensive support initiatives launched in 2020. Many of our stakeholders extended our personal protective equipment (PPE) donations to people we would not have been able to reach. For example, trade unions provided their members with PPE donations from Sanlam, and masks given to clinics were passed on to outpatients. COVID-19 support included PPE donations to the value of R9,5 million targeting education, health, unions and federations, universities, municipalities and more.

Sanlam also took a leadership position in South Africa on vaccination, and we administered more than 33 000 vaccinations at our two sites in Johannesburg and Cape Town. Within the Group, our vaccination programme is part of building resilience for our employees and their communities.

Through our partnerships and ongoing involvement, we supported vulnerable stakeholders, communities and institutions. In doing so, we continue to imprint "live with confidence" in the DNA of every aspect of our business, while entrenching our good corporate citizenship credentials.

Our Resilience Report, which is available on our website, expands on our sustainability journey for 2021 and our priorities for the year ahead.



08

Group Finance Director's report

Confidence Rule 1:

WITHOUT A CLEAR GOAL, YOU'LL MISS EVERY TIME.

Group Finance Director's **report**



Abigail Mukhuba
Group Finance Director

In 2021 the Sanlam Group laid the foundations for future growth by strongly developing our platforms and at the same time delivering a strong performance in a difficult operating environment.

Economic conditions improved in **2021** from the depressed pandemic-induced base of 2020 in the economies in which we operate. This growth recovery, combined with altered spending patterns due to the pandemic, supported higher savings rates which had a positive impact on new business volumes.

Operating performance has returned to pre-pandemic levels

Net result from financial services increased by 13% on 2020 (18% in constant currency) and was 4% higher than 2019 excluding one-off items.

↑ 23% increase in net operational earnings

Net operational earnings increased by 23% (28% in constant currency), reflecting higher investment income relative to 2020.

↑ 14% increase in new business volumes

New business volumes exceeded R350 billion for the first time, up 14% on 2020 and 43% higher than 2019.

Volume growth bolstered by strong profitability and margins

VNB increased by 44% on 2020 and 21% on 2019, with a new business margin of 2,87% (2,98% on a constant economic basis)

The Sanlam Group's International Financial Reporting Standards (IFRS) financial statements for the 12 months ended 31 December 2021 are presented based on and in compliance with IFRS. The basis of presentation and accounting policies for the IFRS financial statements and shareholders' information are, in all material respects, consistent with those applied in the 2020 Integrated Report and Annual Financial Statements.

The comparative shareholders' information has been adjusted to reflect the structural changes in the second half of 2020, where applicable.

All references to 2020 and 2019 relate to the full 12-month period for those years, unless otherwise stated.

Forward-looking statements

In this report we make certain statements that are not historical facts and relate to analyses and other information based on forecasts of future results not yet determinable, relating, among others, to new business volumes, investment returns (including exchange rate fluctuations) and actuarial assumptions. These statements may also relate to our future prospects, developments and business strategies. These are forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995. Words such as "believe", "anticipate", "intend", "seek", "will", "plan", "could", "may", "endeavour" and "project" and similar expressions are intended to identify such forward-looking statements but are not the exclusive means of identifying such statements. Forward-looking statements involve inherent risks and uncertainties and, if one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. Forward-looking statements apply only as of the date on which they are made, and Sanlam does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. Any forward-looking information contained in this announcement has not been reviewed and reported on by Sanlam's external auditors.

Constant currency information

The constant currency information included in this review has been presented to illustrate the impact of changes in the South African rand exchange rates and is the responsibility of the Group's Board of directors.

It is presented for illustrative purposes only and because of its nature may not fairly present the Group's financial position, changes in equity, result of operations or cash flows. All references to constant currency information are based on the translation of foreign currency results for the 12 months to 31 December 2021 at the weighted average exchange rate for the 12 months to 31 December 2020, which is also applied for the translation of comparative information.

The major currencies contributing to the exchange rate movements are the British pound, United States dollar, Indian rupee, Angolan kwanza, Nigerian naira and the Moroccan dirham.

Foreign currency/ZAR	Average 2021	Average 2020	Strengthening
United Kingdom	20,32	20,99	3,2%
USA	14,76	16,34	9,6%
India	0,20	0,22	9,9%
Angola	0,02	0,03	17,6%
Nigeria	0,04	0,04	14,6%
Morocco	1,64	1,73	5,1%

In respect of the Group's investment in the former Saham Group, the constant currency information only allows for the impact of the change in exchange rate between the South African rand and the Moroccan dirham on the consolidated former Saham Group results. No adjustment is made for exchange rate movements between the Moroccan dirham and the reporting currencies of the former Saham subsidiaries.

EARNINGS

- **Operational performance has returned to pre-pandemic levels.** Net result from financial services increased by 13% on 2020 (18% in constant currency) and was 4% higher than 2019 excluding one-off items.
- Group **excess mortality claims** (claims above long-term actuarial assumptions, net of tax, reinsurance, annuity and disability offsets) in the life insurance businesses were **R4,2 billion** for 2021, with Sanlam Life and Savings (SLS) excess mortality claims of R3,6 billion and Sanlam Emerging Markets (SEM) excess mortality claims of R630 million.
- **SLS excess mortality claims were offset by a package of actuarial basis changes,** and premium increases on group risk business. **SEM released discretionary reserves of R148 million.** This release together with repricing of group risk business did not fully offset SEM excess mortality claims, leading to a net negative impact of R466 million on operating profits.
- **Net operational earnings increased by 23%** (28% in constant currency), reflecting higher investment income relative to 2020.

NEW BUSINESS

- **New business volumes exceeded R350 billion for the first time,** up 14% on 2020 and 43% higher than 2019.
- **Volume growth bolstered by strong profitability and margins.** Net value of new covered business (VNB) increased by 44% on 2020 and 21% on 2019, with a new business margin of 2,87% (2,98% on a constant economic basis).
- **Net client cash flows improved substantially despite the increase in mortality claims,** supported by inflows into Sanlam Investments and Sanlam Glacier. Net fund inflows of R78,3 billion were 27% higher than 2020 and 38% higher than 2019.
- **The Sanlam Pan Africa (SPA) Life portfolio** increased new business volumes by 23% in constant currency and VNB increased by 88% in constant currency, to over R450 million.
- Overall **persistency trends** remained ahead of long-term actuarial assumptions.

GROUP EQUITY VALUE

- **Group Equity Value** per share of **R64,44** and **Return on Group Equity Value (RoGEV)** per share of **13,9%**.
- Annual actuarial basis changes package implemented, which included the **release of discretionary reserves,** reversal of **half of the 5% mass lapse assumption, positive persistency assumption changes** and **strengthening of the mortality basis** to allow for future pandemics.
- **Adjusted RoGEV per share of 14,6% was above the Group's hurdle rate of 13,6%.** The non-covered businesses achieved an above hurdle return which offset underperformance from the covered business. Non-covered benefited from higher valuations of the credit, general insurance and investment businesses due to improved operational performance. Covered underperformance was largely driven by the impact of COVID-19 on risk experience, strengthening of the mortality basis and the write-down of Sanlam Life and Pensions UK (SLP) to the transaction price. This more than offset strong contributions from value of new business and positive persistency experience and assumption changes. The upward revaluation of the UK wealth and financial planning businesses to transaction price, offset the write-down of SLP, resulting in an aggregate positive impact on adjusted RoGEV from the UK entities being disposed of as part of the Group's strategy execution.

DIVIDEND AND CAPITAL

- The Group declared a normal **dividend of 334 cents per share,** up 11% on 2020.
- **Group solvency ratio remains strong at 173%,** well within the target range.
- **Discretionary capital increased to R2,9 billion.**

Sanlam Group salient results

For the 12 months ended 31 December

	Unit	2021	2020	△
Earnings				
Net result from financial services	R million	9 469	8 382	13%
Net operational earnings	R million	10 288	8 349	23%
Headline earnings[1]	R million	9 041	7 104	27%
Weighted average number of shares[2]	million	2 087,8	2 087,8	
Adjusted weighted average number of shares[2]	million	2 224,0	2 226,7	
Net result from financial services per share	cents	425,8	376,4	13%
Net operational earnings per share	cents	462,6	374,9	23%
Diluted headline earnings per share[1]	cents	433,0	340,3	27%
Business volumes				
New business volumes	R million	355 886	310 875	14%
Net fund inflows	R million	78 322	61 563	27%
Net new covered business				
Value of new covered business	R million	2 764	1 921	44%
Covered business PVNBP[3]	R million	96 182	74 591	29%
New covered business margin[4]	%	2,87	2,58	
Group Equity Value				
Group Equity Value	R million	142 390	131 812	
Group Equity Value per share	cents	6 444	5 920	
Return on Group Equity Value per share[5]	%	13,9	(2.8)	
Adjusted Return on Group Equity Value per share[6]	%	14,6	2.6	
Solvency cover				
Sanlam Group[7]	%	173	186	
Sanlam Life Insurance Limited	%	214	257	
Sanlam Life Insurance Limited covered business[8]	%	178	197	
Sanlam Group discretionary capital	R million	2 936	636	

Notes

(1) 2020 comparative information has been restated to correct a hyperinflation accounting error as reported in the Group's interim results announcement of 9 September 2021. Refer to note 13.2 on page 101 for additional information. The restatement does not have an impact on the net asset value due to the offsetting impacts on foreign currency translation reserve in the statement of changes in equity at 31 December 2020.

(2) Weighted average number of shares excludes Sanlam shares held directly or indirectly through consolidated investment funds in policyholder portfolios, as well as Sanlam shares held by the Group's broad-based black economic empowerment special purposes vehicle (B-BBEE SPV) that is consolidated in terms of International Financial Reporting Standards (IFRS). These shares are treated as shares in issue for purposes of adjusted weighted average number of shares in issue, which is the base to determine net result from financial services per share and net operational earnings per share. Diluted headline earnings per share is based on the weighted average number of shares.

(3) PVNBP = present value of new business premiums and is equal to the present value of new recurring premiums, at the relevant risk discount rate for each business, plus single premiums.

(4) New covered business margin = value of new covered business as a percentage of PVNBP.

(5) Growth in Group Equity Value per share (with dividends paid, capital movements and cost of treasury shares acquired reversed) as a percentage of Group Equity Value per share at the beginning of the year.

(6) Adjusted Return on Group Equity Value equals Return on Group Equity Value excluding investment market and currency volatility, changes in interest rates and other factors outside of management's control.

(7) The reported Sanlam Group solvency position on 31 December 2020 of 191% has been restated to 186% to reflect the Prudential Authority's revised methodology in the treatment of certain Sanlam Emerging Markets entities in the calculation of Group solvency that was applied retrospectively. The Group also implemented methodology changes on 31 December 2021 for the calculation of Group solvency. The two main changes are the deduction of foreseeable dividends from Group own funds and the adoption of the accounting consolidation methodology for the South African insurance entities.

(8) Excludes investments in subsidiaries and associated companies, discretionary capital, cash accumulated for dividend payments and the net asset value of non-covered operations.

INTRODUCTION

In 2021 the Sanlam Group laid the foundations for future growth by strongly developing our platforms and at the same time delivering a strong performance in a difficult operating environment. We are building on our purpose-led strategy across the Sanlam Group as part of our ongoing sustainability journey to focus on shared value creation, deepening financial inclusion, driving sustainable investment decisions throughout our assets under management, value chains and ecosystems, and optimising value through our strategic partnerships.

Sanlam remains an extremely strong and well capitalised business. In 2021 we were able to use the strength of Sanlam to benefit all stakeholders, particularly those severely impacted by the COVID-19 pandemic. For our clients we paid gross mortality claims of R22 billion (76% higher than 2020), with SLS paying R17 billion and SEM paying R5 billion. Santam made good progress in finalising the open contingent business interruption (CBI) claims. Gross CBI claim payments of R3,2 billion were made to the end of December 2021, inclusive of the relief payments of R1 billion in August 2020, to businesses affected by the pandemic.

The pandemic also impacted our people, who remained resilient through this difficult period. Our sincere condolences go to the families of the 57 colleagues who succumbed to the pandemic since its onset. The Group remains committed to the health and safety of our people, clients and society, including the roll-out of vaccines as the most effective long-term approach to tackling the pandemic. We have implemented a mandatory vaccination policy for our employees to ensure a safe working environment as we transition to hybrid ways of working and continue to provide vaccine access points to the South African public in partnership with AfroCentric.

STRATEGY IMPLEMENTATION PROGRESS

We continue to implement our strategy by developing our platform as we work towards building a leading non-banking financial services group in Africa. Our South African operations were strengthened by the development of the Sanlam Investments platform as the leading black-owned asset manager. The proposed merger with Absa Investments will further strengthen our market offering. Substantial net inflows over the period underline the improvement of the investment management platform. The Absa transaction also includes the intended acquisition of Absa's LISP by Sanlam Glacier as well as access to the distribution network of Absa. The intended acquisition of the Alexander Forbes LISP business will further develop the Sanlam Glacier platform.

Our corporate platform will be strengthened through the intended transactions with Alexander Forbes and the launch of a new set of health insurance offerings in partnership with AfroCentric. The intended sale of our standalone retirement fund administration business to Alexander Forbes will enable the Group to focus on providing the leading umbrella pension fund solution and a full range of investment and insurance products to the corporate benefits market. The Alexander Forbes Life transaction is expected to place us in a leading position in group risk underwriting. Our health offering allows us to provide a more holistic product offering to our clients and fulfil a market need for affordable health insurance.

The Group divested from the UK operations outside of asset management, informed by our capital allocation framework and strategic intent to focus on Africa and India. The package of transactions is expected to be completed at an aggregate amount greater than GEV (before write-up to transaction values). We continue to explore the optimisation of our Pan-Africa portfolio through strengthening our position in key markets and exiting sub-scale operations. In India, the Shriram Group will undertake a reorganisation that simplifies the Shriram group structure. As a shareholder in Shriram, Sanlam benefits by reducing one layer between it and the operating entities and allows for focused strategic planning for life and general insurance through the segregation of the credit and the insurance businesses.

We also announced the establishment of an InsurTech strategic alliance with MTN to take the benefits of our insurance and investment products to the African continent's consumers. This will significantly enhance the financial inclusion of consumers that are currently not reached through traditional distribution channels, aimed at helping Sanlam attain its goal of reaching 50 million customers by 2025.

OPERATIONAL AND FINANCIAL PERFORMANCE

Economic conditions improved in 2021 from the depressed pandemic-induced base of 2020 in the economies in which we operate. After contracting 6,4% in 2020, South African real GDP increased by an estimated 4,8% in 2021, buoyed by a terms of trade bounce, which underpinned domestic purchasing power and consumer spending. Sub-Saharan Africa real GDP growth recorded an estimated 4% increase, following a contraction of 1,7% in 2020.

This growth recovery combined with altered spending patterns due to the pandemic, supported higher savings rates which had a positive impact on new business volumes in our operations.

Long-term interest rates increased relative to 31 December 2020 in most of the markets in which we operate. Overall economic assumptions changes had a 7% negative impact on VNB and 2,2% negative on GEV.

Equity markets generally recorded higher returns in 2021 relative to 2020 in the countries in which we operate, which benefited asset-based income. Investment return earned on the Group's capital portfolios commensurately improved. The improvement in equity markets supported positive investment variances of 1,5% on GEV.

The average South African rand exchange rate for 2021 strengthened against most of the operating country currencies relative to 2020. The closing rate was however weaker in most markets. The GEV valuations of the non-South African operations were positively impacted by the weaker closing rand exchange rate. However, foreign currency translation losses resulting from the stronger average rand exchange rate over the year had a negative impact on net result from financial services of 5%.

Group Equity Value

Group Equity Value on 31 December

	GEV		RoGEV	
R million	December 2021	December 2020	GEV earnings	%
Group operations	132 337	123 881	17 552	14,2
SA Retail Mass	11 761	10 596	1 637	15,4
SA Retail Affluent	36 168	36 078	6 057	16,8
Sanlam Corporate	6 230	5 604	219	3,9
Sanlam Emerging Markets	40 354	35 323	5 618	15,9
Sanlam Investment Group	19 583	19 003	2 764	14,6
Santam	18 241	17 277	1 257	7,3
Covered business	60 577	59 326	7 490	12,6
Value of in-force business	45 904	44 212	1 707	
Adjusted net worth	14 673	15 114	5 783	
Non-covered operations	71 760	64 555	10 062	15,6
Group operations	132 337	123 881	17 552	14,2
Discretionary capital and other	10 053	7 931	(344)	(4,3)
Group Equity Value	142 390	131 812	17 208	13,1
Per share (cents)	6 444	5 920	779	13,9

GEV amounted to R142,4 billion or 6 444 cents per share on 31 December 2021. RoGEV per share amounted to 13,9%, including the 2020 final dividend paid of 300 cents per share. RoGEV per share for the covered business was 13,5%, with non-covered business (including discretionary capital and other) at 14,3% per share.

Adjusted RoGEV per share, which excludes the impact of actual investment return higher than long-term assumptions, interest rate changes, other one-off effects not under management control, and currency exchange rate movements, amounted to 14,6%, above the 13,6% target for 2021. The covered business adjusted RoGEV was 13,4% per share and non-covered business (including discretionary capital and other) recorded an adjusted RoGEV per share of 15,5%.

Analysis of RoGEV for the 12 months ended 31 December 2021

	Total	△	Covered	△	Non-covered	△
GEV at 31 December 2020	131 812		59 326		72 486	
Expected return	11 419	8,7%	5 538	9,3%	5 881	8,1%
Value of new covered business	2 764	2,1%	2 764	4,7%	–	0,0%
Operating experience variances	(3 137)	(2,4%)	(2 742)	(4,6%)	(395)	(0,5%)
Operating assumption changes	3 457	2,6%	1 540	2,6%	1 917	2,6%
Return on listed businesses	2 868	2,2%	–	0,0%	2 868	4,0%
Expected return on net asset value	1 115	0,8%	956	1,6%	159	0,2%
Other earnings (incl expected currency movements)	(441)	(0,3%)	(566)	(1,0%)	125	0,2%
Adjusted RoGEV	18 045	13,7%	7 490	12,6%	10 555	14,6%
cps		14,6%		13,4%		15,5%
Investment variances	1 990	1,5%	1 370	2,3%	620	0,9%
Economic assumption changes	(2 872)	(2,2%)	(1 310)	(2,2%)	(1 562)	(2,2%)
Foreign currency translation differences	1 711	1,3%	81	0,1%	1 630	2,2%
Santam return underperformance	(1 608)	(1,2%)	–	0,0%	(1 608)	(2,2%)
Other	(58)	–	(141)	(0,2%)	83	0,1%
Actual RoGEV	17 208	13,1%	7 490	12,6%	9 718	13,4%
cps		13,9%		13,5%		14,3%

The covered business recorded an adjusted return of 12,6% for 2021. The main components contributing to the return on covered business are:

- Expected return on covered business reflecting the unwind of the discount rate contributed 9,3%.
- VNB contributed 4,7% due to the healthy growth in new life business volumes and improved margins.
- Operating experience variances contributed negative 4,6% for 2021 mainly due to the impacts of COVID-19 on the following key items:
  - Risk experience was severely impacted by excess mortality due to COVID-19 which resulted in negative experience of R4,2 billion for 2021 relative to negative R125 million in 2020.
  - Persistency experience variances increased from R157 million in 2020 to R712 million for 2021, with improvement from all life businesses in South Africa. This includes the effect of the repricing of group risk business.
  - Maintenance expense experience profits improved to R150 million from R67 million in 2020.
  - Working capital management experience profits declined from R457 million in 2020 to R365 million in 2021, in line with the lower short-term interest rates.
  - The narrowing of credit spreads relative to 2020 resulted in positive credit spread variances of R295 million in 2021 relative to R129 million in 2020.
- Operating assumption changes were positive R1,5 billion (contributing 2,6%) for 2021, relative to negative R2,4 billion in 2020, which was impacted by the COVID-19 related mass lapse assumption change.
  - The Group strengthened the mortality basis across products to allow for the impact of future pandemics while also releasing discretionary reserves to offset excess mortality claims. The total impact of risk assumption changes on embedded value was negative R867 million (2020: positive R438 million). This consisted of a negative impact on value of in-force (net of costs of capital) of R2,1 billion and a positive adjusted net worth impact of R1,2 billion. The negative value of in-force impact includes the reduction in future profits arising from the release of discretionary reserves.
  - Persistency assumption changes contributed R1,5 billion (2020: negative R1,9 billion). Given the strong persistency experience across the business, half of the 5% mass lapse assumption created in 2020, was released, and lapse rate assumptions were also reduced in the SA Retail Affluent risk business. R1,7 billion of the assumption change impacted the value of in-force (net of cost of capital) with a negative impact of almost R200 million on the adjusted net worth.
  - Modelling and other assumption changes (including discretionary reserve releases and required capital modelling) amounted to a positive embedded value impact of R965 million (2020: negative R665 million). A negative amount of R415 million of this impacted the value of in-force (net of costs of capital) with a positive impact of R1,4 billion on the adjusted net worth.

- Investment variances and the expected return on the capital portfolio contributed 3.9% for 2021 reflecting improved market returns over the year.
- Economic assumption changes had a negative impact of 2,2% due to movements in long-term interest rates over the year.
- The negative 1,1% contribution from foreign currency translation differences and other in 2021 is substantially due to the R595 million revaluation of the UK life business in line with transaction value.

The non-covered operations, discretionary capital and other achieved a return of 13,4% for 2021. This is a combination of a 15,6% return for the non-covered operations and a negative 4,3% for discretionary capital and other. The negative return for discretionary capital and other is mainly due to a partial impairment of the funding to the B-BBEE SPV based on the current Sanlam share price and higher project expenses. The non-covered operations (including discretionary and other capital) achieved an adjusted return of 14,6%.

The main components contributing to the return on non-covered business are:

- Expected return on non-covered business reflects the unwind of the discount rate over the period.
- Operating experience variance reflects better than expected investment market performance and net fund flows in the investment businesses, partly offset by lower general insurance premium income in India.
- Operating assumption changes reflect improved valuations of the Indian credit businesses due to improved listed share price performances and higher valuation of the investment management businesses, including a write-up of the UK wealth and financial planning businesses to transaction value.
- The negative contribution from economic assumption changes is largely due to increases in reference yields.
- The impact from the currency translation differences is due to a weaker closing rand exchange rate against most of the valuation currencies on 31 December 2021.
- Santam's underperformance is due to the actual share price underperforming the expected returns.

Earnings

Impact of COVID-19 on mortality experience across the Group

The COVID-19 pandemic had a significant impact on mortality claims across the Group's operations, resulting in a significant increase in excess mortality claims (claims above long-term actuarial assumptions). The Group's South African operations have the largest life insurance exposure and commensurately reflect a much higher value of excess mortality claims. The Group recorded total excess mortality claims of R4,2 billion (net of tax, reinsurance and annuity and disability offsets) on an embedded value basis for 2021.

Excess mortality claims for the 12 months ended 31 December 2021 (net of tax, reinsurance and annuity and disability offsets)

R million	2021
Sanlam Group	4 197
SLS	3 567
SA Retail Mass	468
SA Retail Affluent	656
Sanlam Corporate	2 443
SEM	630
SPA Life	583
India	35
Malaysia	12

The package of basis changes and repricing offset the impact of excess mortality claims on the operating earnings of SLS.

SLS mortality trends reflected those of the broader South African experience, as published by the South African Medical Research Council. The impact of excess mortality claims was most severe in the second and third waves of COVID-19, in the first and third quarters of 2021. The fourth wave in the final quarter of 2021, had a softer impact on excess mortality claims relative to previous waves.

SLS's corporate business was impacted much more than the retail businesses. The Group believes that the group risk market has been consistently under-pricing premiums for pandemics and is hopeful that more rational pricing will prevail in the market in future.

As part of the annual review of the Group's actuarial basis, SLS implemented a package of basis changes which included further releases of discretionary reserves, positive persistency assumption changes and a strengthening of the mortality basis to allow for future pandemics.

SLS excess mortality claims were offset by a combination of the package of basis changes and the repricing of group risk business.

SEM holds less discretionary reserves, resulting in a larger excess mortality claims impact on operating earnings.

SEM experienced an increase in mortality claims in the first and third quarters of 2021, with the third quarter impact being more severe than the first quarter. The largest impacts were recorded in the Southern Africa region and in India. Excess mortality claims of R630 million (net of tax, reinsurance and annuity and disability offsets) were recorded for 2021, with R583 million recorded in SPA Life. The overall impact on earnings was partially offset by discretionary reserve releases of R148 million (net of tax). This release together with repricing of group risk business did not fully offset SEM excess mortality claims, leading to a net negative impact of R466 million on operating earnings.

Shareholders' fund income statement for the 12 months ended 31 December

R million	2021	2020	△
Net result from financial services	9 469	8 382	13%
Sanlam Life and Savings	4 806	4 600	4%
Sanlam Emerging Markets	2 227	2 377	(6%)
Sanlam Investment Group	1 298	805	61%
Santam	1 378	686	>100%
Group office and other	(240)	(86)	(>100%)
Net investment return	1 310	271	>100%
Project expenses	(491)	(304)	(62%)
Net operational earnings	10 288	8 349	23%
Amortisation of intangible assets	(738)	(699)	(6%)
Profit on disposal of subsidiaries and associates	229	285	(20%)
Impairments	66	(8 638)	>100%
Net non-operational equity-accounted earnings & other	15	9	67%
Normalised attributable earnings	9 860	(694)	>100%

Net result from financial services increased by 13% (18% in constant currency) in 2021. Net result from financial services is 2% lower than 2019, but 4% higher excluding the impact of one-off gains in 2019 from third-party pool reserve releases in Shriram General Insurance, performance fees earned on the closure of the Climate One fund and higher interest on dividend pool.

SLS net result from financial services increased by 4% relative to 2020. Improved investment market performance over the year supported asset-based income, which was partly offset by higher new business strain and excess mortality claims net of repricing and reserve releases. Excluding the impact of new business strain, excess mortality claims, reserve releases and repricing, net result from financial services increased by 11%.

SLS net result from financial services for the 12 months ended 31 December

R million	2021	2020	△
SA Retail Mass	1 039	1 050	(1%)
SA Retail Affluent	3 226	4 059	(21%)
Recurring premium business	1 225	2 376	(48%)
Glacier	1 674	1 561	7%
Sanlam Personal Loans & other	327	122	>100%
Sanlam Corporate	(1 947)	836	(>100%)
Basis changes/pandemic reserve release	4 232	492	>100%
Gross result from financial services	6 550	6 437	2%
Tax on gross result from financial services	(1 771)	(1 882)	6%
Non-controlling interest	27	45	(40%)
Net result from financial services	4 806	4 600	4%

SA Retail Mass recorded strong performances from the Individual Life and Capitec Bank funeral businesses, however, was significantly impacted by a substantial decline in earnings from the group businesses due to excess mortality claims. The Individual Life and Capitec Bank funeral businesses were less impacted by excess mortality claims and recorded strong earnings growth which was supported by larger in-force books, expense savings, positive investment variances and economic basis changes.

SA Retail Affluent was impacted by the substantial decline in earnings from the risk business due to excess mortality claims. This more than offset higher asset-based fee income from Glacier and the savings business and an improved performance from Sanlam Personal Loans (SPL) due to lower bad debt charges.

Sanlam Corporate was also significantly impacted by excess mortality claims which more than offset higher asset-based fee income from the investment business. The health business continued to record a strong performance driven by the pharmacy and services clusters as well as increased efficiencies.

SEM net result from financial services declined by 6% but was 9% higher in constant currency. SPA GI recorded strong constant currency earnings growth while the Indian insurance operations detracted from growth.

SEM net result from financial services for the 12 months ended 31 December

R million	2021	2020	△	Constant currency △
SPA Life	1 765	1 812	(3%)	7%
Life Insurance	875	1 088	(20%)	(9%)
Investment management	183	160	15%	27%
Credit and structuring	591	447	32%	40%
Other	116	117	(1%)	3%
SPA GI	2 034	1 271	60%	74%
Other international	1 571	1 965	(20%)	(11%)
India	1 272	1 588	(20%)	(11%)
Life insurance	(34)	36	(>100%)	(>100%)
General insurance	431	676	(36%)	(29%)
Credit and structuring	875	876	0%	11%
Malaysia & other	299	377	(21%)	(11%)
Corporate costs	(203)	(379)	46%	45%
Gross result from financial services	5 167	4 669	11%	22%
Life insurance	*939*	*1 261*	*(26%)*	*(16%)*
General insurance	*2 767*	*2 236*	*24%*	*34%*
Investment management	*182*	*159*	*14%*	*27%*
Credit and structuring	*1 466*	*1 323*	*11%*	*21%*
Corporate costs and other	*(187)*	*(310)*	*40%*	*(44%)*
Tax on gross result from financial services	(1 839)	(1 254)	(47%)	(59%)
Non-controlling interest	(1 101)	(1 038)	(6%)	(5%)
Net result from financial services	2 227	2 377	(6%)	9%

Life insurance was impacted by an increase in COVID-19 related mortality claims across the portfolio. Higher claims in Southern Africa and Tanzania more than offset good growth in North and West Africa which was supported by higher equity and bond markets. India was impacted by higher mortality claims, while Malaysia improved on a constant currency basis.

General insurance benefited from a strong improvement in SPA GI due to higher investment return on insurance funds (float) which improved to 11,9% (as a percentage of net earned premiums) from 2,9% in 2020. The Moroccan business reported a float margin of 20,9% on the back of strong equity markets. Further progress was made in transitioning the float investment portfolio to a lower level of equity and property exposure and increased bond exposure. Good value was realised in reducing the equity weighting although it lowered the exposure to the strong equity market performance over the year.

SPA GI recorded a net underwriting margin of 4,4% (2020: 6,1%), below the 5% to 9% target range. The portfolio recorded adverse claims experience in Cote d'Ivore, Continental Re and some of the smaller Eastern and Southern region countries, as well as a weaker performance from the health business. A net insurance margin of 16,3% was achieved for 2021 relative to 9,0% in 2020.

In India, Shriram General Insurance's (SGI) earnings were impacted by the lack of regulated premium increases on third-party business for the past two years and limited ability to finalise claims due to courts in India continuing to operate at limited capacity, which impacts the ability to finalise claims. SGI's net insurance result however remained satisfactory at 25,2% of net earned premiums. The Malaysian general insurance operations recorded higher earnings largely driven by a lower claims ratio.

The investment management portfolio benefited from higher asset-based fees due to the increase in assets under management driven by strong recent net inflows in Botswana, Namibia and Kenya.

Credit and structuring benefited from increased disbursements and collections in India and lower bad debt provisions in the SPA Southern Africa region. Both Letshego and Capricorn Namibia contributed to the improved performance in SPA.

SIG's contribution to net result from financial services increased by 61% largely due to marked-to-market gains on local and offshore listed bonds at SanFin and higher asset-based fees from the improved investment market performance.

SIG net result from financial services for the 12 months ended 31 December

R million	2021	2020	△
Sanlam Investments	608	552	10%
Wealth Management	247	214	15%
International	413	282	46%
Corporate services	(51)	(40)	(28%)
Investment management	1 217	1 008	21%
Sanlam Specialised Finance	631	241	>100%
Gross result from financial services	1 848	1 249	48%
Tax on gross result from financial services	(427)	(378)	(13%)
Non-controlling interest	(123)	(66)	(86%)
Net result from financial services	1 298	805	61%

Sanlam Investments increase is primarily due to higher asset-based fees which was partly offset by lower performance fees in 2021. Excluding performance fees, gross result from financial services was up 14%. The ***Wealth Management*** business was supported by performance fee income, higher average assets under management and increased income from diversification initiatives. ***International*** was supported by an improved performance from Sanlam UK.

SanFin benefitted from marked-to-market gains on local and offshore listed bonds as spreads narrowed further relative to 31 December 2020. The preference shares and equity businesses also recorded improved performances while lower credit loss provisions were raised relative to the prior period.

Santam recorded strong operating results for 2021 with the net result from financial services more than doubling relative to 2020. The conventional business recorded a net underwriting margin of 8,0% (2020: 2,5%) of net earned premiums. Santam reviewed its provisions for CBI claims at year-end which resulted in the release of R450 million (R279 million Sanlam's share) from the net provision, contributing approximately 1,7% to the net underwriting margin. Shareholders are referred to Santam's annual results released on 2 March 2022 for more information on its performance.

Net operational earnings

Net operational earnings of R10,3 billion increased by 23%, the combined effect of the 13% increase in net result from financial services and a positive net investment return of R1,3 billion relative to R271 million in 2020. The prior period investment return included a net R726 million expected credit loss provision in Lebanon. Net investment return on capital benefited from the improvement in equity markets over the period but was also impacted by lower dividend income and interest earned on cash balances due to lower interest rates. Project expenses were 62% higher than 2020 largely due to the increased spend on initiatives supporting execution of the Group's strategy, including corporate transactions over the year.

Normalised attributable earnings

Normalised attributable earnings improved from a loss of R694 million in 2020 to a profit of R9,9 billion for 2021. The 2020 year included impairments of R8,6 billion due to the lower valuation of the Shriram and former Saham operations. In 2021 a net impairment reversal of R66 million was recognised, largely due to the reversal of R672 million in respect of Shriram Capital as a result of a recovery of the listed share prices, partly offset by the impairment of goodwill of R356 million in respect of Sanlam Life and Pensions UK (SLP) and R145 million in respect of the B-BBEE SPV.

Headline earnings and diluted headline earnings

Headline earnings and diluted headline earnings per share increased by 27%. The difference in growth between normalised attributable earnings and headline earnings relates primarily to the exclusion of impairments, impairment reversals and the inclusion of fund transfers[1] of negative R387 million (2020: positive R1,4 billion) in headline earnings.

New business volumes and net fund inflows

Business volumes for the 12 months ended 31 December

	New business			Net inflows		
R million	2021	2020	△	2021	2020	△
Cluster						
Sanlam Life and Savings	108 752	77 847	40%	15 257	11 351	34%
Sanlam Emerging Markets	48 799	46 898	4%	19 840	21 192	(6%)
Sanlam Investment Group	171 752	161 470	6%	33 047	21 130	56%
Santam	26 583	24 660	8%	10 178	7 890	29%
Total	355 886	310 875	14%	78 322	61 563	27%
Line of business						
Life insurance	71 747	56 111	28%	12 696	14 613	(13%)
Investment business	241 917	213 625	13%	49 671	32 485	53%
General insurance	42 222	41 139	3%	15 955	14 465	10%
Total	355 886	310 875	14%	78 322	61 563	27%

Overall new business volumes increased by 14% (16% in constant currency) supported by strong sales growth in SLS. All clusters reported significant growth relative to 2019. Overall life insurance new business volumes increased by 28%, investment business increased by 13% and general insurance earned premiums increased by 3%.

SLS new business volumes for the 12 months ended 31 December

R million	2021	2020	△
SA Retail Mass	3 850	2 558	51%
SA Retail Affluent	90 977	65 441	39%
Recurring premium and strategic business development	3 114	2 865	9%
Risk	1 217	1 189	2%
Savings	1 897	1 676	13%
Glacier	87 863	62 576	40%
Life business	42 240	31 681	33%
Investment business	45 623	30 895	48%
Sanlam Corporate	13 925	9 848	41%
Life business	8 235	6 500	27%
Investment business	5 690	3 348	70%
New business volumes	108 752	77 847	40%

[1] Fund transfers include:

- non-economic mismatch profits and losses recognised in terms of IFRS through the elimination of Sanlam shares held in policyholder portfolios as treasury shares (negative R5 million, 2020: positive R515 million);
- the recognition of deferred tax assets in respect of assessed losses in policyholder portfolios (R124 million, 2020: R176 million);
- the consolidation of the B-BBEE SPV which results in the recognition of interest paid on funding in the SPV, marked-to-market changes on the hedging instruments in the structure and administration costs incurred by the SPV (negative R600 million, 2020: negative R14 million);
- the impact of hyperinflation on the opening balance of monetary assets and liabilities (2020: negative R940 million); and
- the elimination of B-BBEE SPV impairments (R145 million, 2020: R1 673 million).

Overall new business volumes at **SLS** were 40% higher than 2020 with robust performances from all businesses over the year.

SA Retail Mass recorded strong new business sales supported by improved agent productivity and increased use of digital tools. The Individual Life business recorded growth of 39%, group business sales increased by 81% and the Capitec Bank funeral business sales increased by 48%.

SA Retail Affluent achieved substantial new business sales growth driven by Glacier life and investment business. Recurring premium risk sales growth was more muted as improved growth from the individual life, Sanlam Indie and MiWay Life businesses, were partially offset by weaker sales of assistance and group risk business in BrightRock; and marginally lower credit life sales from SPL. Individual risk sales from traditional intermediated channels (including BrightRock) increased by 10% on 2020.

Sanlam Corporate's new business volume growth was driven by single premium investment and recurring premium life business. Quote activity in this segment has recovered to pre-pandemic levels but conversion rates remain lower.

SEM recorded overall new business growth of 4% (13% in constant currency) driven by strong volume growth in life insurance business.

SEM new business volumes for the 12 months ended 31 December

R million	2021	2020	△	Constant currency △
SPA Life	31 331	29 096	8%	16%
Life insurance	9 042	7 918	14%	23%
Asset management	22 289	21 178	5%	14%
SPA GI	13 699	13 692	0%	9%
Other international	3 769	4 110	(8%)	1%
India	2 563	2 788	(8%)	2%
Life insurance	868	620	40%	56%
General insurance	1 695	2 168	(22%)	(13%)
Malaysia and other	1 206	1 322	(9%)	0%
New business volumes	48 799	46 898	4%	13%
Life insurance	10 871	9 241	18%	28%
General insurance	15 639	16 479	(5%)	4%
Asset management	22 289	21 178	5%	14%

Life insurance new business volume growth was supported by all regions. In SPA Life, Namibia recorded strong annuity sales and Botswana recorded improved individual life and bancassurance volumes which boosted growth in the Southern Africa region. A strong performance from the North and West Africa region was driven by group life and agency volumes in Morocco and growth in the CIMA region across business lines. In East Africa volume growth was largely due to improved sales of group business in Kenya and credit life volumes in Tanzania. Strong contributions from both India and Malaysia were mainly as a result of diversification in distribution channels.

Asset management new business grew off a high base from 2020 as further large mandates were awarded in Botswana, Namibia and Kenya.

General insurance new business volumes reflect improved constant currency growth from SPA but a weaker performance in India. SPA GI growth was driven by higher volumes in the motor and health business lines in Morocco and an improved performance from Continental Re. Weaker sales in the assistance business and the cancellation of loss-making health business in Cote d'Ivore detracted from volume growth. Focus remains on protecting the quality of the health book. India new business volumes declined due to the lack of premium increases on third-party business as regulated by government and lower volumes from the credit businesses during the COVID-19 related lockdown periods. Malaysia volumes decreased in constant currency due to lower sales through agency channels as the businesses shifted focus to direct channels.

Net fund inflows at **SIG** improved by 56% to R33 billion, while new business volumes were 6% higher than 2020. Net fund inflows more than doubled in Sanlam Investments, with strong recoveries in both retail and institutional funds. Satrix, Sanlam Multi-Manager and the Retail Implemented Consulting initiative all performed well. Wealth Management and International net inflows were lower than 2020.

Santam achieved satisfactory gross written premium growth of 5% in the conventional insurance business. The Santam Commercial and Personal intermediated business reported low growth for the year, however, various growth initiatives are showing positive results, which should assist future growth. The Santam Specialist business achieved improved growth during the second half of 2021. MiWay achieved impressive growth of 9% in the current operating environment. Gross written premiums from outside South Africa grew by 6% and strong growth was achieved by Santam Re.

Group **net fund inflows** of R78,3 billion were 27% higher than 2020 (up 32% in constant currency) and 38% higher than 2019, despite the large mortality-related outflows in SLS. The significant improvement in net inflows at Sanlam Glacier and Sanlam Investments were key drivers of the improvement. SEM also contributed strongly compared to 2019.

Value of new covered business

Net VNB recorded strong improvements across the portfolio, with all businesses above 2019 levels. In SLS the Retail Mass VNB increased by 60%, Retail Affluent increased by 16% and Corporate VNB more than doubled. In SEM strong improvements in VNB were reported across the Pan-Africa portfolio as well as in India and Malaysia. SEM VNB increased 87% and up 115% in constant currency.

The Group covered business net VNB margin was higher than 2020 and slightly below 2019.

Value of new life business for the 12 months ended 31 December*

R million	2021	2020	Δ	Constant economic basis Δ
Net value of new covered business	2 764	1 921	44%	51%
SLS	2 235	1 638	36%	51%
SEM	529	283	87%	54%
Net present value of new business premiums	96 182	74 591	29%	31%
SLS	79 308	59 947	32%	34%
SEM	13 198	11 176	18%	19%
SIG	3 676	3 468	6%	6%
Net new covered business margin	2,87%	2,58%		2,98%
SLS	2,82%	2,73%		3,07%
SEM	4,01%	2,53%		3,27%

* See page 142 for more detailed disclosure.

CAPITAL AND SOLVENCY

The capital and solvency position of the Group and its main operating entities remained strong and within target ranges on 31 December 2021. The solvency cover ratio of Sanlam Life covered business was 178% (31 December 2020: 197%), the solvency position of Sanlam Life solo was 214% (31 December 2020: 257%) and the Group solvency cover ratio was 173% (31 December 2020: 186%).

The reported Sanlam Group solvency position on 31 December 2020 of 191% has been restated to 186% to reflect the Prudential Authority's revised methodology in the treatment of certain Sanlam Emerging Markets entities in the calculation of Group solvency that was applied retrospectively.

The reduction in the Group solvency cover ratio from 186% to 173% is attributable to the annual dividend payment, higher prescribed equity stresses and negative experience variances and assumptions changes that were partially offset by the positive impact from net unwind of in-force business, operating profits and value of new business.

The Group implemented methodology changes on 31 December 2021 for the calculation of Group solvency. The two main changes are the deduction of foreseeable dividends from Group own funds and the adoption of the accounting consolidation methodology for the South African insurance entities.

The Group solvency ratio reduced further after allowing for the deduction for foreseeable dividends from the eligible own funds on 31 December 2021. Previously the published ratio did not allow for a deduction for foreseeable dividends from the eligible own funds. This reduction was partially offset by other methodology changes including the adoption of the accounting consolidation method, for the South African insurance entities, in the calculation of Group solvency.

The Sanlam Life covered ratio also reduced for the same reasons as the Group ratio except for the annual dividend payment which is excluded from own funds for Life Covered business.

Discretionary capital increased from R636 million on 31 December 2020 to R2,9 billion on 31 December 2021. The increase is largely due to the net proceeds received from the sale of Nucleus Financial Group plc of some R1,2 billion and a release of capital from operations of R1,0 billion.

The conditions precedent relating to the proposed acquisition by SAN JV (RF) of an additional 22,8% in Saham Assurance Maroc, were not fulfilled. The proposed transaction accordingly lapsed. SAN JV's shareholding in Saham Assurance Maroc remains at 61,7%.

In September 2021 we announced the proposed sale of Sanlam UK's 100% shareholding in Sanlam Life and Pensions, Sanlam Private Investments and Sanlam Wealth Planning. The total net consideration for the transactions is £153 million. The transactions are subject to regulatory approval and are expected to close in the first half of 2022. These transactions will add to discretionary capital in 2022.

The Group has historically maintained discretionary capital of around R1,0 billion in normal circumstances in order to fund small and opportunistic acquisitions. However, the continuing uncertainty posed by the COVID-19 pandemic and the reduced discretionary reserves following the 2021 release of some of these reserves, has resulted in a change in the target level of our discretionary capital buffer.

The Group intends to hold a significantly higher discretionary buffer during the course of 2022, and, if necessary, for longer to provide protection against any further significant COVID-19 waves that may negatively impact mortality experience despite the premium increases implemented in respect of group risk business. The Board will actively monitor the position and may review this situation if it appears that the higher discretionary capital is not required. The Group's normal capital allocation policy will guide the use of such surplus capital.

Sanlam Life redeemed a tranche of R1 billion subordinated debt notes (SLI4) on the first call maturity date on 16 August 2021. Sanlam Life issued new subordinated debt notes (SLI5, SLI6 and SLI7) totalling R2 billion on 16 August 2021. The new notes were assigned a credit rating of zaA+ by S&P Global Ratings.

OUTLOOK

The economies in Africa continue to recover from the economic damage caused by the pandemic. Despite this continued growth and recovery, the penetration of insurance and savings remains low across the continent. Sanlam is well-positioned to capture this growth opportunity by leveraging the reach of our broad platform and partnership model to drive financial inclusion through providing simple products, at scale, using increased digital capabilities.

The impact of the pandemic will however persist. As previously indicated, the Group expects to retain modest discretionary reserves to mitigate any mortality losses after 2021. The Group has also implemented far-ranging management actions to deal with the pandemic's future impacts. In addition to the management actions, the Group will maintain a higher level of discretionary capital than is normal for a period of time, to provide a buffer should the management actions taken prove to be inadequate. The Group will target a minimum of R3 billion of discretionary capital, which may be used to mitigate the impact of any unexpected COVID-19 mortality experience.

The Group's new business volumes are at elevated levels and have benefited from an increase in savings rates due to our clients response to the pandemic. As behaviour normalises and short-term interest rates gradually increase, new business growth rates are likely to moderate. We therefore do not expect the new business growth rates of 2021 to persist in 2022. Sanlam is however well-positioned to retain our strong market positioning and the gains attained in 2021.

The gains in equity markets in 2021 also had a positive impact on our South Africa and Africa operations. The SPA GI business recorded strong earnings growth due to higher float income. We expect a more normalised performance from equity markets in 2022 and therefore do not expect a repeat of these gains in 2022.

DIVIDENDS

Sanlam's dividend policy is based on cash operating earnings, which is equal to the portion of the business clusters reported operating earnings that are distributed to the Group as cash dividends. The level of cash earnings available for distribution to the Group is informed by several factors, including working capital requirements, as well as the solvency position of the various entities within a cluster. The key principle is that the entities within a cluster should be sufficiently capitalised after a dividend distribution to ensure compliance with internal risk appetites and local regulatory solvency requirements, taking cognisance of future growth plans. The same considerations apply in setting the Sanlam dividend, taking due cognisance of the Group solvency position under the South African regulations.

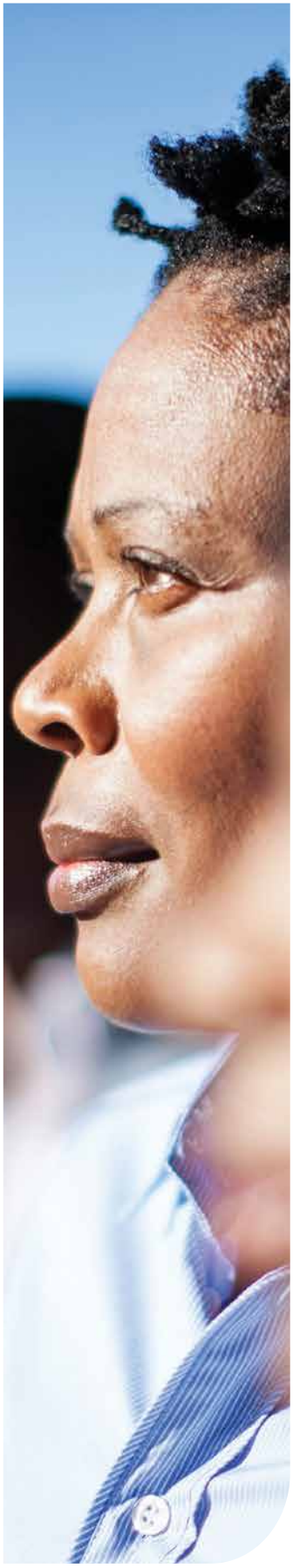
The dividend policy continues to align with the guidance issued by the Prudential Authority. At a secondary level, the Group's objective is to maintain a 1.0x – 1.2x times Group cash operating earnings cover in any year to manage a smooth dividend profile.

Sanlam Limited was able to declare a dividend of 334 cps (2020: 300 cps) within its normal dividend policy range without having significant impact on the ability of the Group to deal with further financial stresses. Furthermore, the Group's solvency position remains strong at 173% on 31 December 2021.

The declaration of a dividend by Sanlam reflects the continued resilience of the Group and the Board's confidence in the underlying strength of the business.

Shareholders are advised that a final gross cash dividend of 334 cents per share was declared for the year ended 31 December 2021, an increase of 11% on the prior year dividend. The dividend is payable on Monday, 11 April 2022 by way of electronic bank transfers to ordinary shareholders recorded in the register of Sanlam at close of business on Friday, 8 April 2022. The last date to trade to qualify for this dividend will be Tuesday, 5 April 2022, and Sanlam shares will trade ex-dividend from Wednesday, 6 April 2022. Share certificates may not be dematerialised or rematerialised between Wednesday, 6 April 2022 and Friday, 8 April 2022, both days included. Shareholders who have not yet provided their banking details for dividend payments are requested to do so by contacting Sanlam's transfer secretary, Computershare, at 0861 100 913 or +27 (0)11 370 5000.

The South African dividend withholding tax regime applies in respect of this dividend. The dividend in full will be subject to the 20% withholding tax, where applicable, which results in a net dividend, to the shareholders who are not exempt from paying dividend tax, of 267,2 cents per share. The number of ordinary shares in issue in the company's share capital as at the date of the declaration is 2 049 418 848 excluding treasury shares of 177 555 560. The company's tax reference number is 9536/346/84/5.



Abigail Mukhuba
Group Finance Director

09

Governance, leadership and remuneration

Confidence Rule 7:

THERE ARE NO SHORTCUTS TO ANYWHERE WORTH GOING.

Our approach to corporate governance

Governance criteria and external guidelines

Sanlam's approach towards governance has been influenced and directed by various aspects. This includes, among others, regulatory requirements, governance-related best practices, in-country governance and regulatory requirements as well as company-specific requirements. The Group made a concerted effort to ensure that it adhered to the applicable suite of governance standards as outlined in the following regulatory requirements:

- The South African Companies Act, 71 of 2008 (as amended) (the Companies Act)
- The JSE Listings Requirements (as amended).
- The Insurance Act 18 of 2017 (as amended) (Insurance Act)
- The Prudential Standards and Framework for Governance and Operational Standards for insurers and insurance groups
- The Financial Sector Regulation Act, 9 of 2017 (as amended) (Financial Sector Regulation Act)
- The King Report on Corporate Governance™ for South Africa, 2016 (King IV™)[1]

Given the dynamic process of evolving and assessing the effectiveness of the Group's governance approach and structures, we also consider the criteria used by:

- the FTSE/JSE Responsible Investment Index Series; and
- the Dow Jones Sustainability Index.

In addition to the Board's fiduciary duties, these sets of standards and requirements necessitate the Board to accept accountability and to take responsibility for governance, ethical leadership and how relationships and decision-making should be approached. The Prudential Standards and the Financial Sector Regulation Act further require that the controlling company of an insurance group must establish an effective governance framework that provides for the sound and prudent management of the insurance group's business, including providing for the adequate protection of the interests of policyholders.

King IV™ Compliance

The Board is satisfied with the efforts and resources allocated during 2021 to apply and explain all aspects of King IV™, as appropriate. The Risk and Compliance committee, the Audit committee, the Human Resources and Remuneration committee, the Nominations committee, the Independent Non-Executive Directors committee, and the SES committee are all satisfied that Sanlam complied with the King IV™ principles. Appropriate actions, where required, are being implemented to ensure continued adherence to the obligations placed on the Group. Sanlam regularly assesses its compliance levels to ensure that all areas requiring improvement have been appropriately identified and addressed.

Sanlam's King IV™ 2021 Disclosure Report, which includes the Group's response to the 17 principles and recommended practices per principle, is available on the Sanlam investor relations website (www.sanlam.com).

The governance of organisational ethics

Sanlam's core values support the Group's commitment towards advocating and promoting sound governance practices. The Group strengthens stakeholder trust by conducting business ethically and professionally.

Therefore, ethical leadership is regarded as a priority and forms an integral part of the Board's approach towards ethical and corporate governance practices. It influences and validates "the Sanlam way" and how the Group executes its corporate responsibilities, with the underlying objective to always act in the best interest of its key stakeholders.

Find more detail about our governance approach, structures and performance in the online governance report available on our website.

[1] Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

At Sanlam, leadership is ultimately shaped by the Sanlam Group Business Philosophy, the Group's Code of Ethical Conduct, the Group Governance policy, and the Authorisations Framework. In addition, the Board charter recognises and defines the Board's role regarding its ethical responsibilities, including that:

- The Board determines, reviews and oversees that Sanlam's vision and values are congruent with Sanlam's business as a responsible corporate citizen.
- The Board assumes responsibility for Sanlam's performance by steering and setting the strategic direction for realising Sanlam's core purpose and values.
- The Board provides effective leadership on an ethical foundation and ensures that it acts ethically, beyond mere compliance.
- The Board ensures that Sanlam is, and is seen to be, a responsible corporate citizen by having regard for the financial aspects of the business as well as the impact business operations have on the Group's stakeholders, natural resources, and the society it operates in.

In addition, the SES committee, which has been established as a statutory governance structure under the Companies Act, is mandated by the Board to monitor Sanlam's compliance with the relevant social, ethical and legal requirements and best practice codes. The SES committee reports any ethical breaches or material matters to the Board and discloses the nature thereof in its report at the annual general meeting (AGM). Sanlam also has a Group Ethics committee which operates as a sub-committee of the Group Executive committee (Group Exco) and is chaired by the Company Secretary. This committee includes representatives of all the clusters and the Group office and meets quarterly to discuss ethics-related aspects, trends, challenges, feedback from cluster representatives, and the outcome of climate surveys. The Group Ethics committee submits quarterly reports on material ethics-related aspects to the SES committee.

Sanlam's Code of Ethical Conduct

The Group's Code of Ethical Conduct (the Code) applies to all Sanlam businesses and employees. It is reviewed frequently to ensure that the content remains relevant to all affected stakeholders, environments and markets Sanlam operates in. It guides organisational ethics across the business by ensuring the Group's business practices and interactions with internal and external stakeholders and the broader society are aligned and consistent. This includes establishing the necessary platforms and means to respond to and address ethics-related risks.

Several key Group policies that support ethical behaviour include, but are not limited to the following:

- the Group Governance policy;
- the Group compliance policy;
- the Group conflicts of interest policy;
- Sanlam's securities dealing and price sensitive information policy;
- the Group financial crime combating policy; and
- the Group anti-money laundering and the countering of financing of terrorism (AML/CFT) policy.

Sanlam has been conducting biennial ethical risk assessments to evaluate and assess the Group's ethical climate for almost a decade. This process is being co-ordinated by the Group Compliance Office (GCO) in consultation with the Sanlam Group Ethics committee. The exercise conducted during the latter part of the 2021 financial year included approximately 15 000 employees who were invited to participate. The outcome of the 2021 ethical risk assessment was subsequently analysed by the respective business clusters, whereafter a consolidated feedback report would be presented to the Board in March 2022.

Our application of governance in all markets

To support and develop mature governance and ethics structures and processes in all the markets where Sanlam operates, all companies across the Group are expected to adhere to and confirm compliance with Sanlam's governance principles and the Code of Ethical Conduct. Feedback in this regard is reported on in their respective annual Board representation letters, presented to the Audit committee. The Group also continually engages with its internal stakeholders to ensure there is a common understanding and application of how to report on ethical matters and the types of ethics-related breaches that need to be disclosed.

Furthermore, considering that Sanlam does not necessarily exercise control over its associates and joint ventures, the business cannot prescribe to these entities how they must be governed. However, Sanlam's nominated directors are tasked with advocating and promoting adherence to the governance principles set out in the Group Governance policy to ensure that Sanlam Limited and the Sanlam Limited Insurance Group can discharge their responsibilities in terms of insurance group supervision legislation. Sanlam is committed to regularly monitoring the governance practices of associates and joint ventures against the governance principles outlined in the Group Governance policy to determine and assess any potential governance-related risks posed to Sanlam. The maturity of Sanlam's risk management processes across the Group is frequently reviewed and assessed. A strong focus remains on increasing the awareness, capacity and knowledge among Group entities.

Sanlam's governance structure

The Boards of Sanlam and Sanlam Life

Sanlam is the holding company with a primary listing on the JSE, a secondary listing on the NSX and a listing on A2X, and the controlling company of the Sanlam Insurance Group as designated by the PA in terms of the Insurance Act.

Sanlam Life is a wholly owned subsidiary of Sanlam and conducts mainly life insurance business. In practice, the Boards of Sanlam Limited and Sanlam Life function as an integrated unit, as far as reasonably possible. Both Boards have the same directors, Chairs, executive directors and Group Chief Executive.

The Sanlam and Sanlam Life Board meetings are combined and held concurrently, thereby removing one layer of discussions in the decision-making process. However, separate agendas and minutes are recorded for each Board meeting. This promotes the productivity and efficiency of the two respective Boards, thus reducing effort and duplication and optimises the flow of information.

The Sanlam Board

The Board's agenda focuses mainly on the Group strategy, the execution of capital management, accounting policies, financial results and the dividend policy, human resource development, the JSE Listings Requirements and corporate governance throughout the Group. The Board is also responsible for overseeing the relationship with key stakeholders.

The Board has the following committees:

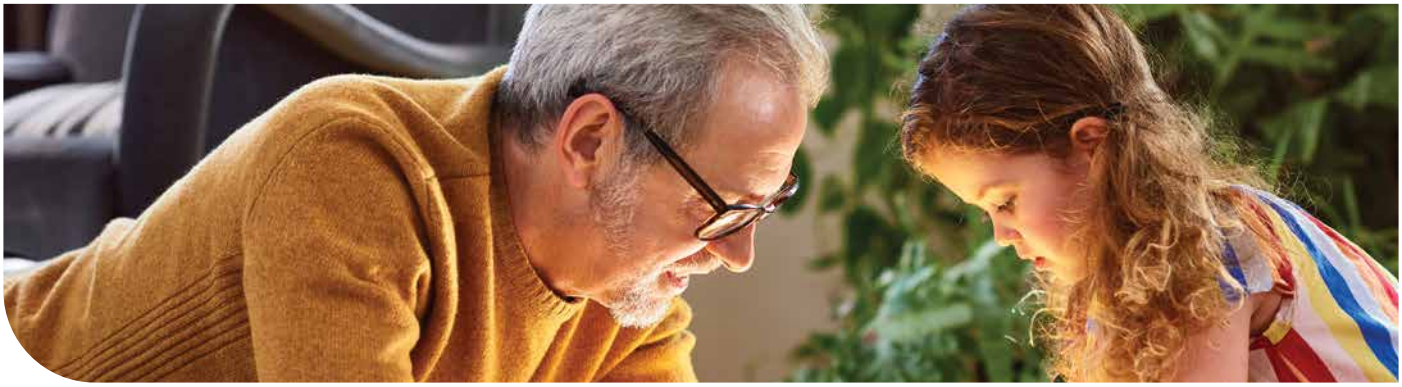
- Audit, Actuarial and Finance
- Risk and Compliance
- Independent Non-Executive Directors
- Human Resources and Remuneration
- Nominations
- Non-Executive Directors
- Customer Interest
- Social, Ethics and Sustainability

The Sanlam Life Board

The Sanlam Life Board is responsible for the overall oversight of Sanlam Life as a solo insurer and the general risk management and oversight of the entity.

The Sanlam Life Board has the following committees:

- Audit, Actuarial and Finance
- Risk and Compliance
- Human Resources and Remuneration
- Customer Interest



KEY FACTS ABOUT SANLAM'S BOARD AS AT 31 DECEMBER 2021

19	Number of Board members
5 years 7 months	Average tenure as a Board member
57	Average age of Board members
12	Male Board members
4	Black male Board members
7	Black female Board members
5	Board meetings held during 2021
29	Total number of Board committees' meetings held during 2021
3	Newly appointed Board members in 2021
100%	Attendance at Board meetings
8	Board committees
5	Non-executive Board members (non-independent)
10	Independent non-executive Board members
4	Executive directors

Governance-related milestones and focus areas during 2021

During the reporting period, the Board held five meetings and a two-day Board strategy session to consider and deliberate, among others, strategic matters. Other focus areas during the 2021 financial year include:

- reviewing and approving Sanlam's revised Group strategy and the Group's risk appetite statement;
- reviewing and approving Sanlam's Group own risk and solvency assessment (ORSA) supervisory report. This included assessing the capital targets contained in the ORSA report to be adequate (given the size, business mix and complexity of the Group's operations);
- adopting a heightened approach towards stakeholder inclusivity and exercising an oversight role over the implementation of Sanlam's Group stakeholder management policy;
- in pursuit of our objective to have a majority of independent Sanlam Board members, three new independent non-executive directors were recruited and appointed to the Board, resulting in the majority of the members serving on the Board as at 31 December 2021 being categorised as independent. This also responds to the recommendations made by shareholders and the PA and is in alignment with the JSE's criteria relevant to diversity attributes;
- reviewing and approving Sanlam's Group Governance Policy, the Authorisation Framework and the cluster governance structures;
- fulfilled an oversight role (with the assistance of the Audit committee) regarding reasonable financial reporting;
- regularly monitoring the impact of the COVID-19 pandemic and considering and reviewing the adequacy of the pandemic reserves;
- heightening the Group's focus and response towards client-centricity to obtain a better understanding of Sanlam's clients' requirements and expectations;
- designing and reviewing the Group's digital transformation roadmap and the implementation thereof;
- ensuring ongoing adherence to the Group information management and information technology (IIT) governance framework and charter, and Sanlam's IIT policy framework and underlying Group policies;
- promoting and monitoring environmental, social and governance (ESG) and responsible investment principles in how Sanlam conducts business;
- continuously evaluating the independence status of Sanlam's directors following the criteria and recommended practices outlined in King IV™ on a substance-over-form basis; and
- dedicating concerted efforts to improve the disclosure of material and topical aspects relating to Sanlam's performance in the Group's reporting suite.

Changes to the Board in 2021

The following three independent non-executive directors were appointed to the Board in 2021:

- Ebenezer (Ebby) Essoka (effective 18 June 2021)
- Willem Van Biljon (effective 13 August 2021)
- Ndivhuwo Manyonga (effective 06 December 2021)

Board composition and functioning

Board composition

The Board (with the assistance of the Nominations committee) regularly considers and evaluates its composition to ensure that the skills, expertise and experience of the individual Board members complement Sanlam's vision and the Group's strategic objectives. The Nominations committee also evaluates and determines the number of external directorships and other positions that a director may hold, taking the relative size and complexity of Sanlam into consideration.

At the end of the 2021 financial year, the Board comprised 19 members. The Board's composition is structured so that no individual director has unfettered decision-making powers. Therefore, the Board is satisfied that its composition at the end of the reporting period reflects an appropriate mix of knowledge, skills, experience, and diversity. The Board has comfort that appropriate controls and measures are in place to ensure its independence.

As recommended by the Nominations committee, the Board had comfort that during the period under review, each of the non-executive directors met the requisite fit-and-proper requirements, including the criteria for independence. However, this assertion excludes Patrice Motsepe, Rejoice Simelane and Johan van Zyl due to their Ubuntu-Botho Investments involvement. In addition, the Board concluded in June 2020 that Anton Botha and Sipho Nkosi could, due to their tenure, no longer be regarded as independent non-executive directors. Both Board members are long-standing valuable members of the Board and due to their wealth of knowledge and expertise, the Board has agreed to retain them as non-independent Board members.

Furthermore, Paul Hanratty, Jeanett Modise, Abigail Mukhuba and Heinie Werth are categorised as executive directors serving on the Board.

Independence at a Board level

Appropriate measures have been implemented to ensure that sound corporate governance practices are applied where required concerning related-party transactions, engagements and issues relating to any potential, actual and/or perceived conflicts of interest associated with the non-executive directors. These include:

- To ensure best practice in managing conflicts of interests, the Sanlam Board constituted an Independent Non-Executive Directors committee. This committee's mandate is clearly defined in its Board approved charter and it evaluates matters relating to independence and conflicts of interests in related-party transactions within Sanlam. The committee is chaired by Elias Masilela, the Chair of the Board.

  If the Chair is conflicted in any way considering the discussion points presented to the Independent Non-Executive Directors committee, he would be recused from the meeting, and the remaining members of the committee would elect an alternate Chair for that purpose.
- The Board developed a guidance note to evaluate and manage potential conflicts of interest that might arise in dealings between interested and related parties within Sanlam, including Ubuntu-Botho and African Rainbow Capital. The assessment criteria intend to ensure the Sanlam Board remains independent without favouritism to any other party. This continues to be reviewed annually by the Nominations committee and is also taken into account for succession planning purposes as well as when new appointments to the Board are being considered.
- Each Board member makes mandatory quarterly written declarations of interests. These are monitored by the Company Secretary and reported to the Nominations committee, who, in turn, considers each declaration as part of the individual Board member's annual independence review.
- Each director, member of Group Exco, management representative and any other invitee who participates or attends a Board and/or Board committee meeting is obliged to divulge any potential, actual and/or perceived conflicts of interest that may occur at the relevant meetings. These declarations (if any) are formally recorded in the minutes of the meeting that was held.
- From time to time, the Group's joint external auditors review and consider the directors' quarterly declarations and have access to minutes of meetings.
- Standard practice is that conflicted directors recuse themselves from Board and/or Board committee deliberations relating to any potential, actual and/or perceived conflict of interest matters when any might occur.
- When required, the Board and/or Board committees are at liberty to seek assurance or consult legal counsel.

In addition to the abovementioned protocols that are in place, Sanlam also takes guidance from best practices and recommendations from key stakeholders. The objective is to create opportunities for continual improvement and, where necessary, refine Sanlam's current approach applied at Board level. The Board also remains committed to ensuring that Sanlam's efforts are assessed, monitored and reported on an ongoing basis. This includes enhancing governance, diversity and transparency.
At the end of the 2021 financial year, the majority of the members serving on the Board were categorised as independent.

Diversity at Board level

Sanlam regards transformation, empowerment and diversity as a business imperative to help grow and sustain the business in a meaningful way. It strives to reflect the demographics of South Africa and those territories in which the Group operates. The Board's objective is to ensure that its composition is representative of the Company's profile and promotes, among others, race, culture and gender diversity. More importantly, by having diversity of thought and experience, the Board motivates and supports the different perspectives and points of view expressed by individual Board members. This allows for more profound and constructive debates with the ultimate objective to benefit Sanlam's key stakeholders.

The Board (supported by the Nominations committee) annually reviews the Group's policy regarding the promotion of diversity attributes at Board level. The policy aligns with the requirements outlined in the JSE's Listings Requirements (as amended) and sets out the approach to diversity on the Boards of Sanlam and Sanlam Life. The Nominations committee reviews and assesses the Board's composition and recommends the appointment of new directors subject to obtaining PA approval. The Nominations committee also oversees the annual review process to evaluate the effectiveness of the Board and the respective Board committees.

The Nominations committee continuously considers the benefits of all attributes of diversity, including (but not limited to) race, gender, culture, age, field of knowledge, skills, and experience, to enable the Board to discharge its duties and responsibilities effectively. In identifying suitable candidates for appointment to the Board, the Nominations committee considers candidates based on merit against objective criteria and with due regard to the benefits of diversity applied at Board level. This includes affording consideration to the balance of skills, experience, independence, field of knowledge and that of Sanlam, and attributes such as race, gender, culture, the age groups of the respective Board members, and any other factors relevant to enhance the Board's effectiveness.

Given the benefits associated with a diverse Board, targets to increase the number of Black Board members (particularly Black female directors) were set and are annually reviewed by the Nominations committee and recommended to the Board for approval. The target achieved during the 2021 financial year included women being represented at 35% on the Board by year-end. Furthermore, non-executive and executive directorships were included in the Board's diversity targets. Targets set for the 2022 financial year include the retention of the Board's current diversity, knowledge and experience base.

Annual Board effectiveness evaluation

An annual Board effectiveness evaluation is conducted under the auspices of the Nominations committee and in consultation with the Chair. The objective is to determine ways to improve the Board's effectiveness. These assessments are transparent and documented. During the 2021 financial year, this assessment was performed with the assistance of an external service provider, who contributed to the integrity and objectivity of the process that was followed. The evaluation (a combination of a detailed questionnaire and interviews being held) confirmed that the Board and the Board committees were functioning effectively and that there were no material matters to report.

Each Board committee has a standing agenda point on training to ensure that members can effectively and efficiently execute their fiduciary duties. In addition, each committee's charter includes a reference to an annual performance assessment of the respective Board committees in alignment with its approved annual plans. This is to ensure that an annual evaluation is conducted to assess how effectively the Board committees executed their mandates that were delegated by the Board. The Nominations committee considers the results of the Board's evaluation process and the Board committees' performance reviews, whereafter it makes recommendations to the Board where appropriate.

Board and committee meeting attendance for 2021

The Sanlam Board meets at least once per quarter to consider strategic issues, review and set risk parameters, approve financial results and budgets, and monitor the implementation of delegated responsibilities. Feedback from its committees and several key performance indicators, variance reports, and industry trends are also being considered.

In addition to the quarterly Board meetings, a two-day session is held annually and attended by Board members and the members of the Group Exco to review and approve the Group's strategic objectives.

The attendance at the Board and committee meetings during the 2021 financial year can be summarised as follows:

	Board meetings		Audit committee	Risk and Compliance committee	Human Resources and Remuneration committee	Nominations committee	Social, Ethics and Sustainability committee		Customer Interest committee	Independent Non-Executive Directors committee	Non-Executive Directors committee
Directors	Scheduled (5 meetings)	Ad hoc (1 meeting)	Scheduled (4 meetings)	Scheduled (4 meetings)	Scheduled (4 meetings)	Scheduled (4 meetings)	Scheduled (4 meetings)	Ad hoc (1 meeting)	Scheduled (4 meetings)	Scheduled (4 meetings)	Scheduled (4 meetings)
A Birrell	5	1	4	4	–	–	–	–	3 (out of 3)**	4	4
AD Botha	5	1	–	–	4**	–	–	–	–	4**	4
E Essoka*	3 (out of 3)	1	–	–	–	–	1 (out of 1)	–	1 (out of 1)	2 (out of 2)	3 (out of 3)
PB Hanratty	5	1	4***	4***	4***	4***	4***	1***	4***	4***	1***
NAS Kruger	5	1	4	4	–	–	–	–	4	4	4
N Manyonga*	1 (out of 1)	–	–	–	–	–	–	–	–	–	1 (out of 1)
E Masilela	5	1	4**	4**	4	4	4**	1**	4**	4	4
PT Motsepe	5	1	–	–	4	4	–	–	–	–	4
M Mokoka	5	1	4	4	–	–	4	1	4	4	4
JP Möller	5	1	4	4	–	–	4	1	–	4	4
AM Mukhuba	5	1	4***	4	1***	–	1***	–	–	4***	–
KT Nondumo	5	1	4	4	4	4	4	1	–	4	4
SA Nkosi	5	1	–	–	–	4**	–	–	–	4**	4
RV Simelane	5	1	–	–	–	–	4	1	–	–	4
HC Werth	5	1	–	–	–	–	–	–	–	4***	–
J Modise	5	1	–	–	4***	–	4	1	–	4***	–
J van Zyl	5	1	3 (out of 3)**	4**	4**	4**	–	–	–	–	4
W van Biljon*	2 (out of 2)	–	1 (out of 1)**	2 (out of 2)	–	–	1 (out of 1)**	–	1 (out of 1)	2 (out of 2)	2 (out of 2)
SA Zinn	5	1	–	–	4	–	–	–	–	4	4

\# Ad hoc Board and Board committee meetings for specific subjects by selected members.

* Non-executive directors who were appointed as members of the Board in 2021.

** Non-executive directors, attending in the capacity as an invitee.

*** Executive directors, attending in the capacity as an invitee.

External advisers and members of management attend Board and Board committee meetings by invitation.



Summary Board member profiles



1. Andrew Birrell
Member of the Board: independent non-executive director
Nationality: British/South African
Year of birth: 1969



2. Anton Botha
Member of the Board: non-executive director
Nationality: South African
Year of birth: 1953



3. Ebenezer (Ebby) Essoka
Member of the Board: independent non-executive director
Nationality: Cameroonian
Year of birth: 1955



4. Paul Hanratty
Member of the Board: executive director *(ex officio)*
Nationality: Irish
Year of birth: 1961



5. Nicolaas Kruger
Member of the Board: independent non-executive director
Nationality: South African
Year of birth: 1967



6. Ndivhuwo Manyonga
Member of the Board: independent non-executive director
Nationality: South African
Year of birth: 1981



7. Elias Masilela
Member of the Board: independent non-executive director
Nationality: South African
Year of birth: 1964



8. Jeanett Modise
Member of the Board: executive director
Nationality: South African
Year of birth: 1963



9. Mathukana Mokoka
Member of the Board: independent non-executive director
Nationality: South African
Year of birth: 1974



10. Jacobus (Kobus) Möller
Member of the Board: independent non-executive director
Nationality: South African
Year of birth: 1959



11. Patrice Motsepe
Member of the Board: non-executive director
Nationality: South African
Year of birth: 1962



12. Abigail Mukhuba
Member of the Board: *ex officio* executive director
Nationality: South African
Year of birth: 1979



13. Sipho Nkosi
Member of the Board: non-executive director
Nationality: South African
Year of birth: 1954



14. Karabo Nondumo
Member of the Board: independent non-executive director
Nationality: South African
Year of birth: 1978



15. Rejoice Simelane
Member of the Board: non-executive director
Nationality: South African
Year of birth: 1952



16. Willem Van Biljon
Member of the Board: independent non-executive director
Nationality: South African
Year of birth: 1961



17. Johan van Zyl
Member of the Board: non-executive director
Nationality: South African
Year of birth: 1956



18. Heinie Werth
Member of the Board: executive director
Nationality: South African
Year of birth: 1963



19. Shirley Zinn
Member of the Board: independent non-executive director
Nationality: South African
Year of birth: 1961

Full Board member profiles are found in the online governance report available on our website.

Board matrix

While considering the Board members' individual skills, expertise, qualifications, and other board memberships they are affiliated to, the Nominations committee annually uses a matrix to assess and evaluate the composition of the Board. The matrix below provides a synopsis of the most significant criteria, applicable regulatory requirements and gaps (where necessary):

		Board member classification				Gender		Race		Tenure			Skills and expertise											
Director	Age (in 2021)	Executive Director	Non-Executive Director	Independent Director	Foreign Director	Male	Female	Black	White	<3 years' service	<6 years' service	>9 years' service	Accounting	Financial markets/ Investments	Actuarial	General business	International	Human Resources	Marketing	Risk Management	IT	Legal	Sustainability	Empowerment
A Birrell	52			x	x	x			x	x			x	x	x	x	x			x				
A Botha	68		x			x			x			x	x	x		x		x	x	x		x		
E Essoka*	66			x	x	x		x		x				x		x	x		x				x	x
P Hanratty	60	x			x	x			x	x				x	x	x	x			x				
N Kruger	54			x		x			x	x			x	x	x	x	x			x			x	x
N Manyonga*	40			x			x	x		x			x	x	x	x	x	x		x				
E Masilela	57			x		x		x		x			x	x		x	x	x	x				x	x
M Modise	58	x					x	x		x						x		x	x				x	x
M Mokoka	48			x			x	x			x		x	x		x				x			x	x
K Möller	62			x		x			x	x			x	x		x	x			x	x		x	x
P Motsepe	60		x			x		x				x		x		x	x	x		x		x	x	x
A Mukhuba	42	x					x	x		x			x	x		x	x			x	x		x	x
S Nkosi	67		x			x		x				x		x		x	x	x	x	x			x	x
K Nondumo	43			x			x	x			x		x	x		x	x	x		x			x	x
R Simelane	70		x				x	x				x	x			x				x		x	x	x
J van Zyl	65		x			x			x			x	x	x		x	x	x	x	x			x	x
W van Biljon*	60			x		x			x	x				x		x			x	x	x		x	
H Werth	58	x				x			x		x		x	x		x	x			x	x		x	
S Zinn	60			x			x	x			x			x		x		x					x	x
Total		4	5	10	3	12	7	11	8	10	4	5	12	17	4	19	13	9	7	15	4	3	15	13

* These independent non-executive directors were appointed to the Board in 2021.

Sanlam's remuneration approach

REMUNERATION PHILOSOPHY

Sanlam has total reward strategy for our people. This offering comprises remuneration (which includes cash remuneration, short and long-term incentives), benefits (retirement, medical, risk, group life, etc.), learning, development and career growth and a balanced working environment with range of lifestyle benefits.

Our remuneration philosophy sets out to:

- Identify those aspects of the remuneration policy that are prescribed and to which all businesses should adhere in accordance with our Group Governance Policy.
- Provide a general framework for other components of total remuneration across the Group.
- Provide guidelines for short- and long-term incentive and retention processes.
- Provide mandates and guidelines about how businesses should apply discretion in awarding remuneration and incentives.

The Board recognises certain industry-specific and other relevant differences between Sanlam businesses and where warranted differentiation in remuneration is applied to enable business to attract, retain and reward their employees appropriately within an overarching policy. In this regard, there are some areas where good corporate governance, the protection of shareholder interests and those of the Sanlam brand or corporate identity require full disclosure, motivation and approval by the Group CEO or the committee.

The principle of pay for performance and management discretion with regard to individual employees is central to the remuneration philosophy on the basis that all remuneration is based on merit. However, the overarching principles of the Sanlam remuneration structure are consistently applied, to support a common philosophy and to ensure good corporate governance, with differentiation between businesses/industries where appropriate.

DESIGN PRINCIPLES FOR OUR REMUNERATION POLICY

Our remuneration policy is a key enabler of the Sanlam business strategy. It is therefore vital that it is market competitive and fair and equitable to all stakeholders.

The primary objectives of the remuneration policy is to:

- attract, motivate, reward and retain key talent;
- drive the Group's strategic objectives, whilst complying to our risk and governance frameworks; and
- promote an ethical culture and behaviours that are consistent with our values and responsible corporate citizenship.

The key principles of our policy are:

- **Pay for performance:** Performance is the cornerstone of the remuneration philosophy. On this basis, all remuneration practices are structured in such a way to provide for clear differentiation between individuals with regard to performance. It is also positioned so that a clear link is maintained between performance conditions and the Sanlam business strategy.
- **Competitiveness:** A key objective of the remuneration philosophy is that remuneration packages should enable the Group and its businesses to attract and retain employees of the highest quality in order to ensure sustainability.
- **Leverage and alignment:** The reward consequences for individual employees are, as far as possible, aligned with, linked to and influenced by:
  - the interests of Sanlam shareholders (and, where applicable, minority shareholders in subsidiaries);
  - the interests of other stakeholders (for example, employment equity, client service, the community);
  - sustainable performance of Sanlam as a whole;
  - the performance of any region, business unit or support function; and
  - the employee's own contribution.

- **Consistency and fairness:** The remuneration philosophy strives to provide a framework that encourages consistency, but allows for differentiation where it is fair, rational and explainable. Differentiation in terms of market comparison for specific skills groups or roles is necessary and differentiation concerning performance is imperative. Unfair differentiation is unacceptable.
- **Attraction and retention:** Remuneration practices are recognised as a key instrument in attracting and retaining the required talent to meet Sanlam's objectives and ensure its sustainability.
- **Shared participation in relevant components of remuneration:** Employee identification with the success of Sanlam is important owing to the fact that it is directly linked to both Sanlam's and individual performance. All employees should have the chance to be recognised and rewarded for their contribution and the value they add to Sanlam, and, in particular, for achieving excellent performance and results, in relation to Sanlam's stated strategic objectives. The performance management process contributes significantly towards obtaining this level of participation and towards lending structure to the process.
- **Best practice:** Reward packages and practices reflect local and international best practice, where appropriate and practical.
- **Communication and transparency:** The remuneration philosophy, policy and practices, as well as the processes to determine individual remuneration levels, are transparent and communicated effectively to all employees. In this process the link between remuneration and Sanlam's strategic objectives is understood by all employees.
- **Market information:** Accurate and up-to-date market information and information on best practice are important factors in determining the quantum of the remuneration packages.
- **Malus and clawback:** Where defined trigger events take place provision is made for redress against remuneration through either malus (pre-vesting forfeiture) or clawback (post-vesting forfeiture). Malus and clawback provisions and the application thereof to trigger events are governed by the Sanlam Group Malus and Clawback policy, which is a related policy to this Group remuneration policy and these provisions will be incorporated in relevant remuneration governance documents/rules.

REMUNERATION OVERVIEW

Structure

The different components of remuneration are summarised in the table below. The summary is generic for all South African employees but highlights specific aspects applicable to Exco.

Component	Purpose	Potential	Design	How delivered?
Total Guaranteed Package (TGP)	Reflects market value of role and individual performance.	Market benchmark for comparative role.	Annual benchmarking against market surveys. Positioned on average at the 50th percentile of market.	Cash salary and a mix of compulsory and discretionary benefits.
Short Term Incentives (STIs)	Rewards performance over 12-month period (financial year).	For Exco STI on-target ranges between 75% – 100% of TGP. STI caps are set at 200% of on-target.	Quantum for Exco based on individual, business and Group performance.	Cash settlement generally capped at 200% of TGP or 200% of the on-target earning potential. For Exco and for investment/capital businesses deferral principles apply.
Long Term Incentives (LTIs)	Rewards company performance over a three to five year period. Long-term value creation for shareholders.	Total LTI award levels range between 35% and 230% of TGP (based on value of unvested awards). These percentages as an indicative annual award comprises approximately 10% to 70% of TGP.	Vesting in tranches in years 3 (40%), 4 (30%) and 5 (30%).	Company performance conditions (RoGEV and dividend growth) for vesting. Deferred shares to emerging and key talent below senior management level subject to individual performance.
Out-Performance Plans (OPPs)	Focused and bespoke incentives for a specific period (long-term), aligned to the Sanlam business strategy and key strategic projects.	100% – 200% of TGP per annum.	Performance conditions are set considerably more stretching than LTIs. Due to the out-performance targets the probability of vesting is lower than LTIs. In the past three years, due to the very stretching performance conditions of OPPs the vesting outcomes have been between 7% and 18%.	Value measured and delivered in Sanlam shares to align to shareholders. By exception (and if good rationale exists) may be settled in cash, but this will be transparently disclosed.

2021 remuneration outcomes and decisions

In April 2021 no guaranteed pay increases were awarded to middle and senior management employees as a response to the pandemic impact. Only junior employees received inflationary based increases.

For 2022 an overall 5,25% uplift on the guaranteed pay base and directors' fees is mandated, with differentiation for market corrections and performance.

The bonus outcomes for 2021 reflect performance relative to business and group scorecards set, with higher reward in areas where there was out-performance.

For LTI purposes (as reported in last year's report) for all performance shares the 2020 financial year is removed and replaced by the 2021 financial year for measurement. Therefore, all performance share tranches have the agreed number of years for measurement. The measurement outcome is that in June 2021 (following the 2020 financial year) the DSP vesting principle was confirmed (apart from individual participants who forfeited based on below satisfactory performance) and the first two tranches of the historic 2016 PDSP award vested, based on the achieved RoGEV performance required for PDSP to vest. The unvested PDSPs (originally eligible for vesting in 2021) will be measured and finalised in June 2022.

In 2021 we kept close to market developments and carefully reviewed all aspects of remuneration to ensure Sanlam remains competitive, whilst our remuneration policy is bespoke and agile enough to enable our unique business strategy.

Some key policy decisions introduced in 2021 were:

- We simplified the executive bonus structure by introducing an automatic 30% deferral of cash bonuses into Sanlam restricted shares. These restricted shares only vest 3 years later and are subject to malus and clawback. The new design replaces the mechanism of awarding ad hoc restricted shares as a bonus supplement to Group executive committee (Exco) members.
- We reviewed the long-term incentive structure (LTI) to simplify it and to remove layers of LTI instruments (each having a set of performance conditions). At the time of awarding the 2021 LTI awards, a fair amount of uncertainty still existed regarding the impact of the COVID-19 pandemic. Therefore, the performance conditions applicable to 2020 were applied (i.e. -200bps COVID-19 adjustment) for the 2021 awards. Despite the adjustment, the committee will ensure that any vesting of LTI does not result in windfall gains and reflects the performance of Sanlam and the experience of stakeholders over the vesting period. The committee will assess the outcome at the time of vesting and will ensure it will effectively reflects the underlying performance of the company. However, going forward we will award one category of performance shares with a threshold and maximum range for RoGEV (70% weighting) and dividend growth (30% weighting) as performance conditions. Linear vesting will be applied between threshold and maximum, ranging between 0% – 100%.
- Another key remuneration decision was to discontinue awards of deferred share plan shares (DSPs) to senior management from 2022 onwards. Only performance shares (PDSPs) with company performance conditions will be awarded to senior management to ensure direct line of sight. Senior management is defined as Paterson E levels and above. DSPs, which have strategic and individual conditions for vesting, will be utilised for emerging and critical talent attraction and retention on levels below this. This ensures absolute alignment to "pay for performance", one of our key policy principles.
- As part of the holistic LTI review independent consultants Willis Towers Watson and Bowmans were consulted on the design of the targets. Likely volatility of outcomes and the implications of South African sovereign risk on current hurdles were examined. Historic analyses were performed and the best practice recommendation is to link both RoGEV and dividend targets to CPI plus a real return margin for the threshold to maximum range (proposed real 3% – 7% for Adjusted RoGEV and 1% – 4% for dividend growth). For OPP components (applicable to the Group CEO and business chief executives) the range is proposed as real 6% – 10% for Adjusted RoGEV.

Per our remuneration policy the committee granted out-performance plans (OPPs) to Sanlam Life and Savings (SLS) business chief executives as well as to the chief executive of Sanlam Emerging Markets (SEM). The prior OPP awarded to the chief executive of SEM (for measurement from the 2020 financial year) was no longer appropriate (based on the current business strategy) and was cancelled and replaced in its entirety by the 2021 OPP. The performance conditions are set over a five-year period and align fully with the Group CEO's metrics for his five-year remuneration structure and are directly aligned to the Sanlam business strategy. It should be noted, as was reported last year, that the Group CEO's remuneration structure provides a fixed maximum potential for five-years (settled in Sanlam shares) and that the Group CEO is not eligible for any additional cash bonuses or annual LTIs during this five-year period.

OPPs are focused incentives used for business executives who can materially impact the Group's performance. More detail on the stretching performance conditions and the earning potential for participants under the OPPs is included in our full remuneration report, available online.

Engagement and voting outcomes from last AGM

During the year we engaged individually with shareholders regarding our remuneration policy, facilitated by our shareholder relations function. The engagements were ad hoc and the feedback from shareholders were positive.

Sanlam invited shareholders mid-year, after the AGM, on two occasions via a SENS to contact us for individual engagements on our remuneration policy. We did not receive any feedback in this regard.

To ensure we consult wider and that our remuneration policy (current and forward-looking) and the implementation thereof is per best practice we consulted with a world leading provider of corporate governance and responsible investment solutions. This was a robust engagement and the recommendations provided were considered and applied insofar as it supports business strategy. The feedback we received was that the policy changes provide for positive momentum and transparency in terms of maximum earning potentials for Exco which is a noted improvement. Also, that the changes in design addresses most of the concerns raised by shareholders as it simplifies the structure, coupled with the reduction of committee discretion. Enhanced and simpler disclosure were also noted as improvements for 2021.

At the 2021 AGM our remuneration policy received a positive vote of 89,28%, while our implementation report received a positive vote of 73,92%. In accordance with King IV™ and best practice governance we invited all shareholders to individual engagements to discuss specific concerns relating to the implementation report (as this report received more than a 26,08% "against" vote). No specific feedback was received from shareholders. However, the committee still made several changes to the policy in line with best practice and following feedback from consultants (local and international) and proxy advisors.

We believe the concerns raised by a large proxy advisory firm in their voting advice prior to the 2021 AGM were adequately addressed with the changes made in 2021, coupled with the forward-looking remuneration approach for 2022.

We extend a standing invitation to all shareholders for engagement on our policy and the implementation thereof throughout the year. We also actively strive to incorporate our remuneration policy approach and the link to business strategy in our shareholder roadshows and dialogues.

We look forward to shared future successes and your continued support of our remuneration report at the upcoming AGM.

MINIMUM SHAREHOLDING REQUIREMENT (MSR)

MSR is to drive alignment between executives and shareholder interests, Sanlam applies a minimum shareholding policy to all current and future Exco members defined as prescribed officers, including Sanlam executive directors and any roles which fall within the categories below. There is no cap on the number of Sanlam shares which Exco members may hold in terms of the MSR.

In terms of these arrangements, the following minimum shareholding levels, expressed as a percentage of annual TGP, should have been reached by 31 December 2021 or within six years from the date of appointment for Exco who joined Sanlam after implementation of the MSR policy (i.e. after 1 January 2016). MSR information is disclosed in the implementation report in our full remuneration report, available online.

Role	Minimum Level
Group CEO	200%
Group Finance Director	150%
Business executives (Life & Savings and Emerging Markets)	150%
Business executives (Sanlam Corporate, SA Retail Affluent, SA Retail Mass and Investment)	100%
Support executives (Chief Executives of functional portfolios, including Chief Risk Officer)	75%
Other*	50%

* Where roles, driven by business requirements (which are not on Group Executive committee) have the same remuneration design or elements as the Group Exco, "Other" will apply.

Participating executives are required to maintain the target shareholding throughout their tenure with the Group. Unvested shares in terms of any LTI arrangement or short-term bonus arrangement will not be taken into account when assessing compliance with the MSR policy.

Incentive arrangements implemented after 1 January 2016 may include MSR terms and conditions as determined by the committee to ensure compliance with the prescribed levels in the prescribed periods, as well as the implications of not adhering to the MSR.

For purposes of determining compliance with the MSR levels, the value of a participating executive's shareholding at the end of each financial year will be determined by using the weighted average closing price of Sanlam ordinary shares on the Johannesburg Stock Exchange (JSE) for the trading days in that financial period and expressed as a percentage of the participating executive's annual TGP at the end of such financial year.

Remuneration details for executive directors and members of the **Group Executive committee that are defined as prescribed officers**

Executive remuneration summary

Remuneration earned by executive directors and Exco were as follows:

Remuneration for the year ended 31 December 2021

The disclosure approach (and specifically as it pertains to LTIs) is aligned with King IV™ recommendations. Separate disclosure is provided in respect of the number and value of LTIs that were awarded and vested in the year (refer to pages 31 to 35 of our full remuneration report, available on our website).

2021 R'000	Months in service	Salary	Contribution to retirement	Subtotal: Guaranteed package	Annual bonus		Attributable value of LTIs vested[1]	Other	Total remuneration
					Cash	Deferred			
Paul Hanratty	12	6 130	–	6 130	–	–	–	–	6 130
Abigail Mukhuba	12	5 165	350	5 515	4 564	1 956	–	–	12 035
Jeanett Modise	12	3 859	341	4 200	3 150	1 350	1 703	–	10 403
Heinie Werth	12	6 050	350	6 400	5 439	2 331	4 796	–	18 966
Subtotal: executive directors		21 204	1 041	22 245	13 153	5 637	6 499	–	47 534
Anton Gildenhuys	12	5 650	350	6 000	4 361	1 869	6 799	–	19 029
Lizé Lambrechts	12	5 815	350	6 165	8 100	–	3 234	–	17 499
Bongani Madikiza	12	3 712	788	4 500	3 290	1 410	–	–	9 200
Lotz Mahlangeni[2]	12	4 831	669	5 500	4 333	1 857	4 381	831	16 902
Sydney Mbhele	12	4 140	350	4 490	3 283	1 407	–	–	9 180
Kanyisa Mkhize	12	3 506	744	4 250	3 150	1 350	–	–	8 750
Junior Ngulube[3]	1	313	43	356	–	–	5 024	427	5 807
Wikus Olivier	12	4 150	350	4 500	3 409	1 461	2 577	–	11 947
Robert Roux[4]	12	5 240	350	5 590	7 350	–	4 621	6 892	24 453
Karl Socikwa	12	4 250	350	4 600	3 360	1 440	1 324	–	10 724
Jurie Strydom[5]	12	6 250	350	6 600	5 257	–	7 660	–	19 517
Executive committee		69 061	5 735	74 796	59 046	16 431	42 119	8 150	200 542

(1) Fair value of LTI's (excluding equity-settled OPPs) vested during the year – refer to pages 31 to 35 of our full remuneration report.
(2) Retention bonus paid as part of sign-on agreement, subject to retention period of 24 months from date of employment.
(3) Retired 31 January 2021. Leave payment of R427 149 on retirement.
(4) Retired 31 December 2021. Leave payment of R1,3 million on retirement and R5,6 million restraint of trade for 12 months in accordance with the terms of the Sanlam executive contracts.
(5) Employed until 30 June 2022. 2021 Deferred bonus shares forfeited as employment condition will not be met.

Total guaranteed package

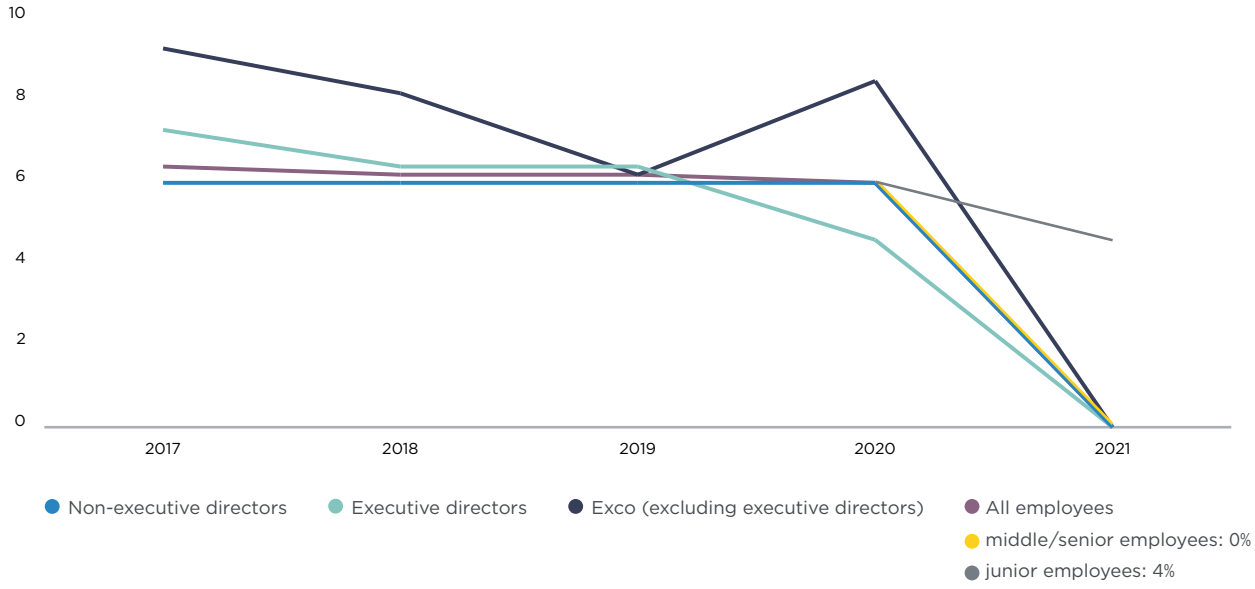
The TGP (in rand) of the executive directors and Exco that are defined as prescribed officers are reflected in the table below. There were no TGP increases in April 2021, in light of COVID-19 uncertainties.

Individual	TGP as at 31-Dec-21	TGP as at 31-Dec-20	TGP as at 1-Jan-20	% increase in TGP 2021	% increase in TGP 2020
Paul Hanratty	6 130 000	6 130 000	–	n/a	n/a
Abigail Mukhuba[1]	5 515 400	5 515 400	–	0,00	n/a
Anton Gildenhuys	6 000 000	6 000 000	5 150 000	0,00	16,50
Lizé Lambrechts	6 165 000	6 165 000	5 900 000	0,00	4,49
Bongani Madikiza	4 500 000	4 500 000	–	0,00	n/a
Lotz Mahlangeni[1]	5 500 000	5 500 000	–	0,00	n/a
Sydney Mbhele	4 490 000	4 490 000	4 280 000	0,00	n/a
Kanyisa Mkhize[1]	4 250 000	4 250 000	–	0,00	n/a
Jeanett Modise	4 200 000	4 200 000	4 000 000	0,00	n/a
Wikus Olivier	4 500 000	4 500 000	4 281 000	0,00	n/a
Robert Roux[2]	5 590 000	5 590 000	5 320 000	0,00	6,00
Karl Socikwa[1]	4 600 000	4 600 000	–	0,00	n/a
Jurie Strydom	6 600 000	6 600 000	5 620 000	0,00	17,44
Heinie Werth	6 400 000	6 400 000	6 040 000	0,00	5,96

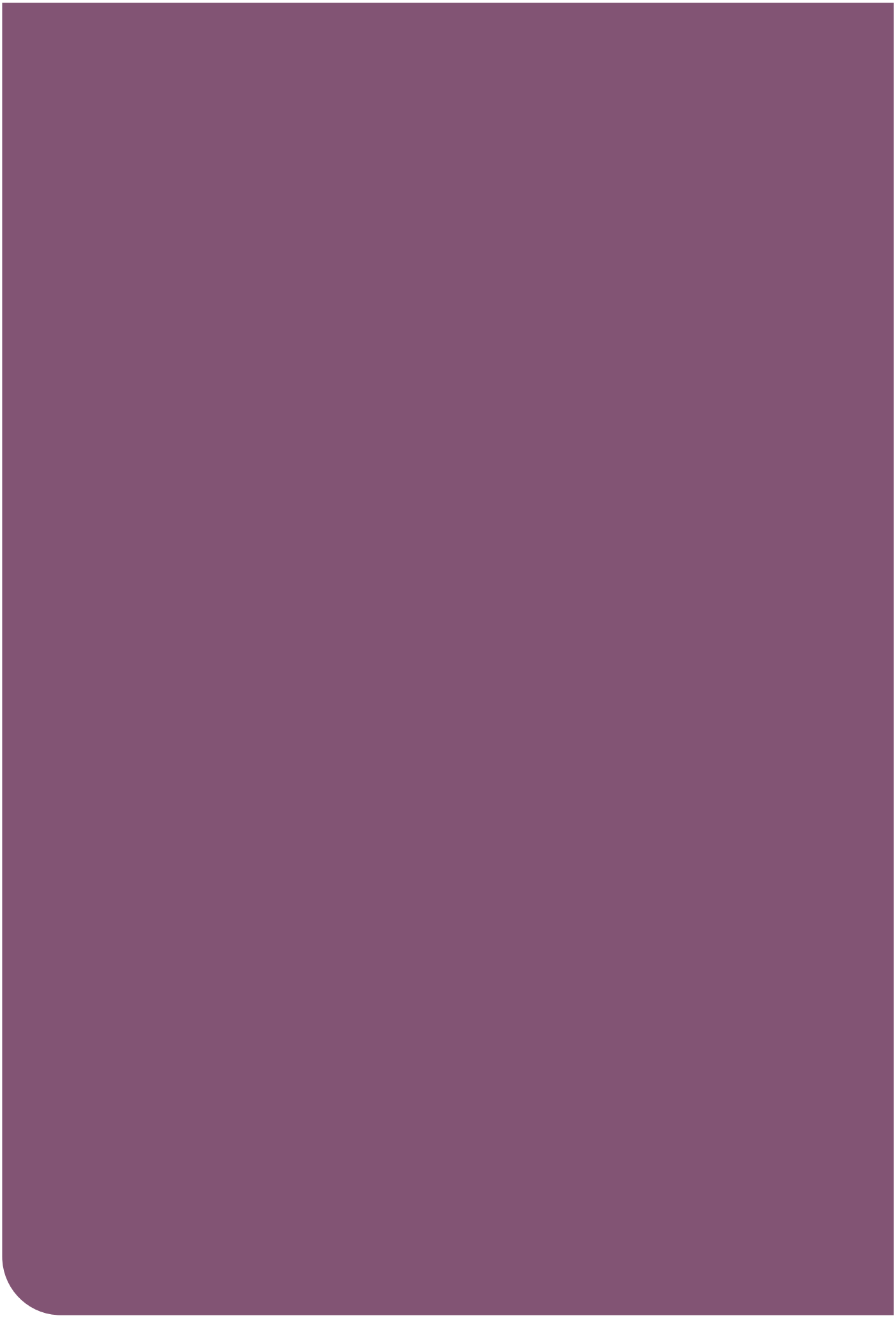
[1] Appointed to Exco in 2020 and % of TGP achieved weighted for full year.
[2] Retired from Executive committee at 31 December 2021. TGP as at 1 January 2022 reflects remuneration on date of retirement as Chief Executive: Sanlam Investment Group.

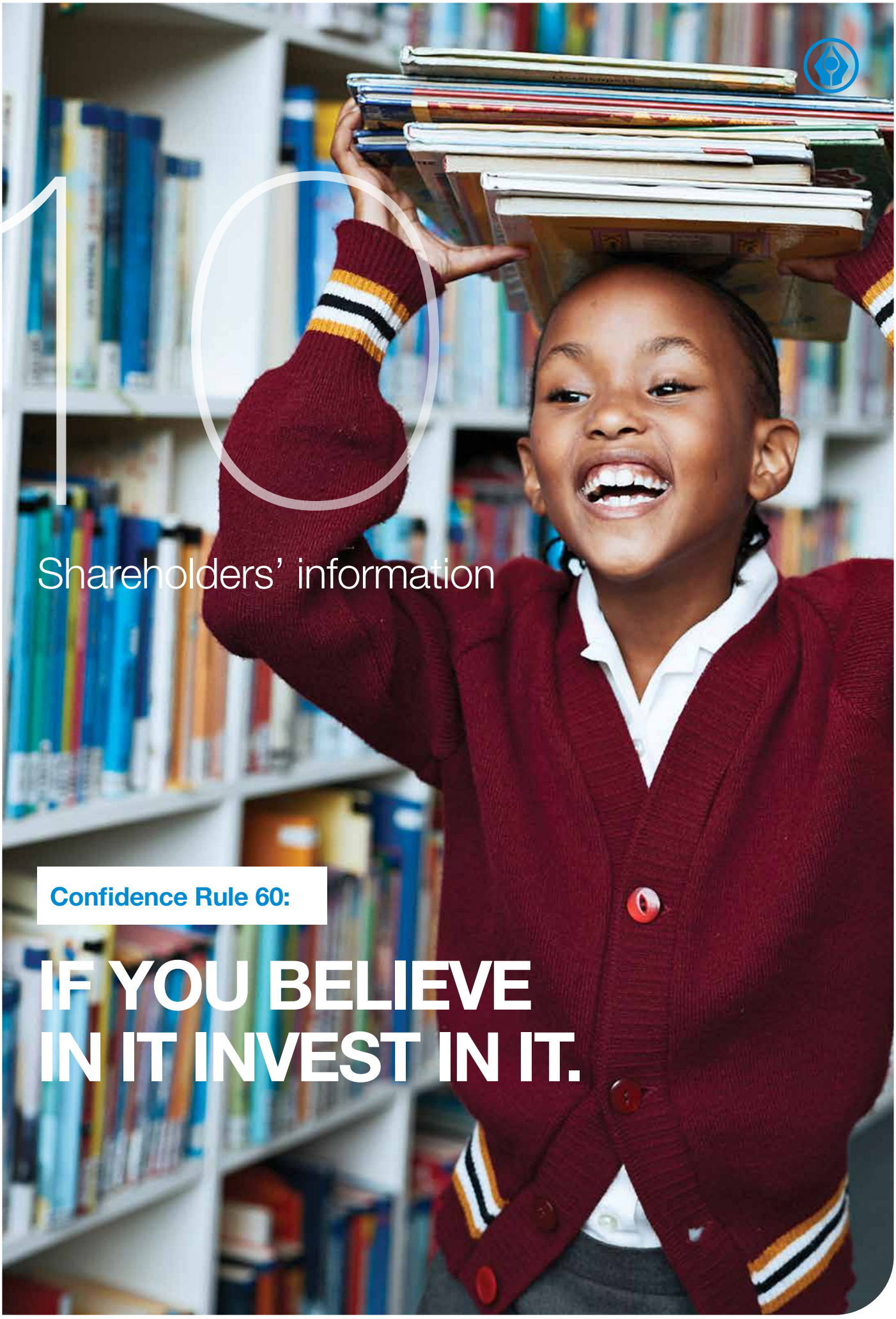
The average salary increase paid to executive directors for 2021 was 0% (2020: 4,6%) and that of other Exco (defined as prescribed officers) for 2021 was 0% (2020: 8,5%), compared with an average salary increase for junior employees of 4% (2020: 6%). Middle management and senior employees received 0% increases. The salary freeze for the April 2021 increase cycle (as explained in the 2020 Remuneration Report) was a prudent approach taken in light of COVID-19 uncertainties.

The remuneration increase trends for the last 5 years are as follows:



The full details of our remuneration approach and the implementation of our remuneration policy for the year ended 31 December 2021 are available in our remuneration report, available online.





Shareholders' information

Confidence Rule 60:

IF YOU BELIEVE IN IT INVEST IN IT.

Independent auditor's report on the Sanlam Limited Shareholders' Information

To the Shareholders of Sanlam Limited

Opinion

We have audited the Shareholders' Information ("Shareholders' Information") of Sanlam Limited Group (the " Group") set out on pages 112 to 178 for the year ended 31 December 2021, comprising Group Equity Value, Analysis of Group Equity Value by Line of Business, Change in Group Equity Value, Return on Group Equity Value, Cumulative RoGEV Average Growth Rate, Analysis of GEV Earnings, Analysis of Shareholders' Fund Net Asset Value, Shareholders' Fund Income Statement, Net Result from Financial Services, Notes to the Shareholders' Fund Information set out on pages 140 to 178 and the basis of accounting set out on pages 112 to 119.

In our opinion, the Shareholders' Information of Sanlam Limited for the year ended 31 December 2021 is prepared, in all material respects, in accordance with the basis of accounting described on pages 112 to 119 of the Shareholders' Information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Shareholders' Information section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to pages 112 to 119 of the Shareholders' Information, which describes the basis of accounting. The Shareholders' Information is prepared to provide additional information in respect of the Group shareholders' fund in a format that corresponds with that used by management in evaluating the performance of the Group. As a result, the Shareholders' Information may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Matter

Sanlam Limited has prepared a separate set of consolidated and separate financial statements for the year ended 31 December 2021, in accordance with International Financial Reporting Standards, which represents the primary set of financial statements prepared to meet the requirements of the Companies Act of South Africa and on which we issued a separate auditors' report to the shareholders of Sanlam Limited, dated 9 March 2022.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 191 page document titled "Sanlam Integrated Report 2021". The other information does not include the Sanlam Limited Shareholders' Information and our auditors' report thereon.

Our opinion on the Shareholders' Information does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Shareholders' Information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Shareholders' Information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Shareholders' Information

The directors are responsible for the preparation of the Shareholders' Information in accordance with the basis of accounting described on pages 112 to 119, for determining that the basis of accounting is acceptable in the circumstances and for such internal control as the directors determine is necessary to enable the preparation of the Shareholders' Information that is free from material misstatement, whether due to fraud or error.

In preparing the Shareholders' Information, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Shareholders' Information

Our objectives are to obtain reasonable assurance about whether the Shareholders' Information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Shareholders' Information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Shareholders' Information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Shareholders' Information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the Shareholders' Information. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young Inc.

Ernst & Young Inc.
Director: Christo du Toit
Registered Auditor Chartered Accountant CA(SA)

No. 3 Dock Road Waterway House
V&A Waterfront
Cape Town

9 March 2022

KPMG Inc

KPMG Inc.
Director: Pierre Fourie
Registered Auditor Chartered Accountant CA(SA)

KPMG Crescent
85 Empire Road
Parktown

9 March 2022

Basis of accounting – **Shareholders' information**

The purpose of this section is to provide additional information to users in respect of the Group shareholders' fund in a format that corresponds to that used by management in evaluating the performance of the Group and is additional information to the financial statements prepared in terms of IFRS.

It includes analysis of the Group shareholders' fund's consolidated financial position and results in a similar format to that used by the Group for internal management purposes. The Group financial statements are prepared in accordance with IFRS and include the consolidated results and financial position of both the shareholder and policyholder activities. The IFRS financial statements also do not distinguish between the shareholders' operational and investment activities, which are separate areas of management focus and an important distinction in evaluating the Sanlam Group's financial performance. Information is presented in this section to provide this additional shareholders' fund information to users of Sanlam's financial information.

The Group also discloses Group Equity Value (GEV) information. The Group's key strategic objective is to maximise returns to shareholders. GEV has been identified by management as the primary measure of value, and financial return on GEV (RoGEV) is used by the Group as the main performance measure to evaluate the success of its strategies towards sustainable value creation in excess of its cost of capital. For the purpose of internal monitoring, the directors make use of GEV to reflect the performance of the Group. This is considered to provide a meaningful basis of reporting the underlying value of the Group's operations and the related performance drivers. This basis allows explicitly for the impact of uncertainty in future investment returns and is consistent with the Group's operational management structure.

The shareholders' information also includes the embedded value of covered business (EV), change in EV and value of new business.

A glossary containing explanations of technical terms used in these financial statements is presented on page 187.

Basis of accounting – shareholders' information

The basis of accounting and accounting policies in respect of the financial information of the shareholders' fund are the same as those set out in the IFRS Annual Financial Statements, apart from the specific items described under separate headings in this section. Management considers this basis of accounting applied for the shareholders' information to be suitable for the intended users of this financial information.

The application of the basis of accounting of the shareholders' information is also consistent with that applied in the 2020 annual report apart from the following:

- 2020 comparative information has been restated to correct a hyperinflation accounting error as reported in the Group's interim results announcement of 9 September 2021. Refer to note 36.1 on page 150 for additional information. The error had no impact on Net Asset Value, Group Equity Value or any of the Group's key performance indicators.
- Interest rate benchmark reform – Phase 2 (Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39)
- COVID-19-Related Rent Concessions (Amendment to IFRS 16)

These amendments did not have a significant impact on these Annual Financial Statements and no further disclosures have therefore been made.

The shareholders' fund information includes the following:

- Group Equity Value (refer page 120)
- Change in Group Equity Value (refer page 124)
- Return on Group Equity Value (refer page 126)
- Analysis of Group Equity Value earnings (refer page 128)
- Shareholders' fund financial statements consisting of the shareholders' fund at net asset value (refer page 134), shareholders' fund income statement (refer page 136) and related notes, including embedded value of covered business-related disclosures.

Group Equity Value

GEV is the aggregate of the following components:

- The embedded value of covered business, which comprises the required capital supporting these operations (also referred to as adjusted net worth) and their net value of in-force business;
- The fair value of other Group operations based on longer-term assumptions, which includes the investment management, capital markets, general insurance, retail credit and the non-covered wealth management operations of the Group; and
- The fair value of discretionary and other capital. Discretionary capital represents management's assessment of capital in excess of that required for current operations of the Group. Such capital may be used to fund future operations and acquisitions or be returned to shareholders.

GEV is calculated by adjusting the shareholders' fund at fair value with the following:

- Adjustments to net worth; and
- Goodwill and the value of business acquired intangible assets relating to covered business are replaced by the value of the in-force book of covered business.

Although being a measure of value, GEV is not equivalent to the economic value of the Group as the embedded value of covered business does not allow for the value of future new business. An economic value may be derived by adding to the GEV an estimate of the value of the future sales of new covered business, often calculated as a multiple of the value of new covered business written during the past year.

The GEV is inherently based on estimates and assumptions, as set out in this basis of preparation and as also disclosed under critical accounting estimates and judgements in the Annual Financial Statements. It is reasonably possible that outcomes in future financial years will be different to the current assumptions and estimates, possibly significantly, impacting on the reported GEV. Accordingly, sensitivity analyses are provided for changes from the base estimates and assumptions within the Shareholders' information.

Fair value of businesses included in GEV

Fair values for listed businesses are determined by using stock exchange prices or directors' valuations and for unlisted businesses by using directors' valuations. Where directors' valuations are used for listed businesses, the listed values of these businesses are disclosed for information purposes.

The valuation of businesses is based on generally accepted and applied investment valuation techniques, but is subject to judgement to allow for perceived risks. Estimates and assumptions are an integral part of business valuations and as such have an impact on the amounts reported. Management applies judgement in determining the appropriate valuation technique to be used. In addition, in applying the valuation techniques, judgement is utilised in setting assumptions of future events and experience, and where applicable, risk-adjusted discount rates.

Estimates and judgements are regularly updated to reflect latest experience. Actual outcomes in future financial years may differ from current estimates and assumptions, possibly significantly, which could require a material adjustment to the business valuations.

The appropriateness of the valuations is regularly tested through the Group's approval framework, in terms of which the valuations of investments is reviewed and recommended for approval by the Audit, Actuarial and Finance Committee and Board by the Sanlam Non-Listed Asset Controlling Body.

Businesses may comprise legal entities or components of legal entities as determined by the directors.

Adjustments to net worth

Present value of corporate expenses

GEV is determined by deducting the present value of corporate expenses, by applying a multiple to the after-tax corporate expenses. This adjustment is made as the embedded value of covered business and the fair value of other Group operations do not allow for an allocation of corporate expenses.

Share incentive schemes granted on subsidiaries' own shares

Where Group subsidiaries grant share incentives to staff on the entities' own shares, the fair value of the outstanding incentives at year-end is deducted in determining GEV. The expected cost of future grants in respect of these incentive schemes is allowed for in the calculation of the value of in-force covered business and the fair value of other Group operations as appropriate.

Share incentive schemes granted on Sanlam shares

Long-term incentives granted by the Group on Sanlam shares are accounted for as dilutive instruments. The GEV is accordingly not adjusted for the fair value of these outstanding shares, but the number of issued shares used to calculate GEV per share is adjusted for the dilutionary effect of the outstanding instruments at year-end. The expected cost of future grants in respect of these incentive schemes is allowed for in the calculation of the value of in-force covered business and the fair value of other Group operations.

Change in Group Equity Value

The Change in Group Equity Value consists of the embedded value earnings from covered business, earnings from other Group operations on a fair value basis, earnings on discretionary and other capital and capital transactions with shareholders.

Return on Group Equity Value

The RoGEV is equal to the change in GEV during the reporting period, after adjustment for dividends paid and changes in issued share capital, as a percentage of GEV at the beginning of the period, weighted for changes in issued share capital during the year.

Shareholders' fund at net asset value, income statement and related information

The analysis of the shareholders' fund at net asset value and the related shareholders' fund income statement reflects the consolidated financial position and earnings of the shareholders' fund, based on accounting policies consistent with those contained in the IFRS Financial Statements, apart from the following:

Basis of consolidation

The shareholders' funds of Group companies are consolidated in the analysis of the Sanlam Group shareholders' fund at net asset value. The policyholders' and outside shareholders' interests in these companies are treated as non-controlling shareholders' interest on consolidation.

The segmental analysis of the shareholders' fund at net asset value is consistent with the Group's operational management structure.

Consolidation reserve

In terms of IFRS, the policyholders' fund's investments in Sanlam shares and Group subsidiaries are not reflected as equity investments in the Sanlam Group IFRS statement of financial position, but deducted in full from equity on consolidation (in respect of Sanlam shares) or reflected at net asset value (in respect of subsidiaries). The valuation of the related policy liabilities however includes the fair value of these investments, creating an artificial mismatch between policy liabilities and policyholder investments, with a consequential impact on the Group's shareholders' fund and earnings. The consolidation reserve created in the Group financial statements for these mismatches is not recognised in the shareholders' fund at net asset value. The fund transfers between the shareholders' and policyholders' funds relating to movements in the consolidation reserve are commensurately also not recognised in the shareholders' fund's normalised attributable earnings. Similar mismatches are created by the recognition of deferred tax assets in respect of assessed losses in policyholder funds. These deferred tax assets, and movements therein, are also recognised in the consolidation reserve and fund transfers, respectively.

In addition, the consolidation of the Broad-Based Black Economic Empowerment (B-BBEE) special purpose vehicle (SPV), to which 111 349 999 shares were issued, is treated similarly and is also recognised in the consolidation reserve and fund transfers, respectively. The SPV was funded 50% by a loan issued by Sanlam to the SPV, and 50% by external debt. For IFRS purposes:

- the SPV is consolidated;
- the shares held within the SPV are treated as treasury shares;
- the loan to the SPV is eliminated; and
- the external debt is shown on the balance sheet.

Given that the shares will be sold in the market should the SPV not be able to repay the loan, management has, for shareholders' information purposes, recognised the full share issue in the shareholders' fund and has not consolidated the SPV. Given the close relationship between the valuation of the loan and the Sanlam share price, this balance is classified as equities in the shareholders' fund at NAV. Management tests the recoverability of this loan semi-annually and has, as a result of this recoverability assessment, recognised a further impairment of R145 million for the year ended 31 December 2021 (31 December 2020: R1,7 billion). As this is not necessarily reflective of the longer-term value of the SPV, this impairment can reverse in future periods based on the movement in the Sanlam share price.

This policy is applied, as these accounting mismatches do not represent economic profits and losses for the shareholders' fund.

Target shares

Strategic diversification activities between Sanlam Emerging Markets (SEM) and Santam consist of the investment in target shares issued by SEM to Santam and vice versa. These shares give the holder the right to participate in the growth of the underlying short-term insurance investments. For purposes of the Group's shareholders' fund income statement, the total return on these short-term insurance investments are therefore split between SEM and Santam, after consideration of the respective non-controlling interests.

Segregated funds

Sanlam also manages and administers assets in terms of third-party mandates, which are for the account of and at the risk of the clients. As these are not the assets of the Sanlam Group, they are not recognised in the Sanlam Group statement of financial position in terms of IFRS and are also excluded from the shareholders' fund at net asset value and fair value. Fund flows relating to segregated funds are however included in the notes to the shareholders' fund information to reflect all fund flows relating to the Group's assets under management.

Equity-accounted earnings

Equity-accounted earnings are presented in the shareholders' fund income statement based on the allocation of the Group's investments in associates and joint ventures between operating and non-operating entities:

- Operating associates and joint ventures include investments in strategic operational businesses, namely Sanlam Personal Loans, Shriram Capital (including the Group's direct interest in Shriram Transport Finance Company), Shriram General Insurance and Shriram Life Insurance direct investments, Pacific & Orient, Capricorn Investment Holdings, Letshego, Nico Holdings and the Group's life insurance associates in Africa. The equity-accounted operating earnings and investment return on capital from operating associates and joint ventures are included in the net result from financial services and net investment return, respectively.
- Non-operating associates and joint ventures include investments held as part of the Group's balanced investment portfolio. The Santam Group's equity-accounted investments are the main non-operating associates and joint ventures. The Group's shares of earnings from these entities are reflected as equity-accounted earnings.

Normalised earnings per share

In accordance with the JSE Listings Requirement the Group Annual Financial Statements set out, fairly present in all material respects the financial position, financial performance and cash flows of Sanlam in terms of IFRS.

As discussed under the policy note for 'Consolidation reserve' above, the IFRS prescribed accounting treatment of the B-BBEE SPV, policyholders' fund's investments in Sanlam shares and Group subsidiaries creates artificial accounting mismatches with a consequential impact on the Group's IFRS earnings. In addition, the number of shares in issue used for the calculation of IFRS basic and diluted earnings per share must also be reduced with the treasury shares held by the policyholders' fund and B-BBEE SPV. However, the Group calculates normalised diluted earnings per share (a non-IFRS measure) to eliminate fund transfers relating to the investments in Sanlam shares Group subsidiaries held by the policyholders' fund, as well as consolidated vehicles, including B-BBEE SPV. This is in the Group's opinion a better representation of the earnings attributable to the Group's shareholders, specifically in instances where the share prices and/or the number of shares held by the policyholders' fund change significantly during the reporting period.

Fund flows

The notes to the shareholders' fund information also provide information in respect of fund flows relating to the Group's assets under management. These fund flows have been prepared in terms of the following bases:

Funds received from clients

Funds received from clients include single and recurring life and general insurance premium income from insurance and investment policy contracts, which are recognised in the financial statements. It also includes contributions to collective investment schemes and non-life insurance linked-products as well as inflows of segregated funds, which are not otherwise recognised in the financial statements as they are funds held on behalf of and at the risk of clients. Funds received in respect of non-annuity assets under administration are excluded from funds received from clients. Transfers between the various types of business, other than those resulting from a specific client instruction, are eliminated. Funds received from clients include the Group's effective share of funds received from clients by strategic operational associates and joint ventures.

New business

In the case of long-term insurance business, the annualised value of all new policies (insurance and investment contracts) that have been issued during the financial year and have not subsequently been refunded is regarded as new business.

All segregated fund inflows (excluding those related to assets under administration), inflows to collective investment schemes and short-term insurance premiums are regarded as new business.

New business includes the Group's share of new business written by strategic operational associates and joint ventures.

Payments to clients

Payments to clients include policy benefits paid in respect of life and general insurance and investment policy contracts, which are recognised in the financial statements. It also includes withdrawals from collective investment schemes and non-life insurance linked-products as well as outflows of segregated funds, which are not otherwise recognised in the financial statements as they relate to funds held on behalf of and at the risk of clients. Withdrawals of non-annuity funds under administration are excluded. Transfers between the various types of business, other than those resulting from a specific client instruction, are eliminated.

Payments to clients include the Group's effective share of payments to clients by strategic operational associates and joint ventures.

Basis of accounting and presentation – embedded value of covered business

The Group's embedded value of covered business information is prepared in accordance with APN107 (version 8), the guidance note on embedded value financial disclosures of South African long-term insurers issued by the Actuarial Society of South Africa (Actuarial Society). Covered business represents the Group's long-term insurance business for which the value of new and in-force contracts is attributable to shareholders.

The embedded value results of the Group's covered business are included in the shareholders' information as it forms an integral part of GEV and the information used by management in evaluating the performance of the Group. The embedded value of covered business does not include the contribution to GEV relating to other Group operations or discretionary and other capital, which are included separately in the analysis of GEV.

The basis of presentation for the embedded value of covered business is consistent with that applied in the 2020 financial statements.

Covered business

Covered business includes all material long-term insurance business that is recognised in the Sanlam Group financial statements. This business includes individual stable bonus, linked and market-related business, group stable bonus business, annuity business and other non-participating business written by Sanlam Retail Affluent, Sanlam Retail Mass, Sanlam Corporate, Sanlam Emerging Markets and Sanlam UK.

Acquisitions, disposals and other movements

The embedded value of covered business results are prepared taking cognisance of changes in the Group's effective shareholding in covered business operations.

Methodology

Embedded value of covered business

The embedded value of covered business is the present value of earnings from covered business attributable to shareholders, excluding any value that may be attributed to future new business. It is calculated on an after-tax basis taking into account current legislation and known future changes.

The embedded value of covered business comprises the following components:

- Adjusted net worth (ANW); and
- The net value of in-force business.

Adjusted net worth

ANW comprises the required capital supporting the covered business and is equal to the net value of assets allocated to covered business that does not back policy liabilities.

The required capital allocated to covered business reflects the level of capital considered sufficient to support the covered business, allowing for an assessment of the market, credit, insurance and operational risks inherent in the underlying products, subject to a minimum level of the local statutory solvency requirement for each business.

For South African insurance businesses (and businesses with similar regulatory regimes) the level of required capital for covered business is set to ensure that Own Funds attributable to in-force covered business maintains a solvency cover ratio within a specific range, e.g. between 170% and 210% for Sanlam Life over the next 10 years. In addition, these businesses may also need to maintain statutory cover ratios above a lower minimum level, e.g. 135% for Sanlam Life covered business, 115% for Santam Limited, even after severe but plausible stress scenarios.

The capital allocated to covered business is funded from a balanced investment portfolio comprising investments in equities, hedged equities, fixed interest securities, cash and subordinated debt funding. The subordinated debt funding liability is matched by ring-fenced bonds and other liquid assets held as part of the balanced investment portfolio.

Transfers are made to or from adjusted net worth on an annual basis for the following:

- Transfers of net operating profit. These transfers relate to dividends paid from covered business in terms of the Group's internal dividend policy to fund the dividend payable to Sanlam Limited shareholders; and
- Transfers to or from the balanced investment portfolio. Any capital in the portfolio that is in excess of the requirements of the covered business is transferred to discretionary capital in terms of the Group's capital management framework.

Net value of in-force business

The net value of in-force business consists of the present value of future shareholder profits from in-force covered business (PVIF), after allowance for the cost of required capital supporting the covered business.

Present value of future shareholder profits from in-force covered business

The long-term policy liabilities in respect of covered business in the financial statements are valued based on the applicable statutory valuation method for insurance contracts and fair value for investment contracts. These liabilities include profit margins, which can be expected to emerge as profits in the future. The discounted value, using a risk-adjusted discount rate, placed on these expected future profits, after taxation, is the PVIF.

The PVIF excludes the cost of required capital, which is separately disclosed.

Cost of required capital

A charge is deducted from the embedded value of covered business for the cost of required capital supporting the Group's existing covered business. The cost is the difference between the carrying value of the required capital at the valuation date and the discounted value, using a risk-adjusted discount rate, of the projected releases of the capital allowing for the assumed after-tax investment return on the assets deemed to back the required capital over the life of the in-force business.

Value of new business

The value of new business is calculated as the discounted value, at point of sale, using a risk-adjusted discount rate, of the projected stream of after-tax profits for new covered business issued during the financial year under review. The value of new business is also reduced by the cost of required capital for new covered business.

In determining the value of new business:

- A policy is only taken into account if at least one premium, that is not subsequently refunded, is recognised in the financial statements;
- Premium increases that have been allowed for in the value of in-force covered business are not counted again as new business at inception;
- Increases in recurring premiums associated with indexation arrangements are not included, but instead allowed for in the value of in-force covered business;
- The expected value of future premium increases resulting from premium indexation on the new recurring premium business written during the financial year under review is included in the value of new business;
- Continuations of individual policies and deferrals of retirement annuity policies after the maturity dates in the contract are treated as new business if they have been included in policy benefit payments at their respective maturity dates;
- For employee benefits, increases in business from new schemes or new benefits on existing schemes are included and new members or salary-related increases under existing schemes are excluded and form part of the in-force value;
- Annuities purchased by retirement fund members using in-fund options are treated as new business; Renewable recurring premiums under Group insurance contracts are treated as in-force business; and
- Assumptions are consistent with those used for the calculation of the value of in-force covered business at the end of the reporting period.

Profitability of new covered business is measured by the ratio of the net value of new business to the present value of new business premiums (PVNBP). The PVNBP is defined as new single premiums plus the discounted value, using a risk-adjusted discount rate, of expected future premiums on new recurring premium business. The premiums used for the calculation of PVNBP are based on the life insurance new business premiums disclosed in note 6 on page 150, excluding white label new business.

Risk discount rates and allowance for risk

In accordance with the actuarial guidance, the underlying risks within the covered business are allowed for within the embedded value calculations through a combination of the following:

- Explicit allowances within the projected shareholder cash flows;
- The level of required capital and the impact on cost of required capital; and
- The risk discount rates, intended to cover all residual risks not allowed for elsewhere in the valuation.

The risk margins are set using a top-down approach based on Sanlam Limited's weighted average cost of capital (WACC), which is calculated based on a gross risk-free interest rate, an assumed equity risk premium, a market assessed risk factor (beta), and an allowance for subordinated debt on a market value basis. The beta provides an assessment of the market's view of the effect of all types of risk on the Group's operations, including operational and other non-economic risk.

To derive the risk discount rate assumptions for covered business, an adjusted WACC is calculated to exclude the non-covered Group operations included in Sanlam Limited's WACC and to allow for future new covered business. The covered business operations of the Group use risk margins of between 2,5% and 7,0% and the local gross risk-free rate at the valuation date.

Minimum investment guarantees to policyholders

An investment guarantee reserve is included in the reserving basis for policy liabilities, which makes explicit allowance for the best estimate cost of all material investment guarantees. This reserve is determined on a market consistent basis in accordance with actuarial guidance from the Actuarial Society (APN110). No further deduction from the embedded value of covered business is therefore required.

Share incentive schemes

The embedded value of covered business assumes the payment of long-term incentives in the future and allows for the expected cost of future grants within the value of in-force covered business and value of new business.

Sensitivity analysis

Sensitivities are determined at the risk discount rates used to determine the base values, unless stated otherwise. For each of the sensitivities, all other assumptions are left unchanged. The different sensitivities do not imply that they have a similar chance of occurring.

The risk discount rate appropriate to an investor will depend on the investor's own requirements, tax position and perception of the risk associated with the realisation of the future profits from the covered business. The disclosed sensitivities to changes in the risk discount rate provide an indication of the impact of changes in the applied risk discount rate.

Risk premiums relating to mortality and morbidity are assumed to be increased consistent with mortality and morbidity experience, respectively, where appropriate.

Foreign currencies

Changes in the embedded value of covered business, as well as the present value of new business premiums, of foreign operations are converted to South African rand at the weighted average exchange rates for the financial year, except where the average exchange rate is not representative of the timing of specific changes in the embedded value of covered business, in which instances the exchange rate on transaction date is used. The closing rate is used for the conversion of the embedded value of covered business at the end of the financial year.

Assumptions

Best estimate assumptions

The embedded value calculation is based on best estimate assumptions. The assumptions are reviewed actively and changed when evidence exists that material changes in the expected future experience are reasonably certain. The best estimate assumptions are also used as a basis for the statutory valuation method, to which compulsory and discretionary margins are added for the determination of policy liabilities in the financial statements.

It is reasonably possible that outcomes in future financial years will be different to these current best estimate assumptions, possibly significantly, impacting on the reported embedded value of covered business. Accordingly, sensitivity analyses are provided for the value of in-force and value of new business.

Economic assumptions

The assumed investment return on assets supporting the policy liabilities and required capital is based on the assumed long-term asset mix for these funds.

Inflation assumptions for unit cost, policy premium indexation and employee benefits salary inflation are based on an assumed long-term gap relative to fixed-interest securities.

Future rates of bonuses for stable bonus business and participating annuities are set at levels that are supportable by the assets backing the respective product asset funds at each valuation date.

Assets backing required capital

The assumed composition of the assets backing the required capital is consistent with Sanlam's practice and with the assumed long-term asset distribution used to calculate the statutory capital requirements and internal required capital assessments of the Group's covered business.

Demographic assumptions

Future mortality, morbidity and discontinuance rates are based on recent experience, adjusted for expected future trends where appropriate. The mortality experience since the onset of the coronavirus pandemic has been excluded when considering future expected experience.

HIV/Aids

Allowance is made, where appropriate, for the impact of expected HIV/Aids-related claims, using models developed by the Actuarial Society, adjusted for Sanlam's practice and product design.

Expense assumptions

Future expense assumptions reflect the expected level of expenses required to manage the in-force covered business, including investment in systems required to support that business, and allow for future inflation. The rate of inflation is higher for business written on legacy systems. The allocation between acquisition and maintenance expenses is based on functional cost analyses and reflects actual expenses incurred in 2020.

Project expenses

A best estimate of future project expenses is allowed for in the embedded value of covered business, in addition to the expense assumptions outlined above, in both the value of policy liabilities and the PVIF as applicable. These projects relate to regulatory compliance, digital transformation, administration and existing distribution platforms of the life insurance business and are deemed to be business imperatives by management. No allowance is made for the expected positive impact these projects may have on the future operating experience of the Group.

Investment management fees

Future investment expenses are based on the current scale of fees payable by the Group's life insurance businesses to the relevant asset managers. To the extent that this scale of fees includes profit margins for Sanlam Investment Group, these margins are not included in the value of in-force covered business and value of new business, as they are incorporated in the valuation of the Sanlam Investment Group businesses at fair value.

Taxation

Projected taxation is based on the current tax basis that applies in each country.

Allowance has been made for the impact of capital gains tax on investments in South Africa, assuming a five-year roll-over period.

Earnings from covered business

The embedded value earnings from covered business for the period are equal to the change in embedded value, after adjustment for any transfers to or from discretionary capital, and are analysed into the following main components:

- Value of new business

  The value of new business is calculated at point of sale using assumptions applicable at the end of the reporting period.

- Net earnings from existing covered business

  Expected return on value of covered business

  The expected return on value of covered business comprises the expected return on the starting value of in-force covered business and the accumulation of value of new business from point of sale to the valuation date.

  Operating experience variances

  The calculation of embedded values is based on assumptions regarding future experiences including discontinuance rates (how long policies will stay in force), risk (mortality and morbidity) and future expenses. Actual experience may differ from these assumptions. The impact of the difference between actual and assumed experience for the period is reported as operating experience variances.

  Operating assumption changes

  Operating assumption changes consist of the impact of changes in assumptions at the end of the reporting period (compared to those used at the end of the previous reporting period) for operating experience, excluding economic or taxation assumptions. It also includes certain model refinements.

- Expected investment return on adjusted net worth

  The expected investment return on adjusted net worth attributable to shareholders is calculated using the future investment return assumed at the start of the reporting period.

  The total embedded value earnings from covered business include two further main items:

  - *Economic assumption changes*

    The impact of changes in external economic conditions, including the effect that changes in interest rates have on risk discount rates and future investment return assumptions, on the embedded value of covered business.

  - *Investment variances*

    Investment variances – value of in-force

    The impact on the value of in-force business caused by differences between the actual investment return earned on policyholder fund assets during the reporting period and the expected return based on the economic assumptions used at the start of the reporting period.

    Investment variances – investment return on adjusted net worth

    Investment return variances caused by differences between the actual investment return earned on shareholders' fund assets during the reporting period and the expected return based on economic assumptions used at the start of the reporting period.

Group Equity Value

at 31 December

R million	Note	Group Equity Value 2021	Group Equity Value 2020	Value of in-force/ Fair value adjustment 2021	Value of in-force/ Fair value adjustment 2020
Sanlam Life and Savings		54 159	52 278	45 942	43 137
Covered business[1]	7.1.1	48 937	47 597	42 997	40 619
SA Retail Affluent		31 849	32 043	28 998	28 024
SA Retail Mass		11 761	10 596	10 548	9 696
Sanlam Corporate		5 327	4 958	3 451	2 899
Non-Covered business		5 222	4 681	2 945	2 518
SA Retail Affluent		4 319	4 035	3 095	2 847
Glacier		2 736	2 553	2 321	2 139
Other operations		1 583	1 482	774	708
Sanlam Corporate: Health		903	646	(150)	(329)
Sanlam Emerging Markets		40 354	35 323	7 493	5 381
Covered business	7.2.8	9 026	8 638	3 801	3 775
SPA Life		6 923	6 793	2 947	3 029
Saham		1 533	1 548	22	92
Namibia		2 084	2 063	1 562	1 546
Botswana		1 540	1 588	1 153	1 216
Other African operations		1 766	1 594	210	175
India		1 092	1 002	491	393
Malaysia		1 011	843	363	353
Non-Covered business		31 328	26 685	3 692	1 606
SPA GI		18 612	16 877	3 610	2 081
Saham		17 474	15 827	3 719	2 241
Other general insurance operations		1 138	1 050	(109)	(160)
India		11 749	8 954	826	191
Other operations		967	854	(744)	(666)
Sanlam Investment Group[2]		19 583	19 003	10 234	9 337
Covered business[1]	7.3.2	2 614	3 091	(894)	(182)
Non-Covered business		16 969	15 912	11 128	9 519
Sanlam Investments		3 209[3]	2 949[3]	1 844	1 639
Wealth Management		3 273	2 588	3 026	2 331
International[4]		8 917	8 928	4 896	4 190
Sanlam Specialised Finance		1 570	1 447	1 362	1 359
Santam		18 241	17 277	10 587	10 923
Dividend pool		6 887	6 185	–	–
Discretionary capital		2 936	636	–	–
Other capital		2 718	3 597	–	–
Present value of holding company expenses	15	(2 488)	(2 487)	(2 488)	(2 487)
Group Equity Value		142 390	131 812	71 768	66 291
Covered business	2	60 577	59 326	45 904	44 212
Non-Covered business	5.1	71 760	64 555	28 352	24 566
Group operations		132 337	123 881	74 256	68 778
Discretionary and other capital		10 053	7 931	(2 488)	(2 487)
Group Equity Value		142 390	131 812	71 768	66 291
Value per share	14	64,44	59,20		

[1] Excludes subordinated debt funding of Sanlam Life.

[2] Sanlam Investment Group includes Sanlam Life and Pensions in the UK at a disposal value of R804 million (2020 embedded value of R1 125 million).

[3] Includes Sanlam share (75%) of the third party asset management business of R3 763 million (31 December 2020: R3 379 million).

[4] Includes the UK Wealth and Financial Planning businesses at a net disposal value of R2 562 million (2020: Directors' valuation of R1 839 million).

Adjusted net asset value		Elimination of goodwill and VOBA		Shareholders' fund at net asset value	
2021	*2020*	2021	2020	2021	2020
8 217	*9 141*	(1 020)	(1 240)	9 237	10 381
5 940	*6 978*	(1 020)	(1 240)	6 960	8 218
2 851	*4 019*	(662)	(681)	3 513	4 700
1 213	*900*	(189)	(371)	1 402	1 271
1 876	*2 059*	(169)	(188)	2 045	2 247
2 277	*2 163*	-	-	2 277	2 163
1 224	*1 188*	-	-	1 224	1 188
415	*414*	-	-	415	414
809	*774*	-	-	809	774
1 053	*975*	-	-	1 053	975
32 861	*29 942*	(3 089)	(3 154)	35 950	33 096
5 225	*4 863*	(3 089)	(3 154)	8 314	8 017
3 976	*3 764*	(2 469)	(2 520)	6 445	6 284
1 511	*1 456*	(1 728)	(1 774)	3 239	3 230
522	*517*	-	-	522	517
387	*372*	-	(2)	387	374
1 556	*1 419*	(741)	(744)	2 297	2 163
601	*609*	(322)	(302)	923	911
648	*490*	(298)	(332)	946	822
27 636	*25 079*	-	-	27 636	25 079
15 002	*14 796*	-	-	15 002	14 796
13 755	*13 586*	-	-	13 755	13 586
1 247	*1 210*	-	-	1 247	1 210
10 923	*8 763*	-	-	10 923	8 763
1 711	*1 520*	-	-	1 711	1 520
9 349	*9 666*	-	(356)	9 349	10 022
3 508	*3 273*	-	(356)	3 508	3 629
5 841	*6 393*	-	-	5 841	6 393
1 365	*1 310*	-	-	1 365	1 310
247	*257*	-	-	247	257
4 021	*4 738*	-	-	4 021	4 738
208	*88*	-	-	208	88
7 654	*6 354*	-	-	7 654	6 354
6 887	*6 185*	-	-	6 887	6 185
2 936	*636*	-	-	2 936	636
2 718	*3 597*	(1 197)	(1 197)	3 915	4 794
-	*-*	-	-	-	-
70 622	*65 521*	(5 306)	(5 947)	75 928	71 468
14 673	*15 114*	(4 109)	(4 750)	18 782	19 864
43 408	*39 989*	-	-	43 408	39 989
58 081	*55 103*	(4 109)	(4 750)	62 190	59 853
12 541	*10 418*	(1 197)	(1 197)	13 738	11 615
70 622	*65 521*	(5 306)	(5 947)	75 928	71 468
				34,36	32,10

Analysis of Group Equity Value by line of business

at 31 December

	Total		Life Business		General Insurance	
R million	2021	2020	2021	2020	2021	2020
Southern Africa	99 005	92 374	54 960	53 387	19 017	17 934
South Africa	90 577	84 590	50 747	49 263	18 241	17 277
Other	8 428	7 784	4 213	4 124	776	657
North and West Africa	18 277	16 639	2 197	2 068	17 414	15 871
East Africa	1 144	1 170	519	607	685	654
Other International	23 964	21 629	2 901	3 264	2 786	2 434
Total	142 390	131 812	60 577	59 326	39 902	36 893

Investment Management		Credit and Structuring		Administration, Health and Other	
2021	2020	2021	2020	2021	2020
7 744	6 576	4 340	3 926	12 944	10 551
6 975	5 881	2 196	2 090	12 418	10 079
769	695	2 144	1 836	526	472
–	–	–	–	(1 334)	(1 300)
183	161	–	–	(243)	(252)
9 046	9 060	9 231	6 794	–	77
16 973	15 797	13 571	10 720	11 367	9 076

Change in Group Equity Value

at 31 December 2021

R million	GEV at the beginning of the period	Earnings	Net capital investment	Dividend paid	GEV at the end of the period
Sanlam Life and Savings	52 278	7 913	(1 339)	(4 693)	54 159
Covered business	47 597	6 958	(1 339)	(4 279)	48 937
SA Retail Affluent[1]	32 043	5 434	(1 360)	(4 268)	31 849
SA Retail Mass	10 596	1 637	297	(769)	11 761
Sanlam Corporate	4 958	(113)	(276)	758	5 327
Non-Covered business	4 681	955	–	(414)	5 222
SA Retail Affluent	4 035	623	–	(339)	4 319
Glacier	2 553	362	–	(179)	2 736
Other operations	1 482	261	–	(160)	1 583
Sanlam Corporate: Health	646	332	–	(75)	903
Sanlam Emerging Markets	35 323	5 618	638	(1 225)	40 354
Covered business	8 638	906	(40)	(478)	9 026
SPA Life	6 793	646	(44)	(472)	6 923
Saham	1 548	26	(6)	(35)	1 533
Namibia	2 063	157	(37)	(99)	2 084
Botswana	1 588	22	3	(73)	1 540
Other African operations	1 594	441	(4)	(265)	1 766
India	1 002	156	(97)	31	1 092
Malaysia	843	104	101	(37)	1 011
Non-Covered business	26 685	4 712	678	(747)	31 328
SPA GI	16 877	1 727	224	(216)	18 612
Saham	15 827	1 562	198	(113)	17 474
Other general insurance operations	1 050	165	26	(103)	1 138
India	8 954	2 856	64	(125)	11 749
Other operations	854	129	390	(406)	967
Sanlam Investment Group	19 003	2 764	(1 034)	(1 150)	19 583
Covered business	3 091	(374)	69	(172)	2 614
Non-Covered business	15 912	3 138	(1 103)	(978)	16 969
Sanlam Investments	2 949	553	–	(293)	3 209
Wealth Management	2 588	847	3	(165)	3 273
International	8 928	1 292	(1 106)	(197)	8 917
Sanlam Specialised Finance	1 447	446	–	(323)	1 570
Santam	17 277	1 257	–	(293)	18 241
Discretionary capital	636	109	2 191	–	2 936
Other capital	9 782	(452)	6 890	(6 615)	9 605
Present value of holding company expenses	(2 487)	(1)	–	–	(2 488)
Elimination of intergroup dividends	–	–	(7 361)	7 361	–
Group Equity Value	131 812	17 208	(15)	(6 615)	142 390
Covered business	59 326	7 490	(1 310)	(4 929)	60 577
Non-Covered business	64 555	10 062	(425)	(2 432)	71 760
Group operations	123 881	17 552	(1 735)	(7 361)	132 337
Discretionary and other capital	7 931	(344)	9 081	(6 615)	10 053
Elimination of intergroup dividends	–	–	(7 361)	7 361	–
Group Equity Value	131 812	17 208	(15)	(6 615)	142 390

[1] The release of discretionary reserves against excess risk claims experience is reported under SA Retail Affluent in Change in Group Equity Value, but shown separately in the detailed information as reported in note 7.1 on page 153.

at 31 December 2020

R million	GEV at the beginning of the period	Earnings	Net capital investment	Dividend paid	GEV at the end of the period
Sanlam Life and Savings	53 061	4 045	(397)	(4 431)	52 278
Covered business	48 306	4 032	(454)	(4 287)	47 597
SA Retail Affluent[1]	32 894	2 679	(434)	(3 096)	32 043
SA Retail Mass	10 076	1 170	53	(703)	10 596
Sanlam Corporate	5 336	183	(73)	(488)	4 958
Non-Covered business	4 755	13	57	(144)	4 681
SA Retail Affluent	4 171	(93)	55	(98)	4 035
Glacier	2 501	208	–	(156)	2 553
Other operations	1 670	(301)	55	58	1 482
Sanlam Corporate: Health	584	106	2	(46)	646
Sanlam Emerging Markets	40 731	(4 106)	701	(2 003)	35 323
Covered business	8 794	(446)	979	(689)	8 638
SPA Life	7 171	(666)	906	(618)	6 793
Saham	2 306	(677)	(139)	58	1 548
Namibia	1 997	261	(21)	(174)	2 063
Botswana	1 575	213	36	(236)	1 588
Other African operations	1 293	(463)	1 030	(266)	1 594
India	935	89	9	(31)	1 002
Malaysia	688	131	64	(40)	843
Non-Covered business	31 937	(3 660)	(278)	(1 314)	26 685
SPA GI	20 142	(3 161)	443	(547)	16 877
Saham	19 400	(3 177)	146	(542)	15 827
Other general insurance operations	742	16	297	(5)	1 050
India	9 282	(315)	105	(118)	8 954
Other operations	2 513	(184)	(826)	(649)	854
Sanlam Investment Group	20 050	8	(510)	(545)	19 003
Covered business	3 056	138	(65)	(38)	3 091
Non-Covered business	16 994	(130)	(445)	(507)	15 912
Sanlam Investments	5 058	(1 174)	(790)	(145)	2 949
Wealth Management	2 275	450	–	(137)	2 588
International	7 997	820	345	(234)	8 928
Sanlam Specialised Finance	1 664	(226)	–	9	1 447
Santam	19 675	(1 911)	–	(487)	17 277
Discretionary capital	220	98	318	–	636
Other capital	11 504	(1 491)	7 134	(7 365)	9 782
Present value of holding company expenses	(1 970)	(517)	–	–	(2 487)
Elimination of intergroup dividends	–	–	(7 466)	7 466	–
Group Equity Value	143 271	(3 874)	(220)	(7 365)	131 812
Covered business	60 156	3 724	460	(5 014)	59 326
Non-Covered business	73 361	(5 688)	(666)	(2 452)	64 555
Group operations	133 517	(1 964)	(206)	(7 466)	123 881
Discretionary and other capital	9 754	(1 910)	7 452	(7 365)	7 931
Elimination of intergroup dividends	–	–	(7 466)	7 466	–
Group Equity Value	143 271	(3 874)	(220)	(7 365)	131 812

Return on Group Equity Value

at 31 December

%	2021	2020
Sanlam Life and Savings	15,1	7,6
Covered business	14,6	8,3
SA Retail Affluent[1]	17,0	8,1
SA Retail Mass	15,4	11,6
Sanlam Corporate	(2,3)	3,4
Non-Covered business	20,4	0,3
SA Retail Affluent	15,4	(2,2)
Glacier	14,2	8,3
Other operations	17,6	(17,8)
Sanlam Corporate: Health	51,4	18,1
Sanlam Emerging Markets	15,9	(10,2)
Covered business	10,4	(5,2)
SPA Life	9,5	(8,9)
Saham	1,7	(31,3)
Namibia	7,6	13,1
Botswana	1,4	13,5
Other African operations	27,8	(27,6)
India	15,6	9,5
Malaysia	12,3	19,0
Non-Covered business	17,6	(11,6)
SPA GI	10,2	15,5
Saham	9,9	(16,3)
Other general insurance operations	15,5	1,2
India	31,9	(3,3)
Other operations	15,1	(9,7)
Sanlam Investment Group	14,6	–
Covered business	(12,1)	4,5
Non-Covered business	19,7	(0,8)
Sanlam Investments	18,8	(23,3)
Wealth Management	32,7	19,8
International	14,5	10,2
Sanlam Specialised Finance	30,8	(13,6)
Santam	7,3	(9,7)
Discretionary capital and other	(4,3)	(18,8)
Group Equity Value	13,1	(2,7)
Covered business	12,6	6,2
Non-Covered business	15,6	(7,8)
Group operations	14,2	(1,5)
Discretionary and other capital	(4,3)	(18,8)
Group Equity Value	13,1	(2,7)
RoGEV per share	13,9	(2,8)
Sanlam Group hurdle rate	*13,6*	*13,3*

[1] The release of discretionary reserves against excess risk claims experience is reported under SA Retail Affluent in Change in Group Equity Value, but shown separately in the detailed information as reported in note 7.1 on page 153.

Cumulative RoGEV **average growth rate**

up to 31 December 2021

%	3 years	4 years	5 years
Sanlam Life and Savings	13,9%	13,3%	14,2%
Sanlam Emerging Markets	(1,1%)	2,7%	4,4%
Sanlam Investment Group	7,2%	6,3%	7,8%
Santam	(0,6%)	3,0%	5,9%
Sanlam Group RoGEV	5,2%	6,5%	8,1%

Analysis of GEV Earnings

for the year ended 31 December

Covered business[1]

R million	Total 2021	Total 2020	Value of in-force 2021	Value of in-force 2020
Operational earnings	7 100	5 428	2 672	119
Value of new life insurance business[2]	2 764	1 921	5 836	4 835
Unwinding of discount rate	5 538	5 576	5 296	5 360
Expected profit	–	–	(7 677)	(7 831)
Operating experience variances	(2 742)	367	107	347
Risk experience	(4 205)	(125)	(232)	(47)
Persistency	712	157	908	358
Maintenance expenses	150	67	(4)	15
Working capital management	365	457	–	–
Credit spread	295	129	–	–
Other	(59)	(318)	(565)	21
Operating assumption changes	1 540	(2 436)	(890)	(2 592)
Risk experience	(867)	438	(2 072)	(218)
Persistency	1 533	(1 856)	1 769	(1 514)
Maintenance expenses	(91)	(353)	77	(267)
Modelling changes and other	965	(665)	(664)	(593)
Net investment return	925	184	–	–
Expected return on adjusted net asset value	956	1 006	–	–
Investment variances on adjusted net asset value	(31)	(822)	–	–
Valuation and economic basis	211	(1 279)	(240)	(850)
Investment variances on in-force business	1 402	(1 599)	999	(1 202)
Economic assumption changes	(1 310)	125	(1 399)	148
Investment yields	(1 303)	104	(1 399)	141
Long-term asset mix assumptions and other	(7)	21	–	7
Foreign currency translation differences	119	195	160	204
Change in tax basis	(80)	19	(78)	20
Net project expenses	(10)	(18)	–	–
Revaluation of business held for sale	(595)	–	(804)	–
Loss on change in ownership	(61)	–	–	–
Goodwill and VOBA from business combinations	–	(610)	–	(610)
GEV earnings: covered business	7 490	3 724	1 550	(1 321)
Acquired value of in-force	84	907	19	724
Transfers (to) other Group operations	(920)	(146)	(29)	(146)
Transfers from covered business	(5 403)	(5 315)	–	–
Embedded value of covered business at the beginning of the period	59 326	60 156	47 887	48 630
Embedded value of covered business at the end of the period	60 577	59 326	49 427	47 887

[1] Refer to note 7.1 for an analysis per cluster.
[2] Refer to note 1 for further information.

Covered business by cluster

at 31 December

R million	Total 2021	Total 2020	Value of in-force 2021	Value of in-force 2020
Sanlam Life and Savings	48 937	47 597	44 697	42 476
Sanlam Emerging Markets	9 026	8 638	4 705	4 613
Sanlam Investment Group	2 614	3 091	25	798
Sanlam Group	60 577	59 326	49 427	47 887

Cost of capital		Adjusted net asset value	
2021	2020	2021	2020
69	(161)	4 359	5 470
(282)	(247)	(2 790)	(2 667)
242	216	–	–
–	–	7 677	7 831
(94)	(59)	(2 755)	79
1	9	(3 974)	(87)
(68)	(28)	(128)	(173)
(3)	–	157	52
–	–	365	457
–	–	295	129
(24)	(40)	530	(299)
203	(71)	2 227	227
8	1	1 197	655
(54)	(12)	(182)	(330)
–	(3)	(168)	(83)
249	(57)	1 380	(15)
–	–	925	184
–	–	956	1 006
–	–	(31)	(822)
(119)	27	570	(456)
(85)	23	488	(420)
7	13	82	(36)
11	(2)	85	(35)
(4)	15	(3)	(1)
(41)	(9)	–	–
(2)	(1)	–	–
–	–	(10)	(18)
209	–	–	–
–	–	(61)	–
–	–	–	–
157	(135)	5 783	5 180
(5)	(89)	70	272
–	–	(891)	–
–	–	(5 403)	(5 315)
(3 675)	(3 451)	15 114	14 977
(3 523)	(3 675)	14 673	15 114

Cost of capital		Adjusted net asset value	
2021	2020	2021	2020
(1 700)	(1 857)	5 940	6 978
(904)	(838)	5 225	4 863
(919)	(980)	3 508	3 273
(3 523)	(3 675)	14 673	15 114

Non-Covered business

R million	Total 2021	Total 2020	Sanlam Life and Savings 2021	Sanlam Life and Savings 2020
Earnings from operations valued at listed share prices	1 260	(1 798)	–	–
Earnings from operations valued at net asset value	159	(5)	–	–
Earnings from operations valued based on discounted cash flows	8 643	(3 885)	955	13
Unwinding of discount rate	5 881	6 231	912	977
Operating experience and investment variances[1]	225	(5 168)	160	(963)
General insurance	(313)	(1 429)	–	–
Investment management	227	(2 725)	–	–
Credit and banking	18	(393)	(88)	(331)
Administration, health and other	293	(621)	248	(632)
Operating assumption changes[2]	1 917	(8 604)	130	(81)
General insurance	53	(5 029)	–	–
Investment management	760	(825)	–	–
Credit and banking	1 204	(2 861)	210	(197)
Administration, health and other	(100)	111	(80)	116
Economic assumption changes	(1 562)	2 215	(247)	80
Foreign currency translation differences	2 182	1 441	–	–
GEV earnings: non-covered operations	10 062	(5 688)	955	13

R million	Total 2021	Total 2020	Sanlam Life and Savings 2021	Sanlam Life and Savings 2020
[1] Operating experience and investment variances	225	(5 168)	160	(963)
General insurance business	(313)	(1 429)	–	–
Risk experience	(111)	(206)	–	–
Premium income	(133)	(1 829)	–	–
Investment return and net fund flows	130	(252)	–	–
Maintenance expenses	(380)	195	–	–
Other	181	663	–	–
Investment management	227	(2 725)	–	–
Investment return and net fund flows	175	(1 922)	–	–
Other	52	(803)	–	–
Credit business	18	(393)	(88)	(331)
Income	(264)	4	(153)	(66)
Other	282	(397)	65	(265)
Administration, health and other	293	(621)	248	(632)
Income	380	(489)	346	(491)
Other	(87)	(132)	(98)	(141)
[2] Operating assumption changes	1 917	(8 604)	130	(81)
General insurance business	53	(5 029)	–	–
Risk experience	(756)	1 041	–	–
Premium income	544	(1 689)	–	–
Maintenance expenses	70	145	–	–
Modelling and other assumption changes	195	(4 526)	–	–
Investment management	760	(825)	–	–
Net fund flows	(66)	(337)	–	–
Other	826	(488)	–	–
Credit business	1 204	(2 861)	210	(197)
Income	321	(2 900)	474	72
Bad debts	5	272	(227)	(144)
Other	878	(233)	(37)	(125)
Administration, health and other	(100)	111	(80)	116
Maintenance expenses	(43)	260	(56)	247
Other	(57)	(149)	(24)	(131)

Sanlam Emerging Markets		Sanlam Investment Group		Santam	
2021	2020	2021	2020	2021	2020
–	–	3	113	1 257	(1 911)
(53)	(80)	212	75	–	–
4 765	(3 580)	2 923	(318)	–	–
3 096	3 051	1 873	2 203	–	–
(127)	(1 395)	192	(2 810)	–	–
(313)	(1 429)	–	–	–	–
35	85	192	(2 810)	–	–
106	(62)	–	–	–	–
45	11	–	–	–	–
1 042	(7 751)	745	(772)	–	–
53	(5 029)	–	–	–	–
15	(53)	745	(772)	–	–
994	(2 664)	–	–	–	–
(20)	(5)	–	–	–	–
(938)	1 444	(377)	691	–	–
1 692	1 071	490	370	–	–
4 712	(3 660)	3 138	(130)	1 257	(1 911)

Sanlam Emerging Markets		Sanlam Investment Group	
2021	2020	2021	2020
(127)	(1 395)	192	(2 810)
(313)	(1 429)	–	–
(111)	(206)	–	–
(133)	(1 829)	–	–
130	(252)	–	–
(380)	195	–	–
181	663	–	–
35	85	192	(2 810)
5	40	170	(1 962)
30	45	22	(848)
106	(62)	–	–
(111)	70	–	–
217	(132)	–	–
45	11	–	–
34	2	–	–
11	9	–	–
1 042	(7 751)	745	(772)
53	(5 029)	–	–
(756)	1 041	–	–
544	(1 689)	–	–
70	145	–	–
195	(4 526)	–	–
15	(53)	745	(772)
38	(69)	(104)	(268)
(23)	16	849	(504)
994	(2 664)	–	–
(153)	(2 972)	–	–
232	416	–	–
915	(108)	–	–
(20)	(5)	–	–
13	13	–	–
(33)	(18)	–	–

Discretionary and other capital

R million	Note	Total 2021	2020
Investment return and other[1]		(156)	(1 561)
Corporate expenses		(241)	(603)
Net group office expenses		(240)	(86)
Change in present value of holding company expenses	15	(1)	(517)
Share-based payment transactions		53	254
GEV earnings: discretionary and other capital		(344)	(1 910)

[1] Includes impairment of R145 million (December 2020: R1,7 billion) as described on page 114.

Reconciliation of Group Equity Value earnings

R million	2021	2020
Earnings (excluding fund transfers)	11 164	2 572
Normalised attributable earnings	9 860	(694)
Earnings recognised directly in equity		
Foreign currency translation differences	1 495	2 813
Net cost of treasury shares delivered	(415)	(578)
Share-based payments	468	474
Change in ownership of subsidiaries	(127)	595
Other comprehensive income	(117)	(38)
Fair value adjustments	5 493	(6 613)
Change in fair value adjustments: non-life	3 786	(5 157)
Earnings from covered business: VIF	1 707	(1 456)
Adjustments to net worth	551	167
Present value of holding company expenses	(1)	(517)
Movement in book value of treasury shares: non-life subsidiaries	(74)	(30)
Change in goodwill/VOBA less VIF acquired	626	714
Group Equity Value earnings	17 208	(3 874)

Analysis of Shareholders' Fund
Net Asset Value

at 31 December

R million	Note	Sanlam Life[1] 2021	Sanlam Life[1] 2020	Sanlam Emerging Markets[2] 2021	Sanlam Emerging Markets[2] 2020	Sanlam Investment Group 2021	Sanlam Investment Group 2020
Assets							
Equipment		454	445	660	610	59	90
Rights-of-use assets		366	420	204	205	258	311
Owner-occupied properties		453	477	1 906	1 999	125	123
Goodwill		718	725	12 399	11 875	1 171	1 960
Value of business acquired		533	766	3 947	4 526	238	837
Other intangible assets		15	23	444	548	232	159
Deferred acquisition costs		2 362	2 436	249	331	22	18
Investments		20 330	14 645	48 020	40 534	5 210	5 021
Properties		19	–	6 138	5 869	–	–
Associated companies	8.1	1 144	1 086	18 501	15 527	356	335
Joint ventures	8.2	976	796	–	–	47	42
Equities and similar securities		481	493	7 888	6 588	348	263
Interest-bearing investments		5 460	4 992	5 842	5 115	143	366
Structured transactions		162	160	5	111	–	–
Investment funds		9 059	6 453	7 570	6 131	3 972	3 481
Cash, deposits and similar securities		3 029	665	2 076	1 193	344	534
Deferred tax		1 195	529	761	1 204	206	207
Assets of disposal groups classified as held for sale		–	–	715	9	2 439	2 187
General insurance technical assets		–	–	3 685	4 089	–	–
Working capital assets		7 289	7 765	18 997	19 085	25 674	16 109
Trade and other receivables		1 334	1 266	12 417	12 161	21 717	12 155
Taxation		318	24	822	849	20	23
Cash, deposits and similar securities		5 637	6 475	5 758	6 075	3 937	3 931
Total assets		33 715	28 231	91 987	85 015	35 634	27 022
Equity and liabilities							
Shareholders' fund		18 044	19 473	37 410	34 345	10 291	10 934
Non-controlling interest		49	101	12 431	11 222	472	1 137
Total equity		18 093	19 574	49 841	45 567	10 763	12 071
Term finance		1 992	1 004	2 925	1 973	560	607
Lease liabilities		446	472	216	221	298	347
Structured transactions liabilities		220	183	–	–	49	57
Cell owners' interest		–	–	–	–	–	–
Deferred tax		107	732	3 346	3 218	117	107
Liabilities of disposal groups classified as held for sale		–	–	465	–	558	454
General insurance technical provisions		–	–	21 088	20 443	–	–
Working capital liabilities		12 857	6 266	14 106	13 593	23 289	13 379
Trade and other payables		11 973	6 218	13 100	12 614	22 789	12 729
Provisions		43	48	332	170	27	77
Taxation		841	–	674	809	473	573
Total equity and liabilities		33 715	28 231	91 987	85 015	35 634	27 022
Analysis of shareholders' fund							
Covered business		6 960	8 218	8 314	8 017	3 508	3 629
Other operations		2 277	2 163	27 636	25 079	5 841	6 393
Discretionary and other capital		8 807	9 092	1 460	1 249	942	912
Shareholders' fund at net asset value		18 044	19 473	37 410	34 345	10 291	10 934
Consolidation reserve		941	817	62	62	–	–
Shareholders' fund per Group statement of financial position on page 68		18 985	20 290	37 472	34 407	10 291	10 934

(1) Includes the operations of SA Retail Affluent, SA Retail Mass, Sanlam Corporate and discretionary capital held by Sanlam Life.
(2) Includes discretionary capital held by Sanlam Emerging Markets.
(3) Group Office and Other includes the assets of Genbel Securities and Sanlam Limited Corporate on a consolidated basis.
(4) Elimination of intercompany balances, other investments and term finance between companies within the Group.

Santam		Group office[3]		Consolidation entries[4]		Shareholders' fund at net asset value	
2021	2020	2021	2020	2021	2020	2021	2020
363	342	–	–	–	–	1 536	1 487
569	624	–	–	–	–	1 397	1 560
19	25	–	–	–	–	2 503	2 624
946	946	–	–	1 197	1 197	16 431	16 703
–	–	–	–	–	–	4 718	6 129
40	58	–	–	–	–	731	788
–	–	–	–	–	–	2 633	2 785
29 377	26 677	6 955	7 267	(5 519)	(5 719)	104 373	88 425
–	–	–	–	–	–	6 157	5 869
4 294	4 086	–	–	(4 196)	(4 079)	20 099	16 955
35	35	–	–	–	–	1 058	873
2 702	2 314	–	–	3 115	3 161	14 534	12 819
16 875	15 196	6 955	7 267	(4 558)	(4 922)	30 717	28 014
215	264	–	–	–	–	382	535
4 923	4 433	–	–	120	121	25 644	20 619
333	349	–	–	–	–	5 782	2 741
84	102	–	–	(33)	(23)	2 213	2 019
–	–	–	–	–	–	3 154	2 196
15 840	9 758	–	–	–	–	19 525	13 847
16 783	16 445	2 950	3 579	(2 562)	(1 773)	69 131	61 210
8 328	7 015	2 760	3 509	(2 754)	(2 153)	43 802	33 953
5	15	–	1	–	–	1 165	912
8 450	9 415	190	69	192	380	24 164	26 345
64 021	54 977	9 905	10 846	(6 917)	(6 318)	228 345	199 773
7 654	6 354	5 241	5 451	(2 712)	(5 089)	75 928	71 468
5 234	4 547	–	–	(4 724)	(4 507)	13 462	12 500
12 888	10 901	5 241	5 451	(7 436)	(9 596)	89 390	83 968
2 552	3 089	3 470	3 470	–	–	11 499	10 143
744	782	–	–	–	–	1 704	1 822
1	80	–	–	–	–	270	320
4 900	4 226	–	–	–	–	4 900	4 226
63	82	–	–	–	–	3 633	4 139
–	–	–	–	–	–	1 023	454
36 471	29 309	–	–	–	–	57 559	49 752
6 402	6 508	1 194	1 925	519	3 278	58 367	44 949
5 837	6 164	1 190	1 915	502	3 224	55 391	42 864
174	153	4	10	17	18	597	476
391	191	–	–	–	36	2 379	1 609
64 021	54 977	9 905	10 846	(6 917)	(6 318)	228 345	199 773
–	–	–	–	–	–	18 782	19 864
7 654	6 354	–	–	–	–	43 408	39 989
–	–	5 241	5 451	(2 712)	(5 089)	13 738	11 615
7 654	6 354	5 241	5 451	(2 712)	(5 089)	75 928	71 468
–	–	–	–	(7 552)	(7 635)	(6 549)	(6 756)
7 654	6 354	5 241	5 451	(10 264)	(12 724)	69 379	64 712

Shareholders' Fund
Income Statement

for the year ended 31 December

R million	Note	Sanlam Life and Savings					
		SA Retail Affluent[1]		SA Retail Mass		Sanlam Corporate	
		2021	2020	2021	2020	2021	2020
Financial services income		19 635	14 166	10 509	8 799	7 285	6 230
Sales remuneration	10	(2 463)	(2 144)	(1 645)	(1 605)	(80)	(80)
Income after sales remuneration		17 172	12 022	8 864	7 194	7 205	6 150
Underwriting policy benefits		(4 928)	(2 814)	(6 162)	(4 476)	(7 385)	(3 707)
Administration costs	11	(4 786)	(4 657)	(1 663)	(1 668)	(1 767)	(1 607)
Result from financial services before tax		7 458	4 551	1 039	1 050	(1 947)	836
Tax on result from financial services		(2 051)	(1 266)	(276)	(392)	556	(224)
Result from financial services after tax		5 407	3 285	763	658	(1 391)	612
Non-controlling interest		21	–	6	45	–	–
Net result from financial services		5 428	3 285	769	703	(1 391)	612
Net investment income		83	201	46	65	44	75
Investment income	12	92	240	52	76	45	80
Tax on investment income		(9)	(37)	(6)	(11)	(1)	(5)
Non-controlling interest		–	(2)	–	–	–	–
Net investment surpluses		111	(30)	54	(12)	57	(1)
Investment surpluses		149	(45)	75	(7)	77	(5)
Tax on investment surpluses		(38)	13	(21)	(5)	(20)	4
Non-controlling interest		–	2	–	–	–	–
Project expenses		(58)	(21)	–	(1)	(4)	(10)
Net operational earnings		5 564	3 435	869	755	(1 294)	676
Net amortisation of value of business acquired and other intangibles		(191)	(51)	(7)	(8)	(11)	(5)
Equity participation costs		–	–	–	–	–	–
Net non-operational equity-accounted earnings		–	–	–	–	(32)	(21)
Non-operational equity-accounted earnings		–	–	–	–	(32)	(21)
Tax on non-operational equity-accounted headline earnings		–	–	–	–	–	–
Non-controlling interest		–	–	–	–	–	–
Net profit on disposal of subsidiaries and associated companies		16	–	–	–	–	–
Profit on disposal of subsidiaries and associated companies		21	–	–	–	–	–
Tax on profit on disposal of subsidiaries and associated companies		(5)	–	–	–	–	–
Non-controlling interest		–	–	–	–	–	–
Impairments		(5)	–	–	(3)	(8)	(44)
Normalised attributable earnings		5 384	3 384	862	744	(1 345)	606
Fund transfers[2]		(9)	1	120	176	(11)	–
Attributable earnings per Group statement of comprehensive income[2]		5 375	3 385	982	920	(1 356)	606
Net profit on disposal of subsidiaries and associated companies		(16)	–	–	–	–	–
Expected credit losses included in impairments		–	–	–	–	–	–
Impairments		5	–	–	3	8	44
Net equity-accounted non-headline earnings		–	–	–	–	8	4
Headline earnings[2]		5 364	3 385	982	923	(1 340)	654
Diluted earnings per share							
Weighted average number of shares for operational earnings per share (million)	13						
Net result from financial services (cents)		244,0	147,5	34,6	31,6	(62,5)	27,5

[1] The release of discretionary reserves against excess risk claims experience is reported under SA Retail Affluent in the income statement but shown separately in the detailed information as reported in note 7.1.

[2] 2020 comparative information has been restated to correct a hyperinflation accounting error as reported in the Group's interim results announcement of 9 September 2021. Refer to note 36.1 on page 150 for additional information.

Sanlam Emerging Markets		Sanlam Investment Group		Santam		Group office and other		Total	
2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
27 370	25 335	7 558	7 133	27 549	25 673	(274)	(175)	99 632	87 161
(3 893)	(3 650)	(327)	(751)	(3 473)	(3 035)	–	–	(11 881)	(11 265)
23 477	21 685	7 231	6 382	24 076	22 638	(274)	(175)	87 751	75 896
(11 791)	(10 098)	–	–	(16 405)	(16 770)	–	–	(46 671)	(37 865)
(6 519)	(6 918)	(5 383)	(5 133)	(4 481)	(4 154)	(458)	(327)	(25 057)	(24 464)
5 167	4 669	1 848	1 249	3 190	1 714	(732)	(502)	16 023	13 567
(1 839)	(1 254)	(427)	(378)	(836)	(456)	229	137	(4 644)	(3 833)
3 328	3 415	1 421	871	2 354	1 258	(503)	(365)	11 379	9 734
(1 101)	(1 038)	(123)	(66)	(976)	(572)	263	279	(1 910)	(1 352)
2 227	2 377	1 298	805	1 378	686	(240)	(86)	9 469	8 382
186	244	76	99	96	211	235	186	766	1 081
400	473	78	120	230	455	175	97	1 072	1 541
(153)	(152)	–	(21)	(54)	(109)	27	39	(196)	(296)
(61)	(77)	(2)	–	(80)	(135)	33	50	(110)	(164)
(56)	(674)	280	(6)	180	(118)	(82)	31	544	(810)
(159)	(720)	365	7	397	(246)	(31)	22	873	(994)
45	11	(85)	(11)	(102)	48	(10)	4	(231)	64
58	35	–	(2)	(115)	80	(41)	5	(98)	120
(189)	(178)	(100)	(41)	(28)	(40)	(112)	(13)	(491)	(304)
2 168	1 769	1 554	857	1 626	739	(199)	118	10 288	8 349
(394)	(353)	(97)	(254)	(38)	(28)	–	–	(738)	(699)
–	–	–	–	(1)	(1)	–	–	(1)	(1)
3	1	–	–	45	30	–	–	16	10
8	3	–	–	73	49	–	–	49	31
(2)	(1)	–	–	–	–	–	–	(2)	(1)
(3)	(1)	–	–	(28)	(19)	–	–	(31)	(20)
10	285	206	–	(3)	–	–	–	229	285
10	288	206	–	(4)	–	–	–	233	288
–	–	–	–	–	–	–	–	(5)	–
–	(3)	–	–	1	–	–	–	1	(3)
616	(6 370)	(386)	(100)	(6)	(448)	(145)	(1 673)	66	(8 638)
2 403	(4 668)	1 277	503	1 623	292	(344)	(1 555)	9 860	(694)
(13)	(873)	(2)	(23)	1	(55)	(473)	2 186	(387)	1 412
2 390	(5 541)	1 275	480	1 624	237	(817)	631	9 473	718
(10)	(285)	(206)	–	3	–	–	–	(229)	(285)
–	(279)	–	–	–	(19)	–	–	–	(298)
(616)	6 370	386	100	6	448	–	–	(211)	6 965
–	–	–	–	–	–	–	–	8	4
1 764	265	1 455	580	1 633	666	(817)	631	9 041	7 104
								2 224,0	2 226,7
100,1	106,7	58,4	36,2	62,0	30,8	(10,8)	(3,8)	425,8	376,4

Net Result from **Financial Services**

for the year ended 31 December

Analysis by line of business

R million	Life Business 2021	Life Business 2020	General Insurance 2021	General Insurance 2020
Southern Africa	4 674	4 733	1 598	804
South Africa	4 453	4 303	1 230	519
Other	221	430	368	285
North and West Africa	246	130	619	610
East Africa	8	37	(3)	9
Other International	1	114	324	497
Emerging Markets	3	92	324	497
Developed Markets	(2)	22	–	–
Total	4 929	5 014	2 538	1 920

Investment Management		Credit and Structuring		Administration, Health Management and Other		Total	
2021	2020	2021	2020	2021	2020	2021	2020
503	535	738	305	(347)	(98)	7 166	6 279
446	495	497	118	108	228	6 734	5 663
57	40	241	187	(455)	(326)	432	616
(2)	-	-	(21)	44	(128)	907	591
13	14	-	-	(15)	(17)	3	43
361	152	654	642	53	64	1 393	1 469
(1)	(1)	654	642	53	64	1 033	1 294
362	153	-	-	-	-	360	175
875	701	1 392	926	(265)	(179)	9 469	8 382

Notes to the Shareholders' Fund Information

for the year ended 31 December

1 Value of new covered business

R million	Note	Total 2021	Total 2020
Value of new covered business (at point of sale)			
Gross value of new covered business		3 416	2 507
Cost of capital		(339)	(305)
Value of new covered business		3 077	2 202
Value of new business attributable to			
Shareholders' fund	3	2 764	1 921
Non-controlling interest		313	281
Value of new covered business		3 077	2 202
Analysis of new business profitability			
Before non-controlling interest			
Present value of new business premiums		102 285	80 239
New business margin		3,01%	2,74%
After non-controlling interest			
Present value of new business premiums		96 182	74 591
New business margin		2,87%	2,58%
Capitalisation factor – recurring premiums		3,8	3,8

(1) The full yield curve was used to calculate the 2021 VNB of Retail Affluent's core individual risk product (Matrix), in order to ensure a better reflection of the economic value added given the large changes in the yield curve over the year. The impact of the change on the 2021 group VNB is not material.

	Sanlam Life and Savings									
	SA Retail Affluent		SA Retail Mass		Corporate		Sanlam Emerging Markets		Sanlam Investment Group	
	2021[1]	2020	2021	2020	2021	2020	2021	2020	2021	2020
	1 312	1 165	863	524	272	138	961	672	8	8
	(90)	(83)	(39)	(7)	(50)	(44)	(152)	(163)	(8)	(8)
	1 222	1 082	824	517	222	94	809	509	-	-
	1 192	1 032	821	512	222	94	529	283	-	-
	30	50	3	5	-	-	280	226	-	-
	1 222	1 082	824	517	222	94	809	509	-	-
	55 437	44 044	11 705	7 844	12 965	9 047	18 502	15 836	3 676	3 468
	2,20%	2,46%	7,04%	6,59%	1,71%	1,04%	4,37%	3,21%	0,00%	0,00%
	54 675	43 112	11 668	7 788	12 965	9 047	13 198	11 176	3 676	3 468
	2,18%	2,39%	7,04%	6,57%	1,71%	1,04%	4,01%	2,53%	0,00%	0,00%
	5,9	6,0	3,1	3,2	6,4	6,1	2,8	2,8	4,3	4,3

1 Value of new covered business (continued)

Geographical analysis

R million	Value of new covered business 2021	Value of new covered business 2020	Present value of new business premiums 2021	Present value of new business premiums 2020	New business margin 2021	New business margin 2020
Before non-controlling interest						
Southern Africa	2 733	2 073	87 604	67 276	3,12%	3,08%
South Africa	2 268	1 693	80 107	60 935	2,83%	2,78%
SA Retail Affluent	1 222	1 082	55 437	44 044	2,20%	2,46%
SA Retail Mass	824	517	11 705	7 844	7,04%	6,59%
Sanlam Corporate	222	94	12 965	9 047	1,71%	1,04%
Other Southern Africa	465	380	7 497	6 341	6,20%	5,99%
North and West Africa	155	16	4 527	3 464	3,42%	0,46%
East Africa	3	26	1 680	1 532	0,18%	1,70%
Other International	186	87	8 474	7 967	2,19%	1,09%
Total	3 077	2 202	102 285	80 239	3,01%	2,74%
After non-controlling interest						
Southern Africa	2 524	1 866	84 410	64 221	2,99%	2,91%
South Africa	2 235	1 638	79 308	59 947	2,82%	2,73%
SA Retail Affluent	1 192	1 032	54 675	43 112	2,18%	2,39%
SA Retail Mass	821	512	11 668	7 788	7,04%	6,57%
Sanlam Corporate	222	94	12 965	9 047	1,71%	1,04%
Other Southern Africa	289	228	5 102	4 274	5,66%	5,33%
North and West Africa	124	1	3 660	2 774	3,39%	0,04%
East Africa	(6)	16	1 088	998	(0,55%)	1,60%
Other International	122	38	7 024	6 598	1,74%	0,58%
Total	2 764	1 921	96 182	74 591	2,87%	2,58%

2 Value of in-force covered business sensitivity analysis

R million	Gross value of in-force business 2021	Gross value of in-force business 2020	Cost of capital 2021	Cost of capital 2020	Net value of in-force business 2021	Net value of in-force business 2020	Change from base value (%) 2021	Change from base value (%) 2020
Base value	49 427	47 887	(3 523)	(3 675)	45 904	44 212		
Risk discount rate increase by 1%	47 000	45 186	(3 951)	(4 147)	43 049	41 039	(6)	(7)
Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	50 647	48 971	(3 613)	(3 740)	47 034	45 231	2	2
Equity and property values decrease by 10%, without a corresponding change in dividend and rental yields	48 150	46 650	(3 492)	(3 624)	44 658	43 026	(3)	(3)
Expected return on equity and property investments increase by 1%, without a corresponding change in discount rates	50 078	48 577	(3 162)	(3 276)	46 916	45 301	2	2
Rand exchange rate depreciates by 10%	49 733	48 269	(3 605)	(3 769)	46 128	44 500	–	1
Expenses and persistency								
Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	51 450	49 901	(3 531)	(3 680)	47 919	46 221	4	5
Discontinuance rates decrease by 10%	51 170	49 712	(3 603)	(3 777)	47 567	45 935	4	4
Insurance risk								
Mortality and morbidity decrease by 5% for life assurance business	52 230	50 237	(3 516)	(3 673)	48 714	46 564	6	5
Mortality and morbidity decrease by 5% for annuity business	49 232	47 600	(3 535)	(3 683)	45 697	43 917	–	(1)
Gross value of in-force business profile								
Year 1 – 5	58%	53%						
Year 1	18%	15%						
Year 2	13%	12%						
Year 3	11%	10%						
Year 4	9%	9%						
Year 5	7%	7%						
Year 6 – 10	23%	25%						
Year 11 – 20	16%	18%						
Year 20+	3%	4%						

3 Value of new covered business sensitivity analysis

R million	Gross value of new business 2021	Gross value of new business 2020	Cost of capital 2021	Cost of capital 2020	Net value of new business 2021	Net value of new business 2020	Change from base value (%) 2021	Change from base value (%) 2020
Base value	3 046	2 168	(282)	(247)	2 764	1 921		
Risk discount rate increase by 1%	2 751	1 918	(319)	(278)	2 432	1 640	(12)	(15)
Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	3 230	2 312	(293)	(256)	2 937	2 056	6	7
Expenses and persistency								
Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	3 297	2 351	(291)	(271)	3 006	2 080	9	8
Acquisition expenses (excluding commission and commission related expenses) decrease by 10%	3 285	2 403	(292)	(253)	2 993	2 150	8	12
Discontinuance rates decrease by 10%	3 361	2 456	(302)	(269)	3 059	2 187	11	14
Insurance risk								
Mortality and morbidity decrease by 5% for life assurance business	3 408	2 393	(290)	(253)	3 118	2 140	13	11
Mortality and morbidity decrease by 5% for annuity business	3 005	2 154	(291)	(254)	2 714	1 900	(2)	(1)

4 Economic assumptions – covered business

4.1 Gross investment return, risk discount rate and inflation

%	2021	2020
Sanlam Life[1]		
Point used on the relevant yield curve	9 year	9 year
Fixed-interest securities	10,3%	9,6%
Equities	13,8%	13,1%
Offshore investments	12,8%	12,1%
Hedged equity	9,3%	8,6%
Property	11,3%	10,6%
Cash	9,3%	8,6%
Inflation rate[1]	8,3%	7,6%
Risk discount rate	12,8%	12,1%
[1] Expense inflation of 11,8% (2020: 11,6%) assumed for retail business administered on old platforms.		
Sanlam Developing Markets[1]		
Point used on the relevant yield curve	5 year	5 year
Fixed-interest securities	8,1%	6,7%
Equities and offshore investments	11,6%	10,2%
Hedged equities	7,1%	5,7%
Property	9,1%	7,7%
Cash	7,1%	5,7%
Inflation rate	6,1%	4,7%
Risk discount rate	10,6%	9,2%
[1] Excludes the Sanlam Life products written on the SDM licence.		
Botswana Life Insurance		
Point used on the relevant yield curve	n/a	n/a
Fixed-interest securities	6,8%	7,5%
Equities and offshore investments	10,3%	11,0%
Hedged equities	n/a	n/a
Property	7,8%	8,5%
Cash	5,8%	6,5%
Inflation rate	3,8%	4,5%
Risk discount rate	10,3%	11,0%
Saham Assurance Maroc		
Point used on the relevant yield curve	n/a	n/a
Fixed-interest securities	2,3%	2,4%
Equities and offshore investments	5,8%	5,9%
Hedged equities	n/a	n/a
Property	3,3%	3,4%
Cash	1,3%	1,4%
Inflation rate	0,0%	0,0%
Risk discount rate	6,3%	6,4%
Sanlam Investments and Pensions		
Point used on the relevant yield curve	15 year	15 year
Fixed-interest securities	1,2%	0,5%
Equities and offshore investments	4,4%	3,8%
Hedged equities	n/a	n/a
Property	4,4%	3,8%
Cash	1,2%	0,5%
Inflation rate	3,5%	2,9%
Risk discount rate	4,9%	4,3%

4 Economic assumptions – covered business (continued)

Illiquidity premiums

Investment returns on non-participating and inflation-linked annuities, as well as guarantee plans include assumed illiquidity premiums due to matching assets being held to maturity.

Assumed illiquidity premiums for 2021 and 2020 generally range between 25bps and 70bps for non-participating annuities, between 25bps and 75bps for inflation-linked annuities and capped at 120bps (2020: 120bps) reflecting both illiquidity premiums and credit risk premium for guarantee plans.

4.2 Asset mix of the assets supporting adjusted net asset value – covered business

	R million		Fixed-interest securities		Equities	
%	2021	2020	2021	2020	2021	2020
Required capital						
South Africa[1]	8 660	9 447	–	–	3	2
Namibia	522	517	6	6	36	36
Botswana Life	387	372	–	–	–	–
Saham	1 111	986	95	95	5	5
Sanlam Life insurance (Kenya)	100	96	85	85	–	–
Other African operations	1 131	946	74	74	3	3
Shriram Life Insurance (India)	416	308	90	85	10	10
MCIS (Malaysia)	619	490	68	69	17	18
Sanlam Investments and Pensions (UK)	620	612	80	80	–	–
Total required capital	13 566	13 774				
Free Surplus	1 107	1 340				
Adjusted net asset value	14 673	15 114				

[1] The 31 December 2021 asset mix backing the Sanlam Life required capital is 98% hedged (31 December 2020: 94%).

4.3 Assumed long-term expected return on required capital

	Gross		Net	
%	2021	2020	2021	2020
Sanlam Life	9,3%	8,6%	7,8%	7,2%
Sanlam Developing Markets	8,0%	6,6%	6,7%	5,1%
Sanlam Namibia	11,3%	10,6%	10,2%	9,5%
Sanlam Namibia Holdings	9,4%	8,0%	8,2%	7,0%
Botswana Life Insurance	6,8%	7,5%	5,1%	5,6%
Saham Assurance Maroc	2,3%	2,4%	2,3%	2,4%
Sanlam Life insurance (Kenya)	11,9%	10,8%	8,3%	7,6%
Shriram Life Insurance (India)	7,3%	7,1%	6,2%	6,1%
MCIS (Malaysia)	4,4%	3,4%	4,1%	3,1%
Sanlam Investments and Pensions (UK)	1,6%	0,9%	1,2%	0,8%

Hedged Equities		Property		Cash		Total	
2021	2020	2021	2020	2021	2020	2021	2020
91	93	–	–	6	5	100	100
–	–	–	–	58	58	100	100
–	–	50	50	50	50	100	100
–	–	–	–	–	–	100	100
–	–	–	–	15	15	100	100
–	–	3	3	20	20	100	100
–	–	–	–	–	5	100	100
–	–	–	–	15	13	100	100
–	–	–	–	20	20	100	100

5 Value of non-covered operations sensitivity analysis

5.1 Valuation methodology

R million	Total 2021	Total 2020
Listed share price	18 241	18 688
Santam	18 241	17 277
Sanlam Investment Group: Nucleus[1]	–	1 411
Discounted cash flows	53 091	45 346
Sanlam Life and Savings	5 222	4 681
Glacier	2 736	2 553
Sanlam Personal Loans	1 248	1 119
Sanlam Corporate: Health	903	646
Other operations	335	363
Sanlam Emerging Markets	32 325	27 700
Saham	17 474	15 827
India	11 749	8 954
Letshego	1 108	937
Capricorn Investment Holdings	926	825
Other operations	1 068	1 157
Sanlam Investment Group	15 544	12 965
Sanlam Investments	3 114	2 862
Wealth Management	3 273	2 588
International	7 977	6 458
Sanlam Specialised Finance	1 180	1 057
Net asset value	428	521
Sanlam Investment Group	1 425	1 536
Sanlam Investments	95	87
International	940	1 059
Sanlam Specialised Finance	390	390
Sanlam Emerging Markets	(997)	(1 015)
Total	71 760	64 555

[1] Sanlam disposed of its stake in Nucleus in August 2021.

5.2 Sensitivity analysis: businesses valued at discounted cash flows

R million	Base value 2021	Base value 2020	Risk discount rate +1% 2021	Risk discount rate +1% 2020	Perpetuity growth rate +1% 2021	Perpetuity growth rate +1% 2020
Sanlam Life and Savings	5 222	4 681	4 800	4 291	5 397	4 855
Glacier	2 736	2 553	2 496	2 324	2 844	2 662
Sanlam Personal Loans	1 248	1 119	1 165	1 036	1 275	1 150
Sanlam Corporate: Health	903	646	828	594	934	669
Other operations	335	363	311	337	344	374
Sanlam Emerging Markets	32 325	27 700	27 867	24 218	36 479	30 561
Saham	17 474	15 827	15 281	14 155	19 503	17 005
India	11 749	8 954	9 922	7 575	13 620	10 380
Letshego	1 108	937	956	807	1 221	1 034
Capricorn Investment Holdings	926	825	835	738	980	877
Other operations	1 068	1 157	873	943	1 155	1 265
Sanlam Investment Group	15 544	12 965	14 038	11 352	16 507	14 019
Sanlam Investments[1]	3 114	2 862	2 802	2 566	3 258	3 007
Wealth Management	3 273	2 588	3 005	2 356	3 400	2 709
International	7 977	6 458	7 139	5 454	8 630	7 210
Sanlam Specialised Finance	1 180	1 057	1 092	976	1 219	1 093
	53 091	45 346	46 705	39 861	58 383	49 435
Weighted average assumption			14,5%	14,7%	2–7%	2–6%

[1] Includes third party asset management business based on the following main assumptions:
- Weighted average discount rate: 17,8% (2020: 16,9%)
- Weighted average perpetuity growth rate: 5,0% (2020: 5,0%)

R million	Equities and properties -10% 2021	Equities and properties -10% 2020	Risk discount rate -1% 2021	Risk discount rate -1% 2020	Rand exchange rate depreciation +10% 2021	Rand exchange rate depreciation +10% 2020
Sanlam Life and Savings	4 977	4 467	5 712	5 142	5 222	4 681
Glacier	2 491	2 339	3 017	2 825	2 736	2 553
Sanlam Personal Loans	1 248	1 119	1 342	1 215	1 248	1 119
Sanlam Corporate: Health	903	646	990	708	903	646
Other operations	335	363	363	394	335	363
Sanlam Emerging Markets	32 325	27 700	38 873	32 755	35 446	30 368
Saham	17 474	15 827	20 760	18 286	19 221	17 410
India	11 749	8 954	14 477	11 009	12 924	9 848
Letshego	1 108	937	1 308	1 108	1 219	1 031
Capricorn Investment Holdings	926	825	1 038	932	926	825
Other operations	1 068	1 157	1 290	1 420	1 156	1 254
Sanlam Investment Group	13 825	11 713	17 482	15 042	16 078	13 640
Sanlam Investments[1]	2 711	2 556	3 487	3 219	3 137	2 879
Wealth Management	2 911	2 278	3 591	2 867	3 286	2 601
International	7 109	5 905	9 119	7 803	8 475	7 103
Sanlam Specialised Finance	1 094	974	1 285	1 153	1 180	1 057
	51 127	43 880	62 067	52 939	56 746	48 689

6 Business volumes

6.1 Analysis of new business and total funds received

	Life business[1]		General insurance		Investment business[2]		Total	
R million	2021	2020	2021	2020	2021	2020	2021	2020
Sanlam Life and Savings	57 337	43 517	–	–	51 415	34 330	108 752	77 847
SA Retail Affluent	45 252	34 459	–	–	45 725	30 982	90 977	65 441
Recurring	2 069	1 906	–	–	14	15	2 083	1 921
Single	43 183	32 553	–	–	45 711	30 967	88 894	63 520
SA Retail Mass	3 850	2 558	–	–	–	–	3 850	2 558
Sanlam Corporate	8 235	6 500	–	–	5 690	3 348	13 925	9 848
Recurring	883	504	–	–	7	108	890	612
Single	7 352	5 996	–	–	5 683	3 240	13 035	9 236
Sanlam Emerging Markets	10 871	9 241	15 639	16 479	22 289	21 178	48 799	46 898
Southern Africa	4 978	4 268	1 769	1 091	15 137	15 481	21 884	20 840
Recurring	1 083	852	1 769	1 091	–	–	2 852	1 943
Single	3 895	3 416	–	–	15 137	15 481	19 032	18 897
North and West Africa	2 771	2 524	11 055	11 696	–	–	13 826	14 220
Recurring	1 664	1 419	11 055	11 696	–	–	12 719	13 115
Single	1 107	1 105	–	–	–	–	1 107	1 105
East Africa	1 293	1 126	875	905	7 152	5 697	9 320	7 728
Recurring	380	338	875	905	–	–	1 255	1 243
Single	913	788	–	–	7 152	5 697	8 065	6 485
Other International	1 829	1 323	1 940	2 787	–	–	3 769	4 110
Recurring	1 169	1 005	1 940	2 787	–	–	3 109	3 792
Single	660	318	–	–	–	–	660	318
Sanlam Investment Group	3 539	3 353	–	–	168 213	158 117	171 752	161 470
Investment Management SA	–	–	–	–	120 156	120 006	120 156	120 006
Wealth Management	–	–	–	–	9 795	10 403	9 795	10 403
International	3 539	3 353	–	–	38 262	27 708	41 801	31 061
Recurring	43	35	–	–	2	1	45	36
Single	3 496	3 318	–	–	38 260	27 707	41 756	31 025
Santam	–	–	26 583	24 660	–	–	26 583	24 660
Total new business	71 747	56 111	42 222	41 139	241 917	213 625	355 886	310 875

[1] Life business relates to business written under a life licence that is included in the calculation of embedded value of covered business.

[2] Includes life licence and investment business. Life licence business relates to investment products provided by means of a policy where there is very little or no insurance risk which is excluded from the calculation of embedded value of covered business.

6.1 Analysis of new business and total funds received (continued)

R million	Life business[1] 2021	Life business[1] 2020	General insurance 2021	General insurance 2020	Investment business[2] 2021	Investment business[2] 2020	Total 2021	Total 2020
Total new business	71 747	56 111	42 222	41 139	241 917	213 625	355 886	310 875
Recurring premiums on existing business:								
Sanlam Life and Savings	31 418	30 285	–	–	4 415	3 982	35 833	34 267
SA Retail Affluent	15 490	15 090	–	–	142	139	15 632	15 229
SA Retail Mass	7 809	7 709	–	–	–	–	7 809	7 709
Sanlam Corporate	8 119	7 486	–	–	4 273	3 843	12 392	11 329
Sanlam Emerging Markets	8 313	8 453	–	–	597	2 278	8 910	10 731
Southern Africa	3 551	3 616	–	–	–	–	3 551	3 616
North and West Africa	1 578	1 382	–	–	–	–	1 578	1 382
East Africa	652	659	–	–	597	2 278	1 249	2 937
Other International	2 532	2 796	–	–	–	–	2 532	2 796
Sanlam Investment Group	375	365	–	–	27	41	402	406
Total funds received	111 853	95 214	42 222	41 139	246 956	219 926	401 031	356 279

6 Business volumes (continued)

6.2 Analysis of payments to clients

R million	Life business[1] 2021	Life business[1] 2020	General insurance 2021	General insurance 2020	Investment business[2] 2021	Investment business[2] 2020	Total 2021	Total 2020
Sanlam Life and Savings	79 680	64 438	–	–	49 648	36 325	129 328	100 763
SA Retail Affluent	53 828	45 858	–	–	37 351	28 167	91 179	74 025
Surrenders	8 952	8 057	–	–	–	–	8 952	8 057
Other	44 876	37 801	–	–	37 351	28 167	82 227	65 968
SA Retail Mass	7 562	5 905	–	–	–	–	7 562	5 905
Surrenders	467	586	–	–	–	–	467	586
Other	7 095	5 319	–	–	–	–	7 095	5 319
Sanlam Corporate	18 290	12 675	–	–	12 297	8 158	30 587	20 833
Surrenders	2 945	2 659	–	–	1 149	1 129	4 094	3 788
Other	15 345	10 016	–	–	11 148	7 029	26 493	17 045
Sanlam Emerging Markets	13 752	11 327	9 862	9 904	14 255	15 206	37 869	36 437
Southern Africa	7 240	5 133	741	384	11 571	11 123	19 552	16 640
Surrenders	800	755	–	–	–	–	800	755
Other	6 440	4 378	741	384	11 571	11 123	18 752	15 885
North and West Africa	2 745	2 109	7 115	7 257	–	–	9 860	9 366
Surrenders	1 593	1 167	–	–	–	–	1 593	1 167
Other	1 152	942	7 115	7 257	–	–	8 267	8 199
East Africa	1 101	1 051	531	487	2 684	4 083	4 316	5 621
Surrenders	162	173	–	–	–		162	173
Other	939	878	531	487	2 684	4 083	4 154	5 448
Other International	2 666	3 034	1 475	1 776	–	–	4 141	4 810
Surrenders	569	795	–	–	–	–	569	795
Other	2 097	2 239	1 475	1 776	–	–	3 572	4 015
Sanlam Investment Group	5 725	4 836	–	–	133 382	135 910	139 107	140 746
Investment Management SA	–	–	–	–	93 804	109 647	93 804	109 647
Wealth Management	–	–	–	–	7 933	7 648	7 933	7 648
International	5 725	4 836	–	–	31 645	18 615	37 370	23 451
Santam	–	–	16 405	16 770	–	–	16 405	16 770
Total payments to clients	99 157	80 601	26 267	26 674	197 285	187 441	322 709	294 716

[1] Life business relates to business written under a life licence that is included in the calculation of embedded value of covered business.
[2] Includes life licence and investment business. Life licence business relates to investment products provided by means of a policy where there is very little or no insurance risk which is excluded from the calculation of embedded value of covered business.

6.3 Analysis of net inflow/(outflow) of funds

R million	Life business[1] 2021	Life business[1] 2020	General insurance 2021	General insurance 2020	Investment business[2] 2021	Investment business[2] 2020	Total 2021	Total 2020
Sanlam Life and Savings	9 075	9 364	–	–	6 182	1 987	15 257	11 351
SA Retail Affluent	6 914	3 691	–	–	8 516	2 954	15 430	6 645
SA Retail Mass	4 097	4 362	–	–	–	–	4 097	4 362
Sanlam Corporate	(1 936)	1 311	–	–	(2 334)	(967)	(4 270)	344
Sanlam Emerging Markets	5 432	6 367	5 777	6 575	8 631	8 250	19 840	21 192
Southern Africa	1 289	2 751	1 028	707	3 566	4 358	5 883	7 816
North and West Africa	1 604	1 797	3 940	4 439	–	–	5 544	6 236
East Africa	844	734	344	418	5 065	3 892	6 253	5 044
Other International	1 695	1 085	465	1 011	–	–	2 160	2 096
Sanlam Investment Group	(1 811)	(1 118)	–	–	34 858	22 248	33 047	21 130
Investment Management SA	–	–	–	–	26 352	10 359	26 352	10 359
Wealth Management	–	–	–	–	1 862	2 755	1 862	2 755
International	(1 811)	(1 118)	–	–	6 644	9 134	4 833	8 016
Santam	–	–	10 178	7 890	–	–	10 178	7 890
Total net fund inflows	12 696	14 613	15 955	14 465	49 671	32 485	78 322	61 563

7 Cluster Information

7.1 Sanlam Life and Savings

7.1.1 Analysis of earnings

R million	Life Business 2021	Life Business 2020	Credit and Structuring 2021	Credit and Structuring 2020	Administration, Health Management and Other 2021	Administration, Health Management and Other 2020	Total 2021	Total 2020
Net result from financial services	4 279	4 287	179	(1)	348	314	4 806	4 600
SA Retail Affluent	2 011	2 742	179	(1)	191	190	2 381	2 931
Recurring premium business	950	1 712	–	–	(2)	7	948	1 719
Glacier	1 029	970	–	–	169	152	1 198	1 122
Other	32	60	179	(1)	24	31	235	90
SA Retail Mass	769	703	–	–	–	–	769	703
Sanlam Corporate	(1 548)	488	–	–	157	124	(1 391)	612
Reserve release	3 047	354	–	–	–	–	3 047	354
Net investment return	385	219	–	–	10	79	395	298
Net other earnings	(277)	(122)	–	–	(23)	(42)	(300)	(164)
Normalised attributable earnings	4 387	4 384	179	(1)	335	351	4 901	4 734

7 Cluster Information (continued)

7.1 Sanlam Life and Savings (continued)

7.1.2 Analysis of change in GEV – covered business

	Total		Value of in-force		Cost of capital		Net asset value	
R million	2021	2020	2021	2020	2021	2020	2021	2020
Operational earnings	6 737	4 982	2 577	328	246	(43)	3 914	4 697
Value of new life insurance business	2 235	1 638	4 833	3 986	(169)	(125)	(2 429)	(2 223)
Unwinding of discount rate	4 818	4 828	4 726	4 731	92	97	–	–
Expected profit	–	–	(6 579)	(6 591)	–	–	6 579	6 591
Operating experience variances	(2 269)	322	130	231	(21)	(7)	(2 378)	98
Risk experience	(3 560)	(203)	(200)	(64)	5	7	(3 365)	(146)
Persistency	742	140	890	289	(22)	7	(126)	(156)
Maintenance expenses	131	110	–	–	–	–	131	110
Working capital management	318	391	–	–	–	–	318	391
Credit spread	113	103	–	–	–	–	113	103
Other	(13)	(219)	(560)	6	(4)	(21)	551	(204)
Operating assumption changes	1 953	(1 806)	(533)	(2 029)	344	(8)	2 142	231
Risk experience	(764)	306	(2 019)	(292)	18	(5)	1 237	603
Persistency	1 626	(1 764)	1 796	(1 458)	(47)	(1)	(123)	(305)
Maintenance expenses	35	(148)	111	(136)	(1)	(3)	(75)	(9)
Modelling changes and other	1 056	(200)	(421)	(143)	374	1	1 103	(58)
Net investment return	385	219	–	–	–	–	385	219
Expected return on adjusted net asset value	480	490	–	–	–	–	480	490
Investment variances on adjusted net asset value	(95)	(271)	–	–	–	–	(95)	(271)
Valuation and economic basis	(103)	(1 160)	(385)	(801)	(83)	51	365	(410)
Investment variances on in-force business	1 159	(1 509)	946	(1 165)	(70)	23	283	(367)
Economic assumption changes	(1 262)	349	(1 331)	364	(13)	28	82	(43)
Investment yields	(1 261)	349	(1 331)	364	(12)	28	82	(43)
Long-term asset mix assumptions and other	(1)	–	–	–	(1)	–	–	–
Foreign currency translation differences	–	–	–	–	–	–	–	–
Revaluation of business held for sale	–	–	–	–	–	–	–	–
Goodwill and VOBA from business combinations	(61)	(9)	–	(9)	–	–	(61)	–
GEV earnings: covered business	6 958	4 032	2 192	(482)	163	8	4 603	4 506
Acquired value of in-force	96	16	29	15	(6)	–	73	1
Transfers from/(to) non-covered Group business	(1 200)	–	–	–	–	–	(1 200)	–
Transfers from covered business	(4 514)	(4 757)	–	–	–	–	(4 514)	(4 757)
Embedded value of covered business at the beginning of the period	47 597	48 306	42 476	42 943	(1 857)	(1 865)	6 978	7 228
Embedded value of covered business at the end of the period	48 937	47 597	44 697	42 476	(1 700)	(1 857)	5 940	6 978

7.1.3 Assets under management

	SA Retail Affluent									
	Recurring premium business		Glacier		SA Retail Mass		Sanlam Corporate		Total	
R million	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Life business	176 529	154 613	253 490	215 877	5 630	5 329	127 385	111 563	563 034	487 382
Investment operations	1 859	1 728	194 189	158 977	–	–	–	–	196 048	160 705
Total assets under management	178 388	156 341	447 679	374 854	5 630	5 329	127 385	111 563	759 082	648 087

Credit business

	Gross size of loan book		Interest margin		Bad debt ratio		Administration cost as % of net interest	
R million	2021	2020	2021	2020	2021	2020	2021	2020
Sanlam Personal Loans	5 173	5 605	15,5%	15,9%	4,3%	12,4%	35,5%	27,6%

7 Cluster Information (continued)

7.2 Sanlam Emerging Markets

7.2.1 Analysis of net result from financial services

R million	Life Business 2021	Life Business 2020	General Insurance 2021	General Insurance 2020
SPA Life	875	1 088	–	–
SPA GI	–	–	2 287	1 460
Other International	64	173	480	776
Corporate costs	–	–	–	–
Gross result from financial services	939	1 261	2 767	2 236
Tax on result from financial services	(257)	(260)	(902)	(474)
Non-controlling interests	(204)	(312)	(705)	(528)
Net result from financial services	478	689	1 160	1 234
SPA Life	475	597	–	–
SPA GI	–	–	918	847
Other International	3	92	242	387
Corporate costs	–	–	–	–
Saham[1]	78	(81)	875	808
Other	400	770	285	426
Net result from financial services	478	689	1 160	1 234

[1] Earnings exclude cost allocation.

7.2.2 Analysis of General insurance and reinsurance gross result from financial services

R million	Gross written premiums 2021	Gross written premiums 2020	Net earned premiums[1] 2021	Net earned premiums[1] 2020
SPA GI	21 123	20 011	13 699	13 645
Southern Africa	3 905	3 485	1 794	1 691
North and West Africa	15 775	14 953	11 055	11 058
East Africa	1 443	1 573	850	896
Other International	2 149	3 181	1 945	2 785
Total General insurance and reinsurance	23 272	23 192	15 644	16 430
Saham	18 202	17 853	12 206	12 577
Other	5 070	5 339	3 438	3 853
Total General insurance and reinsurance	23 272	23 192	15 644	16 430

[1] Net earned premiums consists of General insurance, Reinsurance and Health business before consolidation.

Investment Management		Credit and Structuring		Corporate and Other		Total	
2021	2020	2021	2020	2021	2020	2021	2020
183	160	591	447	116	117	1 765	1 812
–	–	–	–	(253)	(189)	2 034	1 271
(1)	(1)	875	876	153	141	1 571	1 965
–	–	–	–	(203)	(379)	(203)	(379)
182	159	1 466	1 323	(187)	(310)	5 167	4 669
(52)	(49)	(445)	(414)	(183)	(57)	(1 839)	(1 254)
(63)	(57)	(126)	(101)	(3)	(40)	(1 101)	(1 038)
67	53	895	808	(373)	(407)	2 227	2 377
68	54	241	166	11	6	795	823
–	–	–	–	(236)	(151)	682	696
(1)	(1)	654	642	53	64	951	1 184
–	–	–	–	(201)	(326)	(201)	(326)
–	–	–	–	(365)	(333)	588	394
67	53	895	808	(8)	(74)	1 639	1 983
67	53	895	808	(373)	(407)	2 227	2 377

Claims ratio (%)		Underwriting margin (%)		Investment return on insurance funds (%)		Net insurance result (%)	
2021	2020	2021	2020	2021	2020	2021	2020
61,1	59,6	4,4	6,1	11,9	2,9	16,3	9,0
43,3	49,8	17,9	13,2	2,6	3,6	20,5	16,8
63,9	61,7	3,8	6,0	14,5	2,7	18,3	8,7
61,8	54,5	(14,3)	(5,4)	(1,5)	4,8	(15,8)	(0,6)
76,1	63,9	(5,1)	7,4	29,9	21,7	24,8	29,1
63,0	60,3	3,2	6,3	14,2	6,1	17,4	12,4
62,1	60,2	5,8	7,3	13,5	3,0	19,3	10,3
65,9	60,8	(5,4)	3,6	16,7	16,5	11,3	20,1
63,0	60,3	3,2	6,3	14,2	6,1	17,4	12,4

7 Cluster Information (continued)

7.2 Sanlam Emerging Markets (continued)

7.2.3 Analysis of insurance funds

	R million	
	2021	2020[2]
SPA GI	13 785	12 954
Other International	9 120	8 343
Total insurance funds	22 905	21 297
Saham	13 007	12 061
Other subsidiaries	538	843
Total Subsidiaries	13 545	12 904
Associated companies[1]	9 360	8 393
Total insurance funds	22 905	21 297

[1] Sanlam's effective share.
[2] Comparatives have been restated from R14,6 billion to R21,3 billion to include float assets of associates in Other International.

7.2.4 Analysis of net investment return

	Life Business		General Insurance	
R million	2021	2020	2021	2020
SPA Life	180	192	–	–
SPA GI	–	–	(54)	(201)
Other International	63	(559)	10	415
Corporate	–	–	–	–
Gross investment return	243	(367)	(44)	214
Tax on investment return	(38)	(45)	9	(16)
Non-controlling interests	(24)	23	(9)	(23)
Net investment return	181	(389)	(44)	175
Saham	15	(565)	(39)	(207)
Other	166	176	(5)	382
Net investment return	181	(389)	(44)	175

Asset allocation (%)

Equities and similar securities		Investment properties		Interest-bearing securities		Cash, deposits and similar securities	
2021	2020[2]	2021	2020[2]	2021	2020[2]	2021	2020[2]
44	42	36	39	15	17	5	2
6	7	–	–	92	92	2	1
29	28	22	24	46	46	3	2
47	45	38	41	15	14	–	–
–	9	–	11	31	58	69	22
45	42	37	39	15	17	3	2
6	6	–	–	90	92	4	2
29	28	22	24	46	46	3	2

Investment Management		Credit and Banking		Corporate and Other		Total	
2021	2020	2021	2020	2021	2020	2021	2020
5	11	14	(3)	(72)	(73)	127	127
–	–	–	–	(147)	(83)	(201)	(284)
–	–	21	(36)	(12)	12	82	(168)
–	–	–	–	233	78	233	78
5	11	35	(39)	2	(66)	241	(247)
(4)	(3)	6	(1)	(81)	(76)	(108)	(141)
–	(3)	–	–	30	(39)	(3)	(42)
1	5	41	(40)	(49)	(181)	130	(430)
–	–	–	–	(133)	(158)	(157)	(930)
1	5	41	(40)	84	(23)	287	500
1	5	41	(40)	(49)	(181)	130	(430)

7 Cluster Information (continued)

7.2 Sanlam Emerging Markets (continued)

7.2.5 Analysis of capital portfolio

R million	2021	2020[3]
SPA Life	4 714	3 551
SPA GI	16 038	14 691
Other International	13 691	11 718
Total capital portfolio[1]	34 443	29 960
Saham	15 737	13 926
Other subsidiaries	5 996	4 771
Total subsidiaries	21 733	18 697
Associated companies[2]	12 710	11 263
Total capital portfolio[1]	34 443	29 960

[1] Includes float assets.
[2] Sanlam's effective share.
[3] Comparatives have been restated from R21 billion to R30 billion to include float assets of associates in Other International.

7.2.6 Assets under management

	Southern Africa	
R million	2021	2020
Life business	34 588	33 335
Investment operations	49 977	44 486
Total assets under management	84 565	77 821

7.2.7 Credit and structuring

	Size of loan books (Sanlam share)	
R million	2021	2020
Shriram Transport Finance Company	24 599	22 301
Shriram City Union Finance	5 729	4 860
Capricorn Investment Holdings	9 807	9 931
Letshego	2 683	2 432

Asset allocation (%)

Equities and similar securities		Investment properties		Interest-bearing securities		Cash, deposits and similar securities	
2021	2020[3]	2021	2020[3]	2021	2020[3]	2021	2020[3]
14	10	18	19	51	45	17	26
45	42	33	36	19	20	3	2
8	11	-	-	81	86	11	3
26	26	18	20	48	49	8	5
47	46	35	37	17	16	1	1
7	4	11	14	53	60	29	22
36	35	28	31	27	27	9	7
8	11	-	1	85	84	7	4
26	26	18	20	48	49	8	5

North and West Africa		East Africa		Other International		Total	
2021	2020	2021	2020	2021	2020	2021	2020
21 053	20 716	4 611	3 738	14 818	16 726	75 070	74 515
-	-	54 740	43 530	-	-	104 717	88 016
21 053	20 716	59 351	47 268	14 818	16 726	179 787	162 531

Net interest margin		Bad debt ratio		Administration cost as % of net interest margin	
2021	2020	2021	2020	2021	2020
6,9%	6,9%	2,9%	2,9%	25,3%	23,8%
12,3%	13,1%	2,7%	3,7%	39,5%	38,6%
5,7%	4,7%	1,0%	0,9%	84,6%	95,9%
17,6%	17,6%	0,2%	0,3%	54,7%	59,7%

7 Cluster Information (continued)

7.2 Sanlam Emerging Markets (continued)

7.2.8 Analysis of change in GEV – covered business

	Total	
	2021	2020
Operational earnings	365	554
Value of new life insurance business	529	283
Unwinding of discount rate	648	669
Expected profit	–	–
Operating experience variances	(571)	125
Risk experience	(656)	73
Persistency	(26)	13
Maintenance expenses	22	(34)
Working capital management	47	66
Credit spread	8	12
Other	34	(5)
Operating assumption changes	(241)	(523)
Risk experience	(103)	102
Persistency	(109)	(97)
Maintenance expenses	(91)	(155)
Modelling changes and other	62	(373)
Net investment return	374	(164)
Expected return on adjusted net asset value	299	343
Investment variances on adjusted net asset value	75	(507)
Valuation and economic basis	203	(258)
Investment variances on in-force business	152	(107)
Economic assumption changes	(25)	(287)
Investment yields	(22)	(308)
Long-term asset mix assumptions and other	(3)	21
Foreign currency translation differences	76	136
Change in tax basis	(26)	41
Goodwill and VOBA from business combinations	–	(601)
Net project expenses	(10)	(18)
GEV earnings: covered business	906	(446)
Acquired value of in-force	(12)	891
Transfers from/(to) non-covered Group business	95	(146)
Transfers from covered business	(601)	(455)
Embedded value of covered business at the beginning of the period	8 638	8 794
Embedded value of covered business at the end of the period	9 026	8 638

Value of in-force		Cost of capital		Net asset value	
2021	2020	2021	2020	2021	2020
139	(163)	(53)	(63)	279	780
944	794	(105)	(114)	(310)	(397)
532	582	116	87	-	-
(982)	(1 110)	-	-	982	1 110
(16)	101	(51)	(31)	(504)	55
(32)	20	(4)	2	(620)	51
21	63	(45)	(33)	(2)	(17)
(4)	15	(3)	-	29	(49)
-	-	-	-	47	66
-	-	-	-	8	12
(1)	3	1	-	34	(8)
(339)	(530)	(13)	(5)	111	12
(53)	81	(10)	5	(40)	16
(48)	(63)	(2)	(9)	(59)	(25)
(13)	(94)	1	-	(79)	(61)
(225)	(454)	(2)	(1)	289	82
-	-	-	-	374	(164)
-	-	-	-	299	343
-	-	-	-	75	(507)
18	(98)	(14)	(69)	199	(91)
(31)	(11)	(15)	-	198	(96)
(53)	(220)	27	(72)	1	5
(53)	(227)	30	(87)	1	6
-	7	(3)	15	-	(1)
102	133	(26)	3	-	-
(26)	41	-	-	-	-
-	(601)	-	-	-	-
-	-	-	-	(10)	(18)
131	(821)	(67)	(132)	842	507
(10)	709	1	(89)	(3)	271
(29)	(146)	-	-	124	-
-	-	-	-	(601)	(455)
4 613	4 871	(838)	(617)	4 863	4 540
4 705	4 613	(904)	(838)	5 225	4 863

7 Cluster Information (continued)

7.3 Sanlam Investment Group

7.3.1 Analysis of net result from financial services

R million	Sanlam Investments 2021	Sanlam Investments 2020	Wealth Management 2021	Wealth Management 2020	International 2021	International 2020
Financial services income[1]	2 135	2 053	1 050	921	2 920	3 222
Sales remuneration	–	–	–	–	(327)	(751)
Income after sales remuneration	2 135	2 053	1 050	921	2 593	2 471
Administration cost[1]	(1 618)	(1 605)	(820)	(721)	(2 166)	(2 179)
Results from financial services before performance fees	517	448	230	200	427	292
Net performance fees[1]	91	104	17	14	(14)	(10)
Results from financial services	608	552	247	214	413	282
Tax on result from financial services	(186)	(147)	(67)	(57)	(50)	(75)
Non-controlling interest	(120)	(34)	–	–	(3)	(32)
Net result from financial services	302	371	180	157	360	175
Covered	–	–	–	–	(2)	22
Non-covered	302	371	180	157	362	153
Net investment return	(21)	(71)	3	1	262	66
Covered	–	–	–	–	(3)	(16)
Non-covered	(21)	(71)	3	1	265	82
Project expenses	(28)	(14)	–	–	(72)	(14)
Net operational earnings	253	286	183	158	550	227
Amortisation of intangible assets	(19)	(19)	(19)	(19)	(54)	(210)
Profit on disposal of associates	–	–	–	–	206	–
Other	–	(41)	–	–	(386)	(52)
Normalised attributable earnings	234	226	164	139	316	(35)

[1] Financial services income and administration costs on page 136 includes performance fees and the related administration costs.

Sanfin		Corporate Services		Consolidation		Total	
2021	2020	2021	2020	2021	2020	2021	2020
1 289	773	–	–	(42)	(45)	7 352	6 924
–	–	–	–	–	–	(327)	(751)
1 289	773	–	–	(42)	(45)	7 025	6 173
(660)	(534)	(51)	(40)	42	45	(5 273)	(5 034)
629	239	(51)	(40)	–	–	1 752	1 139
2	2	–	–	–	–	96	110
631	241	(51)	(40)	–	–	1 848	1 249
(139)	(106)	15	7	–	–	(427)	(378)
–	–	–	–	–	–	(123)	(66)
492	135	(36)	(33)	–	–	1 298	805
174	16	–	–	–	–	172	38
318	119	(36)	(33)	–	–	1 126	767
112	86	–	11	–	–	356	93
112	87	–	–	–	–	109	71
–	(1)	–	11	–	–	247	22
–	–	–	(13)	–	–	(100)	(41)
604	221	(36)	(35)	–	–	1 554	857
–	–	(5)	(6)	–	–	(97)	(254)
–	–	–	–	–	–	206	–
–	–	–	(7)	–	–	(386)	(100)
604	221	(41)	(48)	–	–	1 277	503

7 Cluster Information (continued)

7.3 Sanlam Investment Group (continued)

7.3.2 Analysis of change in GEV – covered business

	Total		Value of in-force		Cost of capital		Net asset value	
R million	2021	2020	2021	2020	2021	2020	2021	2020
Operational earnings	(2)	(108)	(44)	(46)	(124)	(55)	166	(7)
Value of new life insurance business	–	–	59	55	(8)	(8)	(51)	(47)
Unwinding of discount rate	72	79	38	47	34	32	–	–
Expected profit	–	–	(116)	(130)	–	–	116	130
Operating experience variances	98	(80)	(7)	15	(22)	(21)	127	(74)
Risk experience	11	5	–	(3)	–	–	11	8
Persistency	(4)	4	(3)	6	(1)	(2)	–	–
Maintenance expenses	(3)	(9)	–	–	–	–	(3)	(9)
Working capital management	–	–	–	–	–	–	–	–
Credit spread	174	14	–	–	–	–	174	14
Other	(80)	(94)	(4)	12	(21)	(19)	(55)	(87)
Operating assumption changes	(172)	(107)	(18)	(33)	(128)	(58)	(26)	(16)
Risk experience	–	30	–	(7)	–	1	–	36
Persistency	16	5	21	7	(5)	(2)	–	–
Maintenance expenses	(35)	(50)	(21)	(37)	–	–	(14)	(13)
Modelling changes and other	(153)	(92)	(18)	4	(123)	(57)	(12)	(39)
Net investment return	166	129	–	–	–	–	166	129
Expected return on adjusted net asset value	177	173	–	–	–	–	177	173
Investment variances on adjusted net asset value	(11)	(44)	–	–	–	–	(11)	(44)
Valuation and economic basis	111	139	127	49	(22)	45	6	45
Investment variances on in-force business	91	17	84	(26)	–	–	7	43
Economic assumption changes	(23)	63	(15)	4	(7)	57	(1)	2
Investment yields	(20)	63	(15)	4	(7)	57	2	2
Long-term asset mix assumptions and other	(3)	–	–	–	–	–	(3)	–
Foreign currency translation differences	43	59	58	71	(15)	(12)	–	–
Change in tax basis	(54)	(22)	(52)	(21)	(2)	(1)	–	–
Revaluation of business held for sale	(595)	–	(804)	–	209	–	–	–
GEV earnings: covered business	(374)	138	(773)	(18)	61	(11)	338	167
Transfers from/(to) non-covered Group business	185	–	–	–	–	–	185	–
Transfers from covered business	(288)	(103)	–	–	–	–	(288)	(103)
Embedded value of covered business at the beginning of the period	3 091	3 056	798	816	(980)	(969)	3 273	3 209
Embedded value of covered business at the end of the period	2 614	3 091	25	798	(919)	(980)	3 508	3 273

7.3.3 *Assets under management*

R million	Assets under management 2021	Assets under management 2020	Fee income (%) 2021	Fee income (%) 2020	Administration cost (%) 2021	Administration cost (%) 2020
Sanlam Investments[1]	748 968	648 805	0,30	0,30	0,21	0,22
Wealth Management	109 253	90 446	1,05	1,08	0,82	0,82
International[2]	282 002	211 166	0,91	1,19	0,73	1,03
Intra-cluster eliminations	(33 938)	(33 858)				
Asset management operations	1 106 285	916 559				
Covered business	117 575	104 879				
Sanlam UK	62 418	57 732				
Sanfin	55 157	47 147				
Assets under management	1 223 860	1 021 438				

[1] Includes Sanlam assets of R183 billion (2020: R179 billion).
[2] Includes Sanlam assets of R75 billion (2020: R63 billion).

7.3.4 *Asset mix of assets under management*

R million	Fixed interest	Equities	Offshore	Properties	Cash	Total
2021						
Sanlam Investments	149 215	326 844	149 594	31 232	92 083	748 968
Wealth Management	–	53 230	54 011	–	2 012	109 253
International	–	–	282 002	–	–	282 002
Intra-cluster consolidation						(33 938)
Assets under management – Asset management operations	149 215	380 074	485 607	31 232	94 095	1 106 285
2020						
Sanlam Investments	127 513	273 173	112 274	26 633	109 212	648 805
Wealth Management	–	45 101	42 280	–	3 065	90 446
International	–	–	211 166	–	–	211 166
Intra-cluster consolidation						(33 858)
Assets under management – Asset management operations	127 513	318 274	365 720	26 633	112 277	916 559

7 Cluster Information (continued)

7.4 Santam

R million	2021	2020
Business volumes		
Gross written premiums	42 129	38 273
Net earned premiums	26 583	24 660
Net fund flows	10 178	7 890

Insurance activities

	Gross written premiums		Underwriting Result	
R million	2021	2020	2021	2020
Conventional Insurance	32 745	31 098	2 129	699
Motor	14 412	13 430	1 216	2 141
Property	12 177	11 798	259	(2 375)
Engineering	1 730	1 651	316	439
Liability	1 550	1 362	255	153
Transportation	994	799	96	125
Accident and health	572	641	61	96
Guarantee	127	117	(5)	(14)
Crop	1 130	1 262	(89)	151
Other	53	38	20	(17)
Alternative risk transfer (ART)	9 384	7 175	95	2
Total	42 129	38 273	2 224	701

Ratios	2021	2020
Administration cost ratio[1]	16,6%	16,6%
Claims ratio[1]	62,0%	68,2%
Underwriting margin[1]	8,0%	2,5%
Investment return on insurance funds margin[1]	1,5%	2,1%

R million	2021	2020
Conventional Insurance		
Net earned premiums	25 858	24 320
Net claims incurred	(16 023)	(16 593)
Net commission	(3 458)	(3 083)
Management expenses (excluding BEE costs)	(4 248)	(3 945)
Underwriting result: Conventional insurance	2 129	699
Investment return on insurance funds	400	501
Net insurance result	2 529	1 200
Net other income	307	166
Alternative Risk[2]	306	165
Other	1	1
Strategic participations	356	350
Saham[3]	204	97
SEM target shares	152	253
BEE cost	(2)	(2)
Gross result from financial services	3 190	1 714
Tax and non-controlling interest	(1 812)	(1 028)
Net result from financial services	1 378	686

(1) Ratios are calculated as a percentage of net earned premiums for the conventional business.

(2) Includes operating income and expenses relating to ART business and other operating income and expenses not related to underwriting results.

(3) Includes SEM cluster cost allocation of R11 million (2020: R7 million).

7.5 Group Office analysis of earnings

R million	Group Office and Other 2021	Group Office and Other 2020	Consolidation[1] 2021	Consolidation[1] 2020	Total 2021	Total 2020
Financial services income	115	206	(389)	(381)	(274)	(175)
Administration cost	(458)	(327)	–	–	(458)	(327)
Results from financial services	(343)	(121)	(389)	(381)	(732)	(502)
Tax on result from financial services	103	35	126	102	229	137
Non-controlling interest	–	–	263	279	263	279
Net result from financial services	(240)	(86)	–	–	(240)	(86)
Net investment income	235	186	–	–	235	186
Net investment surpluses	(82)	31	–	–	(82)	31
Project expenses	(112)	(13)	–	–	(112)	(13)
Net operational earnings	(199)	118	–	–	(199)	118
Impairment	(145)	(1 673)	–	–	(145)	(1 673)
Normalised attributable earnings	(344)	(1 555)	–	–	(344)	(1 555)

(1) Includes the consolidation entries relating to SEM target shares and Saham included within the Santam results.

(2) An impairment of R145 million in respect of the Broad-Based Black Economic Empowerment Special Purpose Vehicle (B-BBEE SPV) has been recognised in 2021 (2020: R1 673 million) as described on page 114.

8 Investments

8.1 Investment in associated companies

R million	2021	2020
Shriram Capital	9 571	7 671
Shriram Transport Finance Company	1 955	1 571
Shriram General Insurance	1 442	1 351
Shriram Life Insurance	542	531
Pacific & Orient	439	426
Capricorn Investment Holdings	1 079	1 000
Letshego	1 806	1 571
Afrocentric	1 210	1 109
Other associated companies	2 055	1 725
Total investment in associated companies	20 099	16 955

Details of the investments in the material associated companies are reflected in note 8.2.3 on page 84 of the Sanlam Annual Financial Statements.

8.2 Investment in joint ventures

R million	2021	2020
Sanlam Personal Loans	815	665
Other joint ventures	243	208
Total investment in joint ventures	1 058	873

Details of the investments in the material joint ventures are reflected in note 8.2.4 on page 87 of the Sanlam Annual Financial Statements.

8.3 Investments include the following offshore investments

R million	2021	2020
Investment properties	6 166	5 897
Equities	10 277	8 612
Structured transactions	49	–
Interest-bearing investments	8 544	7 583
Investment funds	10 318	6 939
Cash, deposits and similar securities	2 978	2 582
Total offshore investments	38 332	31 613

9 Equity-accounted earnings included in financial services income

R million	2021	2020
Sanlam Life and Savings	482	208
SA Retail Affluent	255	6
Sanlam Corporate	227	202
Sanlam Emerging Markets	2 475	2 710
Santam	356	350
Sanlam Investment Group	126	143
	3 439	3 411

10 Sales remuneration

Life business	6 398	5 639
Non-life operations	5 483	5 626
	11 881	11 265

11 Administration costs

Life business	10 289	9 559
Non-life operations	14 768	14 905
	25 057	24 464
Depreciation included in administration costs:		
Sanlam Life and Savings	167	189
SA Retail Affluent	124	127
SA Retail Mass	43	43
Sanlam Corporate	–	19
Sanlam Emerging Markets	221	257
Santam	99	144
Sanlam Investment Group	48	50
Group Office	2	–
	537	640

12 Investment Income

Equities and similar securities	1 018	1 043
Interest-bearing, preference shares and similar securities	22	486
Properties	32	12
Rental income	42	30
Rental-related expenses	(10)	(18)
Total investment income	1 072	1 541
Interest expense netted off against investment income	622	578

13 Normalised diluted earnings per share

Cents	2021	2020[1]
Normalised diluted earnings per share:		
Net result from financial services	425,8	376,4
Operational earnings	462,6	374,9
Profit/(loss) attributable to shareholders' fund	443,3	(31,2)
R million		
Analysis of operational earnings (refer shareholders' fund income statement on page 136:		
Net result from financial services	9 469	8 382
Operational earnings	10 288	8 349
Normalised profit/(loss) attributable to shareholders' fund	9 860	(694)
Reconciliation of operational earnings:		
Headline earnings per note 23 on page 119 of the Sanlam Annual Financial Statements	9 041	7 104
Add/(Less):	1 247	1 245
Fund transfers	387	(1 412)
B-BBEE SPV Impairment	145	1 673
Net equity-accounted earnings	(24)	(14)
Net amortisation of value of business acquired and other intangibles	738	699
Expected credit losses	–	298
Equity participation costs	1	1
Operational earnings	10 288	8 349
Adjusted number of shares (million):		
Weighted average number of shares for diluted earnings per share (refer note 23 on page 120 of the Sanlam Annual Financial Statements)	2 087,8	2 087,8
Add: Weighted average Sanlam shares held by policyholders and B-BBEE SPV	136,2	138,9
Adjusted weighted average number of shares for normalised diluted earnings per share	2 224,0	2 226,7

[1] 2020 comparative information has been restated to correct a hyperinflation accounting error as reported in the Group's interim results announcement of 9 September 2021. Refer to note 36.1 on page 150 for additional information.

14 Value per share

	2021	2020
	R million	R million
Net asset value per share is calculated on the Group shareholders' fund at net asset value.	75 928	71 468
Equity value per share is calculated based on the Group Equity Value.	142 390	131 812
Number of shares for value per share	Million	Million
Number of ordinary shares in issue	2 226,9	2 226,9
Shares held by subsidiaries in shareholders' fund	(43,0)	(26,2)
Outstanding shares in respect of Sanlam Limited long-term incentive schemes	25,7	25,8
Adjusted number of shares for value per share	2 209,6	2 226,5

15 Present value of holding company expenses

The present value of holding company expenses has been calculated by applying a multiple of 8.2 (2020: 8.1) to the after tax recurring corporate expenses.

16 Shares repurchased and cancelled

Sanlam shareholders granted general authorities to the Group at the 2021 and 2020 annual general meetings to repurchase Sanlam shares in the market. The Group acquired 17 million Sanlam Limited shares acquired at zero value as a result of qualifying Sanlam Life Insurance Limited's policyholders who became shareholders on demutualisation forfeiting their rights due to being untraceable.

17 Reconciliations

17.1 Reconciliation between Group statement of comprehensive income and shareholders' fund income statement

R million	2021 Total	Shareholder activities	Policyholder activities[1]	IFRS adjustments[2]
Net income	200 125	101 802	94 564	3 759
Financial services income	116 887	99 632	–	17 255
Reinsurance premiums paid	(20 081)	–	–	(20 081)
Reinsurance commission received	2 815	–	–	2 815
Investment income	31 804	1 072	22 516	8 216
Investment surpluses	84 717	1 098	72 048	11 571
Finance cost – margin business	(249)	–	–	(249)
Change in fair value of external investors liability	(15 768)	–	–	(15 768)
Net insurance and investment contract benefits and claims	(139 592)	(46 671)	(92 876)	(45)
Long-term insurance contract benefits	(44 340)	(22 634)	(19 109)	(2 597)
Long-term investment contract benefits	(73 767)	–	(73 767)	–
General insurance claims	(41 048)	(24 037)	–	(17 011)
Reinsurance claims received	19 563	–	–	19 563
Expenses	(43 170)	(37 430)	–	(5 740)
Sales remuneration	(14 724)	(11 881)	–	(2 843)
Administration costs	(28 446)	(25 549)	–	(2 897)
Impairments	(88)	66	45	(199)
Amortisation of intangibles	(1 248)	(738)	–	(510)
Net operating result	16 027	17 029	1 733	(2 735)
Equity-accounted earnings	2 240	57	–	2 183
Finance cost – other	(763)	–	–	(763)
Net monetary gain (Lebanon hyperinflation)[3]	(2)	–	–	(2)
Profit before tax	17 502	17 086	1 733	(1 317)
Tax expense	(6 152)	(5 078)	(1 733)	659
Shareholders' fund	(3 694)	(5 078)	–	1 384
Policyholders' fund	(2 458)	–	(1 733)	(725)
Profit for the year[4]	11 350	12 008	–	(658)
Attributable to:				
Shareholders' fund[3]	9 473	9 860	–	(387)
Non-controlling interest	1 877	2 148	–	(271)
	11 350	12 008	–	(658)

[1] Policyholder activities relate to the inclusion of policyholders' after-tax investment return, and the allocation thereof to policy liabilities, in the Group Statement of Comprehensive Income.

[2] IFRS adjustments relate to amounts that have been set-off in the shareholders' fund income statement that is not permitted in terms of IFRS, and fund transfers relating to investments in treasury shares and subsidiaries held by the policyholders' fund.

[3] 2020 comparative information has been restated to correct a hyperinflation accounting error as reported in the Group's interim results announcement of 9 September 2021. Refer to note 36.1 on page 150 for additional information.

[4] All profits are from continuing operations. The Group does not have discontinued operations.

2020			
Total	Shareholder activities	Policyholder activities[1]	IFRS adjustments[2]
132 866	87 992	38 768	6 106
104 701	87 161	–	17 540
(18 794)	–	–	(18 794)
2 929	–	–	2 929
31 879	1 541	23 785	6 553
11 001	(710)	14 983	(3 272)
(216)	–	–	(216)
1 366	–	–	1 366
(75 896)	(37 865)	(37 577)	(454)
(25 596)	(13 547)	(10 931)	(1 118)
(26 646)	–	(26 646)	–
(37 593)	(24 318)	–	(13 275)
13 939	–	–	13 939
(42 201)	(36 034)	–	(6 167)
(14 319)	(11 265)	–	(3 054)
(27 882)	(24 769)	–	(3 113)
(9 275)	(8 638)	(158)	(479)
(1 323)	(699)	–	(624)
4 171	4 756	1 033	(1 618)
2 568	35	–	2 533
(835)	–	–	(835)
(697)	–	–	(697)
5 207	4 791	1 033	(617)
(3 805)	(4 066)	(1 033)	1 294
(2 154)	(4 066)	–	1 912
(1 651)	–	(1 033)	(618)
1 402	725	–	677
718	(694)	–	1 412
684	1 419	–	(735)
1 402	725	–	677

17 Reconciliations (continued)

17.2 Reconciliation between Group statement of financial position and shareholders' fund at net asset value

R million	2021 Total	Shareholder activities	Policyholder activities[1]	Consolidation reserve
Assets				
Equipment	1 730	1 536	194	–
Rights-of-use assets	1 481	1 397	84	–
Owner-occupied properties	2 582	2 503	79	–
Goodwill	16 431	16 431	–	–
Value of business acquired	4 718	4 718	–	–
Other intangible assets	746	731	15	–
Deferred acquisition costs	3 225	2 633	592	–
Long-term reinsurance assets	2 188	–	2 188	–
Investments	834 287	104 373	737 404	(7 490)
Properties	17 980	6 157	11 823	–
Associated companies	20 919	20 099	820	–
Joint ventures	1 836	1 058	778	–
Equities and similar securities[2]	191 958	14 534	184 914	(7 490)
Interest-bearing investments	271 840	30 717	241 123	–
Structured transactions	12 434	382	12 052	–
Investment funds	278 145	25 644	252 501	–
Cash, deposits and similar securities	39 175	5 782	33 393	–
Deferred tax	3 154	2 213	–	941
Assets of disposal groups classified as held for sale	81 386	3 154	78 232	–
General insurance technical assets	19 525	19 525	–	–
Working capital assets	84 725	69 131	15 594	–
Trade and other receivables	55 806	43 802	12 004	–
Taxation	1 218	1 165	53	–
Cash, deposits and similar securities	27 701	24 164	3 537	–
Total assets	1 056 178	228 345	834 382	(6 549)
Equity and liabilities				
Shareholders' fund	69 379	75 928	–	(6 549)
Non-controlling interest	13 517	13 462	55	–
Long-term policy liabilities	641 196	–	641 196	–
Insurance contracts	186 658	–	186 658	–
Investment contracts	454 538	–	454 538	–
Term finance	15 116	11 499	3 617	–
Lease liabilities	1 789	1 704	85	–
Structured transactions liabilities	8 898	270	8 628	–
External investors in consolidated funds[2]	85 506	–	85 506	–
Cell owners' interest	4 900	4 900	–	–
Deferred tax	7 311	3 633	3 678	–
Liabilities of disposal groups classified as held for sale	78 700	1 023	77 677	–
General insurance technical provisions	57 559	57 559	–	–
Working capital liabilities	72 307	58 367	13 940	–
Trade and other payables	69 123	55 391	13 732	–
Provisions	628	597	31	–
Taxation	2 556	2 379	177	–
Total equity and liabilities	1 056 178	228 345	834 832	(6 549)

[1] Includes the impact of IFRS adjustments.

[2] Prior year has been restated for the overstatement of IFRS 10 consolidated vehicles. Refer to note 36.3 for additional information.

2020			
Total	**Shareholder activities**	**Policyholder activities[1]**	**Consolidation reserve**
1 652	1 487	165	–
1 614	1 560	54	–
2 692	2 624	68	–
16 703	16 703	–	–
6 129	6 129	–	–
788	788	–	–
3 374	2 785	589	–
2 258	–	2 258	–
812 948	88 425	732 096	(7 573)
20 302	5 869	14 433	–
16 955	16 955	–	–
1 818	873	945	–
185 864	12 819	180 618	(7 573)
261 434	28 014	233 420	–
29 566	535	29 031	–
252 026	20 619	231 407	–
44 983	2 741	42 242	–
2 843	2 019	7	817
2 218	2 196	22	–
13 847	13 847	–	–
75 604	61 210	14 394	–
44 568	33 953	10 615	–
942	912	30	–
30 094	26 345	3 749	–
942 670	199 773	749 653	(6 756)
64 712	71 468	–	(6 756)
12 512	12 500	12	–
625 527	–	625 527	–
190 943	–	190 943	–
434 584	–	434 584	–
13 837	10 143	3 694	–
1 878	1 822	56	–
22 970	320	22 650	–
82 588	–	82 588	–
4 226	4 226	–	–
5 810	4 139	1 671	–
454	454	–	–
49 752	49 752	–	–
58 404	44 949	13 455	–
55 356	42 864	12 492	–
506	476	30	–
2 542	1 609	933	–
942 670	199 773	749 653	(6 756)

18 Geographical analysis

R million	Per shareholders' fund income statement on page 136	IFRS adjustments (refer note 17.1)	Total
Financial services income			
Financial services income is attributed to individual countries, based on where the holding company or subsidiaries are located.			
2021	99 632	17 255	116 887
South Africa	68 268	15 015	83 283
Other African operations	25 400	3 410	28 810
Other international[1]	5 964	(1 170)	4 794
2020	87 161	17 540	104 701
South Africa	57 259	13 727	70 986
Other African operations	23 237	5 419	28 656
Other international[1]	6 665	(1 606)	5 059

R million	Per analysis of shareholders' fund on page 134	Policyholders' fund	Total
Non-current assets[2]			
2021	33 103	79 195	112 298
South Africa[3]	18 663	397	19 060
Other African operations	10 282	318	10 600
Other international[1]	4 158	78 480	82 638
2020[1]	34 272	898	35 170
South Africa[3]	20 190	431	20 621
Other African operations	9 743	201	9 944
Other international[1]	4 339	266	4 605

R million	2021	2020[4]
Attributable earnings (per shareholders' fund income statement on page 136)	9 473	718
South Africa	7 545	5 721
Other African operations	1 432	(3 088)
Other international[1]	496	(1 915)

[1] Other international comprises business in Europe, United Kingdom, Australia, India, Malaysia and Lebanon.

[2] Non-current assets include property and equipment, right-of-use assets, owner-occupied properties, goodwill, value of business acquired, other intangible assets, non-current assets held for sale and deferred acquisition costs.

[3] Includes R11 billion Goodwill recognised on consolidation of Saham.

[4] 2020 comparative information has been restated to correct a hyperinflation accounting error as reported in the Group's interim results announcement of 9 September 2021. Refer to note 36.1 on page 150 for additional information.



Sanlam Group five-year review

		2021	2020	2019	2018	2017	Average annual growth rate %
GROUP EQUITY VALUE							
Group Equity Value	R million	142 390	131 812	143 271	134 052	121 763	4%
Group Equity Value	cps	6 444	5 920	6 436	6 341	5 940	2%
Return on Group Equity Value per share	%	13,9	(2,8)	6,4	11,6	14,8	
BUSINESS VOLUMES							
New business volumes	R million	355 886	310 875	249 323	223 029	221 172	13%
Life business		71 747	56 111	53 927	53 815	44 615	13%
Investment business		241 917	213 625	155 565	136 529	149 000	13%
General insurance		42 222	41 139	39 831	32 685	27 557	11%
Recurring premiums on existing business	R million	45 145	45 404	39 947	34 528	31 571	9%
Total inflows	R million	401 031	356 279	289 270	257 557	252 743	
Net fund flows	R million	78 322	61 563	56 766	41 539	37 143	21%
SIM funds under management	R billion	1 106	917	858	758	733	11%
New covered business							
Value of new covered business	R million	3 077	2 202	2 545	2 187	2 008	11%
Covered business PVNBP	R million	102 285	80 239	81 540	78 085	65 377	12%
New covered business margin	%	3,01	2,74	3,12	2,80	3,07	0%
EARNINGS							
Gross result from financial services	R million	16 023	13 567	16 116	14 544	13 558	4%
Net result from financial services	R million	9 469	8 382	9 674	8 890	8 549	3%
Net operational earnings	R million	10 288	8 349	10 798	9 455	10 060	0%
Headline earnings[1]	R million	9 041	7 104	7 481	9 162	9 757	(2%)
Net result from financial services	cps	425,8	376,4	438,0	423,6	417,2	1%
Net operational earnings per share	cps	462,6	374,9	488,9	450,5	490,9	(1%)
Diluted headline earnings[1]	cps	433,0	340,3	357,9	441,3	481,3	(3%)
Group operating margin	%	18,3	17,9	21,9	24,9	26,3	(9%)
OTHER							
Sanlam share price	cps	5 936	5 875	7 910	7 980	8 700	(9%)
Dividend	cps	334	300	334	312	290	4%
Normal dividend	cps	334	300	334	312	290	4%
Sanlam Life Insurance Limited							
Shareholders' fund	R million	107 494	98 692	110 729	108 177	93 376	4%
SCR	R million	57 705	45 202	47 809	44 853	38 113	
SCR cover	%	214	257	253	264	274	
SAM cover ratio	%	178	197	206	221	233,00	
Foreign exchange rates							
Closing rate							
Euro		18,15	17,97	15,70	16,44	14,87	5%
British Pound		21,62	20,08	18,52	18,32	16,75	7%
United States Dollar		15,96	14,69	13,98	14,39	12,38	7%
Mad		1,72	1,65	1,49	1,51	1,33	7%
INR		0,2	0,2	0,2	0,21	0,19	1%
Average rate							
Euro		17,47	18,64	16,16	15,57	14,5	5%
British Pound		20,32	20,99	18,42	17,60	16,61	5%
United States Dollar		14,76	16,34	14,43	13,17	13,09	3%
Mad		1,64	1,73	1,52	1,42	1,39	4%
INR		0,2	0,22	0,21	0,19	0,20	0%
NON-FINANCIAL[2]							
BEE credentials	level	1	1	1	1	2	
Corporate Social Investment spend	R million	55	47	58	62	93	
Office staff turnover	%	16,87	12,78	16,50	17,25	14,1	
Carbon footprint	Tonnes CO_2/ full time employee	4,4	4,5	8,7	9,0	8,3	

[1] 2020 comparative information is restated to correct a hyperinflation accounting error as reported in the Group's interim results announcement of 9 September 2021. Refer to note 36.1 on page 150 for additional information. The error had no impact on Net Asset Value, Group Equity Value or any of the Group's key performance indicators.
[2] South Africa only.

Analysis of shareholders on 31 December 2021

Distribution of shareholding	Total shareholders Number	Total shareholders %	Total shares held Number	Total shares held %
1 – 1 000	334 419	86,88	123 449 451	5,54
1 001 – 5 000	43 922	11,41	85 968 057	3,86
5 001 – 10 000	3 692	0,96	25 411 889	1,14
10 001 – 50 000	1 868	0,49	36 578 151	1,64
50 001 – 100 000	286	0,07	20 938 266	0,94
100 001 – 1 000 000	570	0,15	186 322 378	8,37
1 000 001 and over	170	0,04	1 748 306 216	78,51
Total	384 927	100	2 226 974 408	100

Public and non-public shareholders	% Shareholding
Public shareholders	64,48
Non-public shareholders	
Directors' interest	0,45
Held by subsidiaries	1,52
Employee pension funds	0,02
Sanlam Limited Share Incentive Trust	1,15
SU BEE Investment (RF) PTY LTD 1 & 2	5,00
Government Employees Pension Fund (PIC)	14,25
Ubuntu-Botho Investments (Pty) Ltd	13,13
Total	100,00

Beneficial shareholding of 5% or more:

- Government Employees Pension Fund (PIC) 14,25
- Ubuntu-Botho Investments (Pty) Ltd 13,13

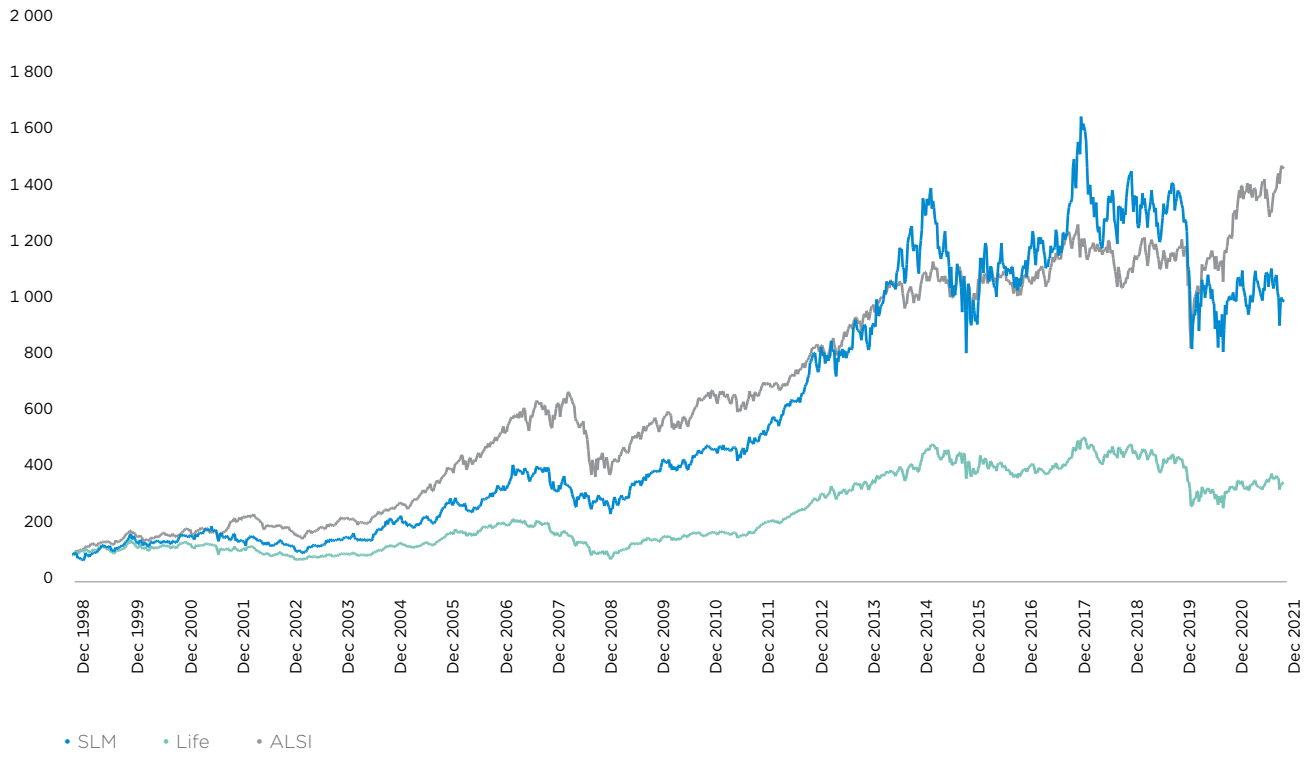
Shareholder structure	% Shareholding
Institutional and other shareholding	
Offshore	34,08
South Africa	51,52
Individuals	14,40
Total	100,00

Stock exchange performance

		2021	2020	2019	2018
Number of shares traded	million	1 430	1 715	1 167	1 458
Value of shares traded	R million	85 893	98 952	90 288	115 756
Percentage of issued shares traded	%	64	77	50	65
Price/earnings ratio	times	14,0	17,1	18,6	18,5
Return on Sanlam share price since listing[1]	%	15	15	17	20
Market price	cps				
– Year-end closing price		5 936	5 875	7 910	7 980
– Highest closing price		6 500	7 969	8 525	9 849
– Lowest closing price		5 270	4 544	6 886	6 540
Market capitalisation at year-end	R million	132 193	130 835	185 358	178 113

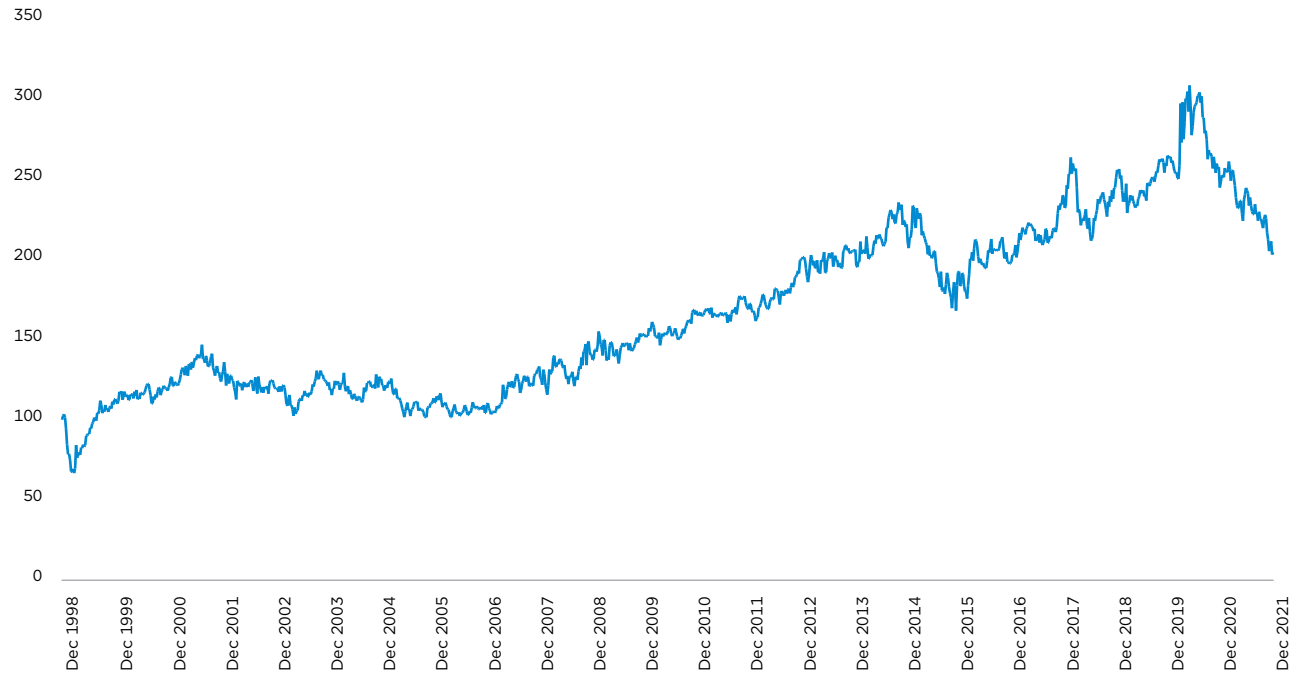
[1] Annualised growth in the Sanlam share price since listing plus dividends paid.

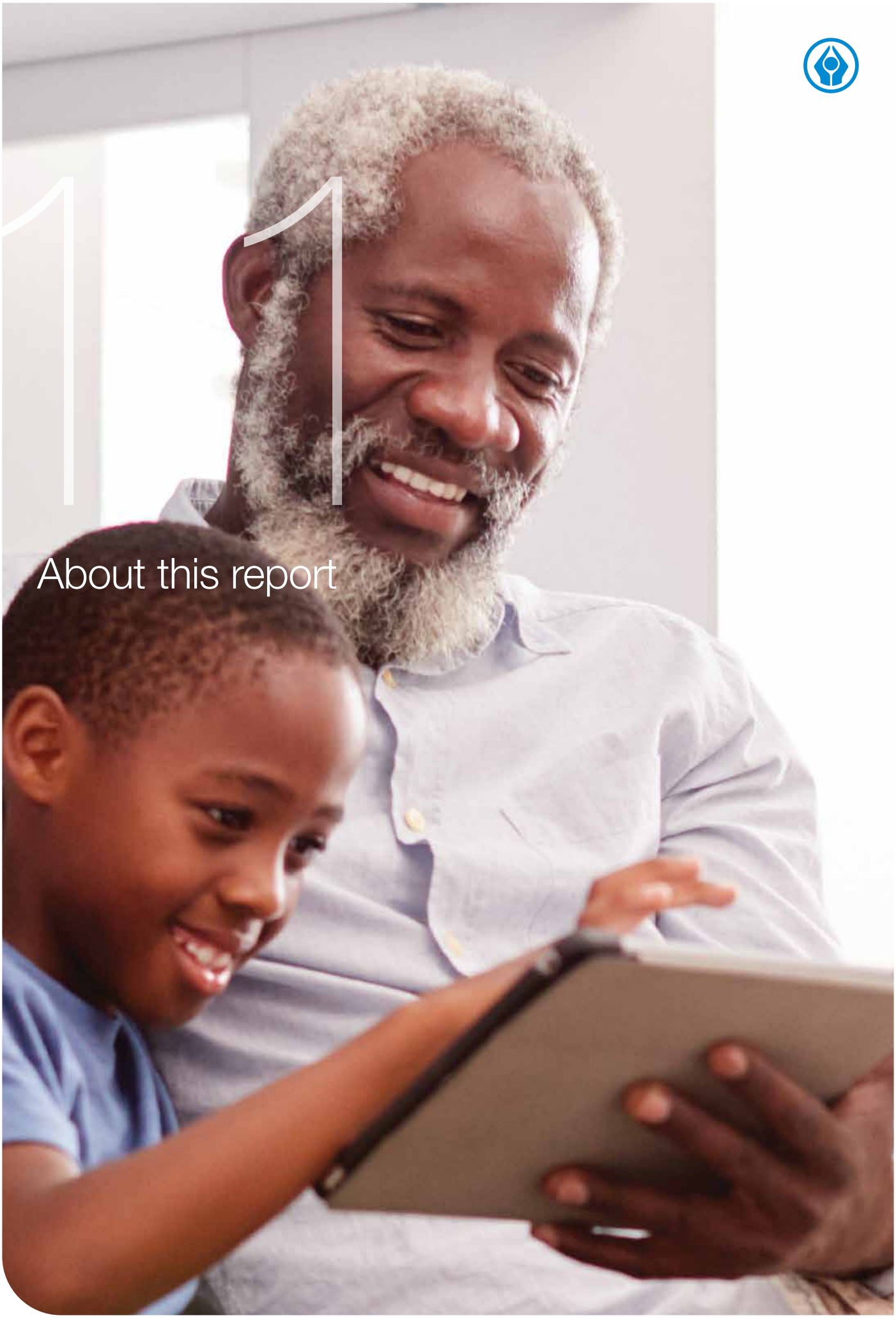
Sanlam vs ALSI vs Life Assurance index



2017	2016	2015	2014	2013	2012
1 340	1 437	1 363	1 086	1 247	1 160
93 485	89 130	90 444	65 974	58 841	41 074
62	66	63	50	59	55
18,1	15,4	14,0	17,2	13,5	15,3
20	18	19	21	20	20
8 700	6 290	6 054	7 000	5 324	4 477
9 474	7 149	8 217	7 344	5 518	4 550
6 100	5 116	4 405	4 495	4 051	2 831
188 483	136 271	131 158	151 653	111 804	94 017

FINI indexed





1 About this report

About this **report**

Our 2021 Integrated Report forms part of our annual reporting suite, which enables our stakeholders to make informed assessments about our performance and prospects.

The report provides readers with material information and insights about our performance for the financial year from 1 January to 31 December 2021. We take a longer-term and future-oriented view in terms of external factors, risks and opportunities. This enables readers to effectively assess Sanlam's ability to create and preserve value, and our sustainability and prospects.

Scope and boundary

Sanlam Limited is the holding company of the Sanlam Group of companies (Sanlam or the Group), which operates through several subsidiaries, associated companies and joint ventures. Sanlam Life Insurance Limited (Sanlam Life) is the largest operating subsidiary and the holding company of most of Sanlam's operations in emerging markets. This report covers the activities of Sanlam in Africa, India and selected other emerging and developed markets. All subsidiaries, joint ventures and associated companies recognised in the Annual Financial Statements are included, apart from investments in consolidated funds (collective investment schemes and similar investment funds). For some non-financial data, only the South African operations are included. The metrics to which this limitation applies are indicated where relevant.

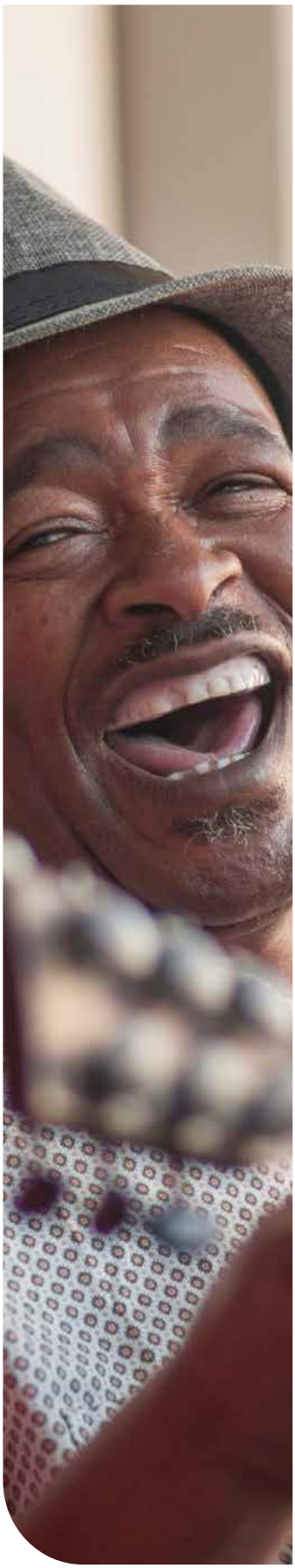
Comparability and reliability

The content of this report is comparable to the 2020 report in terms of the companies covered, the measurement methods applied, and the timeframes used for financial and non-financial data. We follow a combined assurance approach to support the integrity of information. The financial data was subject to independent assurance by EY. EY provided an audit opinion on the shareholders' information and the Annual Financial Statements. The opinions state that these elements of the annual reporting suite comply in all material respects with the basis of accounting described in each.

Regulatory requirements and reporting guidelines

- Guidance from the International Integrated Reporting Council's Integrated Reporting <IR> Framework
- King Report on Corporate Governance™ for South Africa, 2016 (King IV™)[1]
- JSE Listings Requirements
- The South African Companies Act, 71 of 2008, as amended (the Companies Act)
- International Financial Reporting Standards (IFRS)

[1] Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.



Forward-looking information

This report includes comprehensive forward-looking information through the disclosure of Group Equity Value (GEV) information. Instead of only providing limited future growth and earnings information, GEV provides a valuation of future expected earnings from Sanlam's life and non-life operations. Detailed disclosure is provided about sensitivities applicable to the main valuation assumptions. We provide an indication of the accuracy of our assumptions by disclosing variances between actual experience and the assumptions used in calculating GEV.

In this report, including the GEV disclosures, certain statements are made that are not historical facts and relate to analyses and other information based on forecasts of future results not yet determinable, relating, among others, to new business volumes, investment returns (including exchange rate fluctuations) and actuarial assumptions. These statements may also relate to future prospects, developments and business strategies.

These are forward-looking statements as defined in the USA Private Securities Litigation Reform Act of 1995. Words such as "believe", "anticipate", "intend", "seek", "will", "plan", "could", "may", "endeavour", "project", and similar expressions, are intended to identify such forward-looking statements but are not the exclusive means of identifying such statements. Forward-looking statements involve inherent risks and uncertainties and, if one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be different from those anticipated. Forward-looking statements apply only as of the date on which they are made, and Sanlam does not undertake any obligation to update or revise any of them, whether due to new information, future events or otherwise. Any forward-looking information contained in this report has not been reviewed and reported on by Sanlam's external auditor.



Appendix, glossary and admin

Appendix B: glossary of terms, definitions and major businesses

Technical terms and definitions

"adjusted return on Group Equity Value" or "adjusted RoGEV"	the return on Group Equity Value, excluding the impact of investment market volatility. Adjusted RoGEV is based on the actuarial investment return assumptions at the beginning of the reporting period.
"capital adequacy"	capital adequacy implies the existence of a buffer against experience worse than that assumed under the FSB's Statutory Valuation Method. The sufficiency of the buffer is measured by comparing excess of assets over liabilities for statutory reporting purposes with the statutory capital adequacy requirement. The main element in the calculation of the capital adequacy requirement is the determination of the effect of an assumed fall in asset values on the excess of assets over liabilities.
"capital portfolio" or "balanced portfolio"	the consolidated capital of the Group, excluding working capital held by Group businesses. The capital portfolio includes the required capital of covered business as well as discretionary and other capital.
"cost of capital"	cost of capital is calculated as the required capital at the valuation date less the discounted value, using a risk-adjusted discount rate, of the expected annual release of the capital over the life of the in-force business, allowing for the after-tax investment return on the expected level of capital held in each year.
"covered business"	long-term insurance business written by Sanlam Personal Finance, Sanlam Emerging Markets, Sanlam UK and Sanlam Employee Benefits.
"embedded value of covered business " or "EV"	embedded value of covered business is an actuarially determined estimate of the value of covered business, excluding any value attributable to future new business. Embedded value of covered business consists of the required capital supporting the covered business, or adjusted net worth, plus the value of the in-force covered business less the cost of capital.
"FSB"	the Financial Services Board, the regulator of insurance companies in South Africa.
"life business"	the aggregate of life insurance business and life licence business.
"life insurance business"	products provided by the Group's long-term insurance businesses in terms of insurance and investment contracts included in the Group financial statements, but excluding life licence business.
"life licence business"	investment products provided by Sanlam Personal Finance, Sanlam Investments, Sanlam Employee Benefits and Sanlam Emerging Markets by means of a life insurance policy where there is very little or no insurance risk.
"linked policy"	a non-participating policy which is allotted units in an investment portfolio. The value of the policy at any stage is equal to the number of units multiplied by the unit price at that stage less the value of unrecouped expenses.
"market-related policy" or "contract with discretionary participating feature"	a participating policy which participates in non-vesting investment growth. This growth reflects the volatility of the market value of the underlying assets of the policy.

Technical terms and definitions continued

"new business margin"	VNB as a percentage of PVNBP.
"non-life business"	financial services and products provided by the Group, excluding life insurance business.
"non-life linked business"	non-life linked business comprises investment products provided by Sanlam Personal Finance's Glacier business, which is not written under a life licence.
"non-participating annuity"	a non-participating annuity is a policy which provides, in consideration for a single premium, a series of guaranteed regular benefit payments for a defined period.
"non-participating policy"	a policy which provides benefits that are fixed contractually, either in monetary terms or by linking them to the return of a particular investment portfolio, e.g. a linked or fixed-benefit policy.
"normalised headline earnings"	normalised headline earnings measure the Group's earnings, exclusive of earnings of a capital nature and fund transfers relating to the policyholders' fund's investment in Sanlam shares and Group subsidiaries. For the Sanlam Group, the only differences between normalised attributable earnings and normalised headline earnings are. • Profits and losses on the disposal of subsidiaries, associated companies and joint ventures; • Impairment of investments, value of business acquired and goodwill; and • The Group's share of associates' and joint ventures' non-headline earnings. Normalised headline earnings exclude the above items that are of a capital nature. Given that the Group's operations are of a financial nature, normalised headline earnings include investment surpluses earned on the investments held by the shareholders' fund, resulting in volatility in normalised headline earnings.
"participating annuity"	a participating annuity is a policy which provides, in consideration for a single premium, a series of regular benefit payments for a defined period, the benefits of which are increased annually with bonuses declared.
"participating policy"	a policy which provides guaranteed benefits as well as discretionary bonuses. The declaration of such bonuses will take into account the return of a particular investment portfolio. Reversionary bonus, stable bonus, market-related and participating annuity policies are participating policies.
"policy"	unless the context indicates otherwise, a reference to a policy in this report means a long-term insurance or investment contract issued by the Group's life insurance subsidiaries in accordance with the applicable legislation.
"PVNBP"	present value of new business premiums from covered business.
"required capital"	the required level of capital supporting the covered business, based on the minimum regulatory capital requirements, plus an internal assessment of adjustments required for market, operational and insurance risk, as well as economic and growth considerations.
"result from financial services"	profit earned by the Group from operating activities and excludes investment return earned on the capital portfolio.
"return on Group Equity Value" or "RoGEV"	change in Group Equity Value, excluding dividends and changes in issued share capital, as a percentage of Group Equity Value at the beginning of the period.
"reversionary bonus policy"	a conventional participating policy which participates in reversionary bonuses, i.e. bonuses of which the face amounts are only payable at maturity or on earlier death or disability. The present value of such bonuses is less than their face amounts.
"SCR"	the solvency capital requirement under SAM is a risk-based measure of capital required to maintain solvency subject to a confidence level of 99,5% over a one-year period (which is equivalent to a 1-in-200 year event).

Technical terms and definitions continued

"stable bonus policy"	a participating policy under which bonuses tend to stabilise short-term volatility in investment performance.
"Statutory Valuation Method" or "SVM"	valuation requirements as laid out in a Board Notice issued by the FSB, entitled "Prescribed requirements for the calculation of the value of the assets, liabilities and Capital Adequacy Requirement of long-term insurers" or the equivalent valuation requirements of the regulators of the Group's insurance subsidiaries outside of South Africa.
"surrender value"	the surrender value of a policy is the cash value, if any, which is payable in respect of that policy upon cancellation by the policyholder.
"value of in-force covered business" or "VIF"	the value of in-force covered business is calculated as the discounted value, using a risk-adjusted discount rate, of the projected stream of future after-tax profits expected to be earned over the life of the in-force book.
"value of new business" or "VNB"	the value of new business is calculated as the discounted value, at point of sale, using a risk-adjusted discount rate, of the projected stream of after-tax profits for new covered business issued, net of the cost of capital over the life of this business.

Major businesses and regions of the Group

"Anglophone"	countries belonging to an English-speaking population especially in a country where two or more languages are spoken, e.g. Kenya and Zimbabwe.
"Francophone"	a population using French as its first or sometimes second language.
"Lusophone"	countries where Portuguese is the common language: Angola, Brazil, Cape Verde, Guinea-Bissau, Mozambique, Portugal, Sao-Tome and Principe.
"Saham"	Saham Finances (the insurance arm of the Saham Group) refers to the Group's 100% interest held by SAN JV, a wholly owned subsidiary of the Group (90% held by SEM and 10% held by Santam). Saham Finances operates predominantly across Africa with a presence in the Middle East.
"Sanlam Investments and Pensions"	Sanlam Life and Pensions Limited, a wholly owned subsidiary of Sanlam UK Limited conducting mainly life insurance business in the United Kingdom.
"Sanlam Life"	Sanlam Life Insurance Limited, a wholly owned subsidiary of Sanlam Limited conducting mainly life insurance business.
"Sanlam Limited"	the holding company listed on the JSE Limited and the Namibian Stock Exchange.
"Sanlam", "Sanlam Group" or "the Group"	Sanlam Limited and its subsidiaries, associated companies and joint ventures.
"Sanlam Namibia"	Sanlam Life Namibia, a wholly owned subsidiary of Sanlam Life conducting mainly life insurance business in Namibia.
"SDM Limited"	Sanlam Developing Markets Limited, a wholly owned subsidiary of Sanlam Life conducting mainly life insurance business in South Africa and through its subsidiaries in Africa.
"SEM (Pty) Limited"	Sanlam Emerging Markets Proprietary Limited, a wholly owned subsidiary of Sanlam Life conducting mainly insurance and credit business through its subsidiaries and associated companies in Africa, India and South-East Asia.
"Shriram Capital"	Shriram Capital refers to the Group's 36,85% holding in Shriram Financial Ventures (Chennai) Pvt Limited, an Indian based company that holds 70,56% of Shriram Capital Limited, resulting in a 26% effective holding by Sanlam. It also includes the Group's direct holding in Shriram Transport Finance Company, a listed business within the Shriram Capital group.

Shareholders' diary

Financial year-end	31 December
Annual general meeting	8 June 2022

REPORTS

Interim report for 30 June 2022	8 September 2022
Announcement of the results for the year ended 31 December 2022	9 March 2023
Integrated Report for the year ended 31 December 2022	31 March 2023

DIVIDENDS

Dividend for 2021 declared	10 March 2022
Last date to trade for 2021 dividend	5 April 2022
Shares will trade ex-dividend from	6 April 2022
Record date for 2021 dividend	8 April 2022
Payment of dividend for 2021	11 April 2022
Declaration of dividend for 2022	March 2023
Payment of dividend for 2022	April 2023

To allow for the dividend calculation, Sanlam's share register (including Sanlam's two nominee companies, namely Sanlam Share Account Nominee (Pty) Ltd and Sanlam Fundshares Nominee (Pty) Ltd), will be closed for all transfers, off-market transactions and dematerialisations or rematerialisations between Wednesday, 6 April 2022 and Friday, 8 April 2022, both dates included.

Transactions on the JSE via Strate are not affected by this arrangement.

Administration

REGISTERED NAME
Sanlam Limited
(Registration number 1959/001562/06)
(Tax reference number: 9536/346/84/5)
JSE share code (primary listing): SLM
NSX share code: SLA
A2X share code: SLM ISIN: ZAE000070660
Incorporated in South Africa

EXECUTIVE HEAD: INVESTOR RELATIONS
Grant Davids

COMPANY SECRETARY
Sana-Ullah Bray

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The Standard Bank of South Africa Limited

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http://www.sanlam.com

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