Sanlam

Live with confidence



Integrated REPORT

22

Financial Planning | Retirement | Insurance | Health | Investments | Wealth | Credit

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Forward-looking information

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.

SANLAM REPORTING SUITE

The Sanlam investor relations website (www.sanlam.com/financial-reporting) contains our annual reporting suite, which provides additional information on our financial results, sustainability performance, governance and remuneration approach and shareholding.



This report

This report describes our ability to create and preserve value over the short, medium and long term.



Corporate Governance Report

This report comprehensively discloses our governance structures, processes and policies in the context of recommended King IV™ principles and provides a synopsis of our application of the King IV™ principles.



Remuneration Report

This report sets out our remuneration philosophy and policy and how it was implemented in the year under review.



Sustainability Report

This report sets out our disclosure and communication of our environmental, social and governance (ESG) goals and the Group's progress towards achieving them. In addition, the report incorporates our climate change-related disclosures.



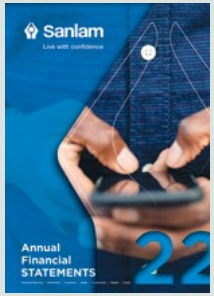
Tax Report

This report provides material information and insights about our performance and commitment to tax transparency.



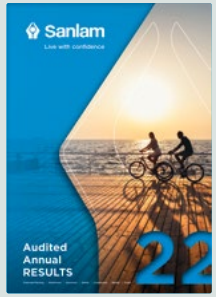
Annual Results Presentation

This presentation provides an overview and highlights of our performance for 2022.



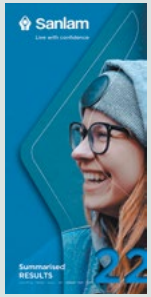
Annual Financial Statements

Presents the Group's audited consolidated and Annual Financial Statements.



Audited Annual Results Booklet

This booklet provides a review of our financial, strategic and operational review together with shareholder information and our Annual Financial Statements.



Summarised Results Booklet

This booklet provides concise commentary on our performance for 2022 and our Summarised Financial Results.

IR Framework | IFRS | KING VI | JSE | IFRS Foundation | Companies Act

PRESENTING OUR 2022 INTEGRATED REPORT



Confidence Rule 59:

SMALL STEPS TODAY CAN MAKE A BIG DIFFERENCE TOMORROW.

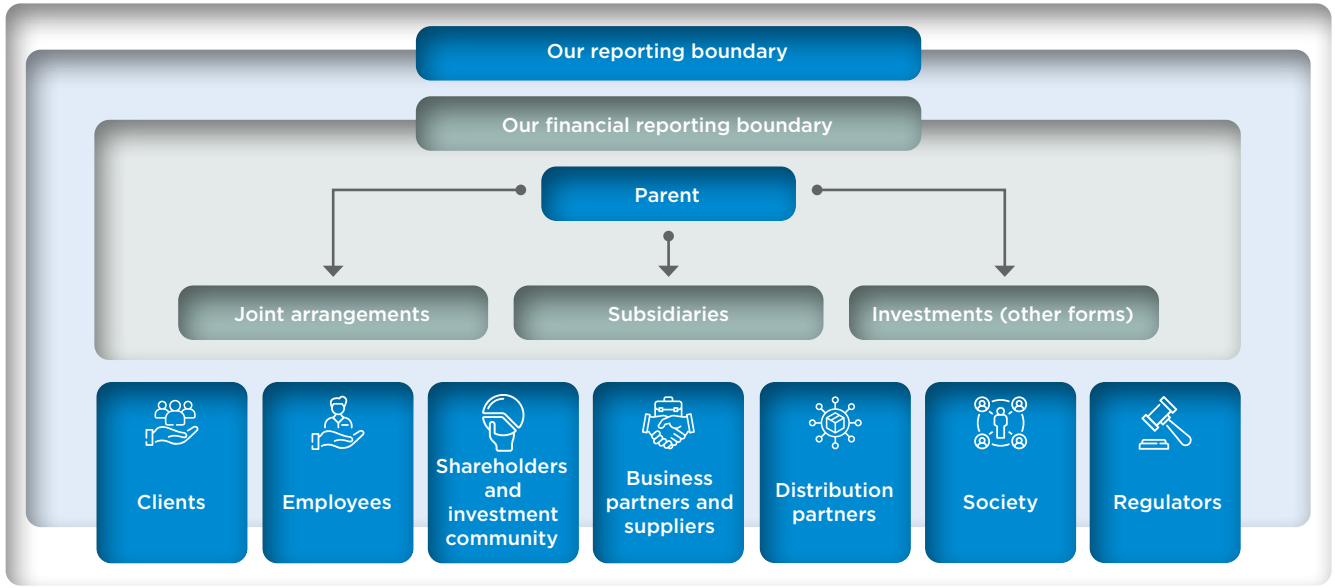
Our 2022 Integrated Report forms part of our annual reporting suite, which enables our stakeholders to make informed assessments about our performance and prospects.

This report provides readers with material information and insights about our performance for the financial year from 1 January to 31 December 2022. We take a longer-term and future-oriented view of external factors, risks and opportunities. We aim to provide stakeholders with a concise yet sufficiently informative view of the Group's governance, strategy performance and risk, in the context of our operating environment. This enables readers to effectively assess Sanlam's ability to create and preserve value, our sustainability and prospects.

Scope and boundary

Sanlam Limited is the holding company of the Sanlam Group of companies (Sanlam, Sanlam Group or the Group), which operates through subsidiaries, associated companies and joint ventures. Sanlam Life Insurance Limited (Sanlam Life) is the largest operating subsidiary and holding company for 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 South African operations are included, which is indicated where relevant.

Entities and stakeholders considered in determining our reporting boundary



Comparability and reliability

The content of this report is comparable to the 2021 report in terms of the companies covered, measurement methods applied, and timeframes used for financial and non-financial data.

Assurance

We follow a combined assurance approach to support the integrity of information. The financial data was subject to independent assurance by Ernst & Young Inc and KPMG Inc in a joint audit engagement. These firms provided an audit opinion on the shareholders' information and Annual Financial Statements. The opinions state that these annual reporting suite elements comply in all material respects with the basis of accounting described in each.

Regulatory requirements and reporting guidelines

- The International Financial Reporting Standards (IFRS)
- Guidance from IFRS Foundation's[1] Integrated Reporting <IR> Framework
- King Report on Corporate Governance™ for South Africa, 2016 (King IV™)
- JSE Listings Requirements
- IFRS Foundation
- The South African Companies Act, 71 of 2008, as amended (the Companies Act)

We track our rankings according to independent rating agencies and continuously seek to improve our disclosure and performance. These include S&P Global, FTSE/JSE Responsible Investment Index, FTSE4Good Index Series, Morgan Stanley Capital International (MSCI) and Sustainalytics.

Materiality

Sanlam is committed to reporting on material matters from a double-materiality perspective (external impacts on our business in tandem with our impacts on stakeholders). An independent external party has been appointed to assist in determining our material matters in line with global best practice.

Approval of the Board

The Board of directors 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 risks and opportunities of Sanlam's long-term sustainability and fairly presents the Group's integrated performance. The board approved this report on 8 March 2023.



Elias Masilela
Chair



Paul Hanratty
Group Chief Executive



Abigail Mukhuba
Group Finance Director

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

[1] *IFRS Foundation has taken over the ownership of the <IR> Framework from the International Integrated Reporting Council.*

SANLAM'S VALUE PROPOSITION



Confidence Rule 5:

EVERY DAY IS A NEW CHANCE TO BE BETTER THAN YESTERDAY.



Our purpose is the foundation on which everything we do is built: Empowering generations to be financially confident, secure and prosperous

Sanlam has for over 100 years partnered our clients with the core purpose of empowering them to be financially confident, secure and prosperous. Our brand promise "Live with confidence" encapsulates this purpose and is the maxim that we live by and structure our entire business and culture around.

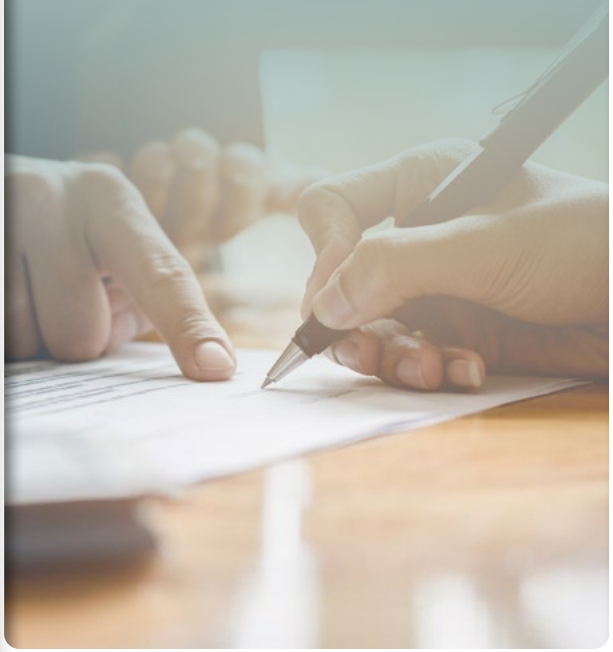
Financial confidence is found at the intersection of financial inclusion and security. This drives a sense of empowerment and motivates people to reach their full potential. As we continue to execute our purpose-led strategy, we are building further capacity across our operations in Africa and India and ensuring that we invest sustainably to increase our reach and scale and empower more people to live with confidence. Through this, we are able to share the strength of Sanlam to uplift communities and develop economies, which in turn results in improved returns for our shareholders.

With the implementation of our refreshed strategy in 2020, we intensified our focus on delivering our purpose through our expanded product offering, data and digital transformation, empowerment, building a future-fit culture, innovation and partnerships. This report describes how we delivered on our purpose in 2022, and how we empowered generations to be financially confident, secure and prosperous.

How we lived our purpose in 2022

Our clients

- Concluded new and intended partnerships to increase our reach and scale to make our products more affordable, accessible and appropriate for all clients across market segments and geographies (see page 47 for more information on our partnerships).
- Focused on ensuring we are able to address more client needs through both in-house innovation and partnerships (see our cluster reports on pages 64 to 74).
- We paid gross insurance benefits of R62,5 billion to our clients to support their financial confidence.
- We continue to protect and grow client assets of over R1 trillion.



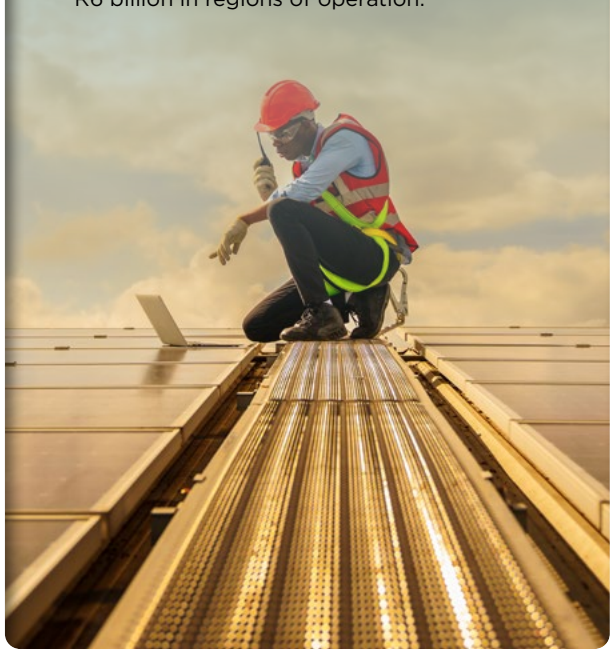
Our shareholders

- The Group has redeployed its capital in the process of implementing the strategy announced in 2020. Capital has been redeployed from the UK to strengthen the South African businesses through a series of investments in South Africa.
- The African portfolio will be considerably expanded and diversified, with reasonable cost, capital and revenue synergies, through the creation of joint ventures (JV) with Allianz (subject to regulatory approval) and the MTN Group.
- Created reserves to mitigate any future material adverse mortality, morbidity and other experience. We are well positioned to absorb the impacts of any unforeseen negative events on the operating earnings of our life insurance operations, facilitating more resilience in our ability to pay dividends.
- Delivered an adjusted Return on Group Equity Value of 15,1%, above our hurdle rate, to continue our track record of long-term shareholder value creation.
- Declared a dividend of 360 cents per share (+8%) which supports our target of real dividend growth of 2% to 4% per annum over a rolling three-year period.
- Despite the focus on strategic reallocation of capital, our market position has improved or remained steady in most lines of business and market segment.



Broader society

- R652 million invested in communities by Sanlam Foundation since 2011.
- Our joint venture with the MTN Group (MTN aYo) will drive financial inclusion across Africa with products offered through mobile phones from as little as 25 US cents.
- We continue supporting the allocation of capital to combat climate change in emerging markets.
- We sponsor the annual Sanlam Gauge to create greater transparency around B-BBEE.
- To support the integration of ESG additionality into investment decision-making, Sanlam partnered with Business Day and Intellidex to launch a research project called the Sanlam ESG Barometer.
- Direct and indirect taxes that was paid or become payable this year amounted to R6 billion in regions of operation.



WHO IS SANLAM

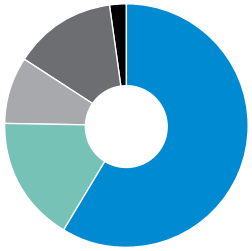
Sanlam is the leading non-banking financial services group on the African continent, with a niche presence in India and Malaysia. We are market leaders in life insurance, general insurance and investment management in our home market of South Africa as well as other countries across the African continent. With a history spanning over a century of serving clients, we have a well-established brand, leading industry skills and expertise, and high levels of customer loyalty.

Sanlam offers unrivalled long-term growth potential through a unique platform that positions us to grow in countries with low insurance penetration and high long-term economic growth prospects. As we grow, we contribute to developing financial service industries in the countries where we operate. Our innovative partnership approach brings scale and reach to our operations while supporting shared value creation and financial inclusion. We work hard to retain our clients' trust and our leading reputation by maintaining the highest ethical and governance standards and ensuring we share the benefit of our vast financial resources by investing for good. This, coupled with resilient and consistent financial performance, underpinned by a strong capital base and excellent operational cash generation, ensures the long-term sustainability of our business.

Sanlam key information

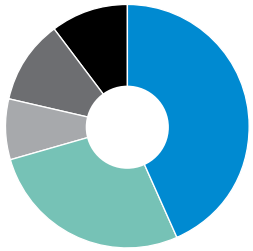
- Our products touch the lives of 32 million people across Africa and over 22 million people in India and Malaysia
- We employ over 120 105 people and are a certified top employer
- We operate in 31 countries and are present in eight of the top 10 largest economies in Africa (nine of the top 10 post-conclusion of the Allianz joint venture, currently awaiting regulatory approvals)
- Total net result from financial services of R10,2 billion for 2022
- Net operational earnings of R10,5 billion for 2022
- Group equity value of R141 billion as at 31 December 2022
- We are one of the largest non-banking financial institutions on the African continent with assets under management and administration of R1 trillion as at 31 December 2022

Group earnings (%)



60% Life insurance
17% General insurance
9% Investment management
16% Credit and structuring
-2% Administration and other

Group equity (%)



43 Life insurance
27 General insurance
8 Investment management
11 Credit and structuring
10 Administration and other

WHAT WE DO

We provide a broad range of financial services products that promote financial inclusion, enable wealth creation and wealth protection.



All our products and platforms create an ecosystem through which we are able to serve our clients better and make it easier for us to partner with unique and innovative businesses that are able to plug into our ecosystem and create shared value.



WHERE WE DO IT

Sanlam has a unique and growing African insurance footprint, with our operations in India and Malaysia adding further diversification and optionality.

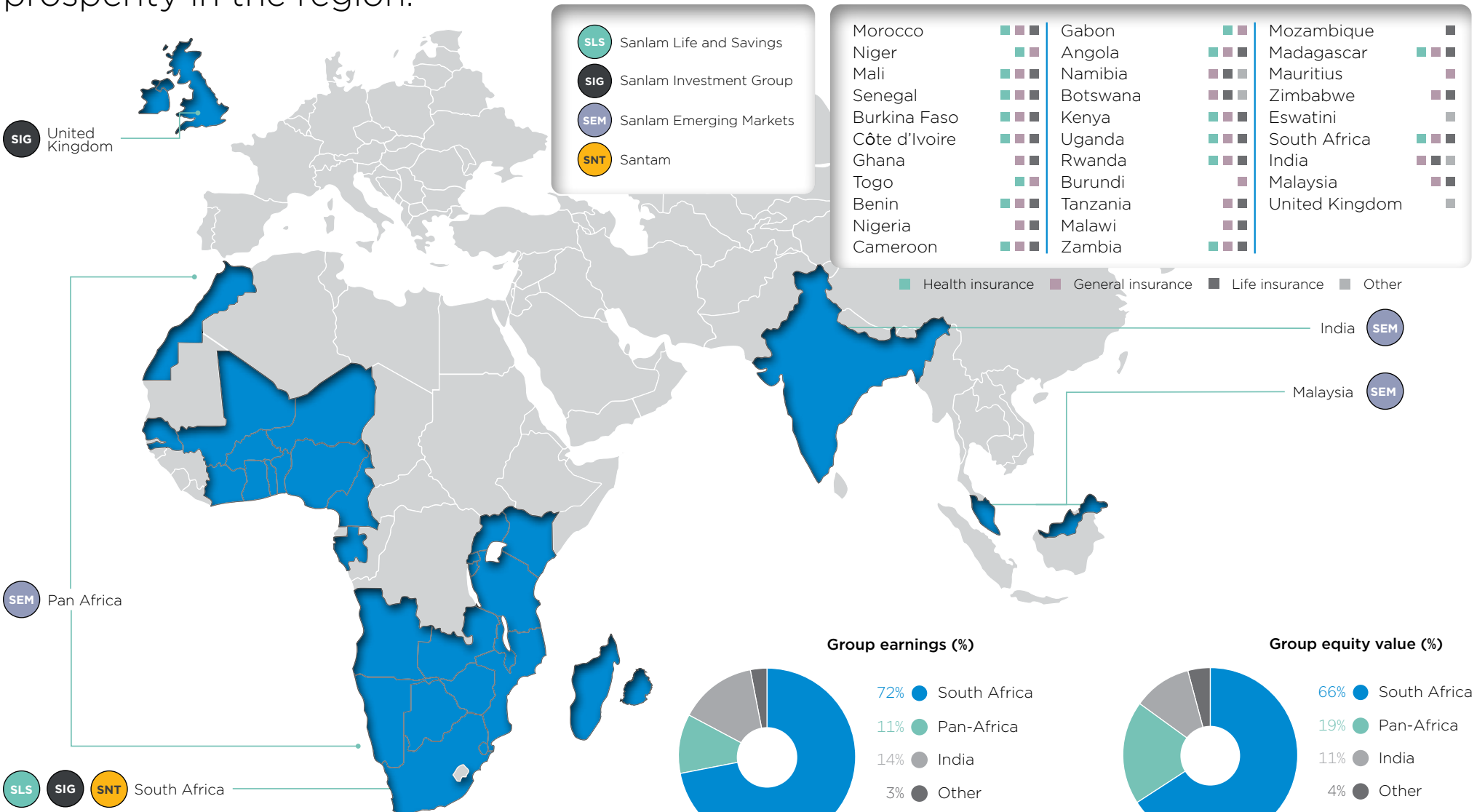
Founded in South Africa in 1918, we now have a strong presence across Africa and a leading niche presence in India and Malaysia. Sanlam is Africa's largest insurance group, as measured by market capitalisation. With a direct presence in 31 countries including South Africa, we are one of the world's largest internationally active insurance groups. We have the most extensive insurance footprint on the African continent. Sanlam is one of the top three market leaders in 11 African countries for life and 14 for general insurance. Our platform and partnership approach ensures ease of doing business across multiple jurisdictions, and caters to international insurance brokers and multinationals, in addition to in-country clients, who require the provision of insurance and employee benefits solutions.

An overview of the Shriram Group, our partners in India

Shriram is a leading Indian non-banking financial institution that promotes financial inclusion across society's most vulnerable sectors. Shriram has built a track record in the lending and insurance businesses, offering products and services to the underbanked through its extensive branch network in semi-urban and rural areas. Shriram's robust ecosystem across its financing and insurance businesses encourages cross-selling. The group is also diversifying its distribution through partnerships and digital platforms. The group's divisions are Shriram Finance Limited, Shriram Life Insurance and Shriram General Insurance.

Our Geographic Footprint

Growing Africa's non-banking financial services market is key to creating inclusive prosperity in the region.



Group earnings (%)

72%	South Africa
11%	Pan-Africa
14%	India
3%	Other

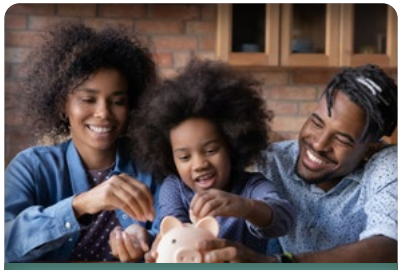
Group equity value (%)

66%	South Africa
19%	Pan-Africa
11%	India
4%	Other

HOW WE DO IT

Our services are provided through business clusters that deliver tailored, comprehensive, client-centric financial solutions to individuals and institutions.

SLS 100%
Sanlam Life and Savings
SA Retail Mass
SA Retail Affluent
Sanlam Corporate



SLS provides financial planning and advice, insurance and investment products to retail and institutional clients. In addition, the cluster offers credit and health solutions in South Africa. The cluster relies on its advice, distribution capabilities, digital tools, and channels to provide its comprehensive solutions through an ecosystem that also rewards loyalty and encourages long-term thinking. Focusing on strategic partnerships and continuous innovation allows SLS to increase its reach and scale to meet more of its clients' needs.

SEM 100%
Sanlam Emerging Markets



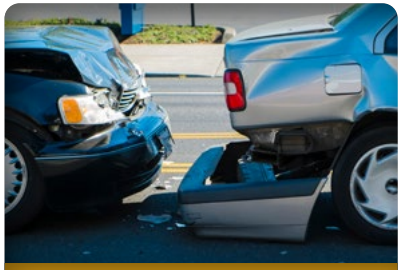
SEM houses our financial services operations outside our home market of South Africa. SEM consists of Sanlam Pan-Africa and our operations in India and Malaysia. SEM leverages its local partnerships and shared-value model to build successful businesses and contribute to community upliftment and economic development in the countries where it operates. By operating in geographies that have poor access to financial services products, SEM is promoting financial inclusion. Through its diverse distribution platform and product offering, SEM gives millions of people access to a growing range of simple and relevant financial services solutions.

SIG 100%
Sanlam Investment Group



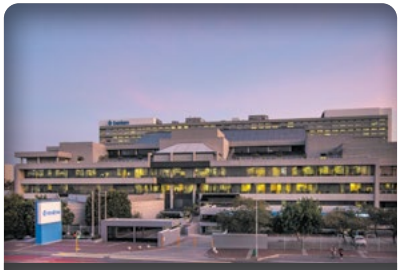
SIG offers a broad range of specialised investment management, credit and risk management expertise to retail and institutional clients in Africa and the UK. SIG supports Sanlam's purpose through its superior solutions, extensive product range and strong track record of investment performance. The cluster's impact-investing initiatives contribute to a better future for the societies where it operates. Sanlam Investments, one of South Africa's largest black-owned asset managers, is committed to transformation while supporting access to cost-effective financial solutions and a diversity of asset classes.

SNT 62%
Santam



Santam is a proudly South African general insurance group with a growing international presence. It offers a range of policies against property damage, motor accidents, loss of income, crop losses and catastrophe loss. Santam's primary function is to displace risk so that clients' insured losses are paid out of invested premiums. Clients live with confidence, knowing their assets are protected and insured.

Group Office
Group Office



Group Office supports the Group Chief Executive and respective businesses, and mainly performs the functions of strategic directing, co-ordinating, encouraging collaboration, seeking synergies, performance monitoring and reporting, providing assurance, allocating capital, and rendering support services to clusters across the Group.

Read more about the key 2022 activities for each cluster from page 64.



HOW WE CREATE VALUE

At Sanlam, we focus on areas that provide the biggest opportunity for sharing our core strengths for the benefit of all stakeholders. We do this by retaining customer trust and protecting our reputation; maintaining our track record of consistent performance and strategy execution; and investing for good. Through our investment in African countries and partnerships, we promote financial inclusion, economic development and shared value creation.

Our business model

Sanlam aims to create value for our stakeholders by consistently delivering quality products that are appropriate, accessible and affordable, and advice that helps our clients live with confidence. Through our partnership and sustainable investment approach, we aim to develop financial services industries and create positive socio-economic returns in the countries where we operate. This, in turn creates strong, sustainable returns for our shareholders.

Value creation

Inputs

Financial capital

- Capital allocation framework ensures disciplined allocation of capital to initiatives that deliver above-hurdle rates of return.
- Robust balance sheet and capital position maintained through extreme investment market volatility.
- R1 trillion of assets invested in the development of economies and to support key social issues.

Manufactured capital

- Sanlam provides a superior client experience through modern and flexible technology platforms.
- We are simplifying and rationalising our core administration systems and IT estate.
- We are executing our plans to enhance efficiency and make it easier for the business to support better client experiences and outcomes.
- A growing portfolio of digital businesses brought together in the new Sanlam fintech cluster.
- Our branch network includes 114 Sanlam-branded branches across South Africa.

Intellectual capital

- Sanlam employs some of the best skills in the financial services industries in countries where we operate.
- Our skills are applied in building our diverse portfolio across many geographies and product lines.
- The digitalisation of our business has required introducing new skills into our business and new partnerships to benefit from broader skills sets and capabilities.

Business activities

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 financial management, accounting, actuarial valuations, regulatory reporting, human resources support and information technology.

Distribution and client support: We provide client account administration, actuarial valuations, ongoing advice, claims management and management of client complaints.

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

Risk and capital management: Effective risk and capital management allows us to identify opportunities and to mitigate our complex risks on a Group-wide basis.

Outputs

Products

Our diverse product set supports wealth creation and helps our clients live with confidence. This product set includes:

- life insurance;
- general insurance for individual and business;
- micro-insurance;
- Retirement products for individuals;
- wealth management;
- investment management;
- corporate benefits;
- healthcare; and
- credit solutions.

Outcomes

Financial capital



- Track record of consistent delivery on our key metrics of adjusted Return on Group Equity Value and real dividend growth.
- Highly cash-generative business, with our reported net result from financial services very close to cash generated from operations.

We outperform our value creation hurdle rate of the South African nine-year risk free rate +4% and increase our dividend in real terms over the long term.

14,9%
Adjusted Return on Group Equity Value per share
(2021: 14,6%) above hurdle rate of 14,3%

R10 191 million
Net result from financial services
(2021: R9 469 million)

360 cents per share
Dividend
(2021: 334 cents per share)

R335 201 million
New business volumes
(2021: 355 996 million) off a high base

R2 388 million
Net value of new covered business
(2021: R2 764 million)

R59 975 million
Net fund inflows
(2021: R78 322 million)

Manufactured capital



Our technology investment opens up new distribution possibilities across our markets as we reach more clients at lower cost. We benefit from greater efficiencies, business insights and high client satisfaction and improved client retention. We have established a strategic digital engagement platform to support digital, low-friction experiences and process automation.

Our future-of-advice programme uses digitisation and automation to help intermediaries provide intelligent and tailored advice to clients. Our advanced analytics models, including cross-sell propensity models, improve cross-selling across the Group.

Digital and direct sales grew by 82% since 2019 through the MiWay Life and Indie businesses.

Intellectual capital



Our culture of innovation enables our people to deploy their vast skills to develop new products and services to meet more client needs.

Our digital academy upskills our people to apply innovative solutions using the latest digital technology

Our analytics capabilities have significantly improved retention in our South African Retail Affluent business.

We have a diverse set of skills at Board level to guide management and ensure shared-value creation.

30 existing staff graduates from our digital academy since its launch in 2019

Inputs

Human capital

- We have culture-building initiatives to support our Winning as One culture journey, with 120 105 employees.
- We drive diversity, inclusion and transformation through remuneration-linked performance indicators (31% female employees in top management and 34% female employees in senior management).
- We have excellent broad-based black economic empowerment (B-BBEE) credentials and a transformed employee base with 51% black employees in top management.
- Our remuneration policies in South Africa and other countries are fair and drive performance.
- We offer French and English Sanlam Emerging Markets Senior Leadership Programmes for our senior subsidiary staff every 18 months, both as a combination of remote and classroom.

Social and relationship capital

- Our products touch over 32 million lives across African and over 22 million lives in India and Malaysia..
- We enjoy a high level of brand awareness and trust, with a leading industry reputation.*
- We work alongside local investors, supporting solid and rewarding in-country partnerships and shared value creation.
- We engage with our stakeholders closely and consider their needs, expectations and concerns in our decisions.
- We have strong relations with regulators and maintain the highest levels of compliance.

* *2021 Globescan survey*

Natural capital

- We invest responsibly by integrating ESG considerations into our investment processes and stewardship activities.
- We create products around sustainability outcomes.
- We work to reduce our carbon footprint and manage waste and water use.

Outcomes

Human capital

Employees have career mobility opportunities with appropriate incentives to drive high-performance. Our people are valued, and their differences are appreciated.

We measure our culture using the Barret Survey methodology. This showed our culture is above the industry average and is consistent with the prior year.

Our employee experience aligns with best practice and the market in terms of guaranteed pay, variable pay (short and long term) and benefits. Where suited to employees' roles and supporting productivity, employees may work in a hybrid manner.

Employees benefit from a holistic, digital wellness offering for physical, mental, lifestyle and financial wellness. This includes access to primary healthcare clinics at their places of work. Our employee assistance programme is available to employees 24/7 for counselling needs.

41 graduates from our chartered accountant (TOPP) programme since inception in 2013, 88% of graduates were black and 41% female.

Actuarial programme has granted over 527 bursaries since 1956, we currently have 49 actuarial bursary holders in 2022 studying at prestigious universities in South Africa.

R16,3 billion paid in remuneration

Ranked as a top employer in South Africa for seven consecutive years

Social and relationship capital

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

R62,5 billion paid in gross insurance benefits

Overall client satisfaction score was 85% for 2022 (2021: 83%). In India, Shriram received the Best use of Technology in Customer service (life insurance) award in the prestigious 2022 BFSI Leadership awards.

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

Our Sustainable Infrastructure Fund, launched in September 2021, has invested R7 billion in more than 25 assets, with a further R6 billion committed to new assets.

Direct and indirect taxes that was paid or become payable this year amounted to R6 billion

Our business activities create trust in the financial sector as ethical and fully functional.

Natural capital

We invest in projects that support economic development and Africa's just transition.

US$950 million raised on renewable energy projects in wind, solar and run of river hydro sectors in the Climate Investor Fund One

US$855 million raised in two tranches to date for projects in water, sanitation and ocean sectors in the Climate investor Fund Two

We have a 15-year partnership with the World Wildlife Fund South Africa's (WWF-SA) fresh water programme, helping to safeguard the resilience of freshwater sources and successfully contributing to SDG 13.

Clients | Employees | Shareholders | Business partners and suppliers | Distribution partners | Society | Regulators

STAKEHOLDER RELATIONSHIPS

We have been creating value for stakeholders for over 100 years. Our stakeholder engagements are built on a foundation of transparency and trust.

Sustainable performance and growth are inextricably linked to reliable and healthy stakeholder relationships and understanding and responding to stakeholders' expectations. Different stakeholder practices are required across our extensive geographic footprint. Business entities are given relative autonomy in their positioning and responses but must adhere to the principles outlined in the Group stakeholder management policy.

Sanlam Board is ultimately responsible for the governing and monitoring of the quality of stakeholder relationships and the effectiveness of our stakeholder engagements in the Group – in line with King IV™ Report on Corporate Governance.

To ensure consistency and protect the Sanlam brand, stakeholder engagement is informed and governed by a comprehensive stakeholder policy, a charter and a supporting engagement framework. The Board has delegated to management the responsibility for implementation and execution of stakeholder relations policy. The Board holds management accountable through the Social, Ethics and Sustainability (SES) committee where progress is reported on a quarterly basis.

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

Our stakeholder engagement initiatives seek to:

- proactively unlock growth;
- respond to stakeholder issues;
- demonstrate good governance; and
- display leadership and foresight as a good corporate citizen.

The table below summarises our key stakeholders' profiles, touchpoints and engagement outcomes. Additional information on our broader stakeholder network is included in our Sustainability Report on our investor relations website (www.sanlam.com).

Stakeholders and their expectations	Why	How	Outcome
Clients rely on Sanlam's products and services to build their wealth and protect what is important to them. We serve people across different income groups in our operating territories. Clients expect Sanlam to serve them with integrity and offer high-quality products at competitive prices.	We strive to be a trusted adviser to retail and institutional clients to assist them in achieving wealth and peace of mind. This supports our purpose of empowering generations.	Clients can access advice, information and products and submit claims through several channels, including websites, call centres, WhatsApp, SMS and social media platforms. We use client satisfaction surveys and feedback to improve our offering and service.	Clients benefit from long-term financial confidence, security and prosperity. They retire with dignity and are protected from the financial impact of unforeseen events.
Our diverse workforce of 120 105 **permanent employees** provides the skills and capabilities required to deliver products, services and client-centric experiences. Employees expect fair labour conditions, a positive working environment, competitive remuneration and career-development opportunities.	We attract some of the best people by creating an exceptional employee experience. We empower our employees through ongoing training and development to ensure they deliver on our purpose. We foster a high-performance and agile culture that emphasises accountability.	Employee engagement is ongoing and forms part of our human employment deal (formerly known as our employee value proposition). We undertake regular employee surveys to inform Group-wide programmes to enhance their experience and career-development opportunities.	Employees are retained and incentivised with appropriate remuneration structures. They are supported through sound leadership and financial, emotional and health-related wellbeing initiatives.

Stakeholders and their expectations	Why	How	Outcome
Shareholders and the investment community are our primary providers of financial capital, with analysts guiding their decision-making. Shareholders and the investment community expect strong financial performance, a positive outlook and excellent governance standards.	We aim to achieve consistently superior returns for shareholders relative to competitors. In addition, we want them to understand and support our trade-offs 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 (AGM) and *ad hoc* meetings.	Over the long term, the value of Sanlam shares provides strong growth for shareholders. Our shareholders received a dividend that continued to increase in real terms. *Read more on page 19.*
Business partners and suppliers enable market access across different geographies to support our growth and transformation ambitions. They expect us to be fair and ethical and provide mutually beneficial opportunities.	Business partners and suppliers provide us with products and services that enable Sanlam to conduct business. Our business model relies on collaboration to access critical local knowledge and infrastructure.	Engagement is supportive and not intrusive. We pay suppliers according to service level agreements and contracts, and engagement is formalised through governance structures, reporting requirements and personal interactions.	Business partners and suppliers benefit from Sanlam's investment in African economies. We invest in these economies' development in a responsible and impactful manner.
Distribution partners function downstream from Sanlam's businesses and facilitate delivery of our solutions to clients.	Distribution partners offer us distribution capability, an understanding of local market conditions, culture and existing relationships with regulators, independent intermediaries and institutional clients.	Distribution partners are supported by dedicated intermediary support units, tools and learning platforms. Sanlam provides distribution partners with an automated advice solution to boost intermediaries' productivity.	Distribution partners benefit from fees generated through product and service distribution. Innovation and financial inclusion initiatives support the creation of new and enhanced distribution opportunities across our markets.
Society includes trade unions, political parties and non-governmental organisations. Civil society expects Sanlam to be a good corporate citizen and contribute to the communities where it operates.	Civil society's activities aim to better our communities. This contributes to broadening Sanlam's client base and workforce. Our relationships with civil society build legitimacy for our business. We aim to respond proactively to societal issues.	Sanlam Foundation is the Group's primary corporate social investment (CSI) vehicle and focuses on shared-value initiatives that fulfil the needs of society and business. Various CSI initiatives that align with the Group's priorities are also conducted in-country by SEM, i.e. Sanlam Morocco, which created the Ennajah Foundation, who's main vocations are to promote the education of underprivileged children, fight against school drop out, poverty and social exclusion.	Communities and organisations develop financial confidence, resilience and prosperity. Communities experience the benefits of increased entrepreneurship, job creation, consumer financial education and investments in the environment, and Early Childhood Development (ECD), primary and secondary education. In 2022, we contributed R130 million towards our Corporate Social Investment activities.
Regulators are those institutions, entities and bodies that provide financial stability and a sustainable environment for financial services through sound policies and prudential and market conduct regulation. Regulators expect Sanlam to adhere to regulations, practice good governance, treat customers fairly and pursue transformation initiatives.	Collaboration with regulators is essential to ensure continued stability of the financial services environment and mitigate risk.	We regularly engage with industry regulators to contribute to a trusted and secure financial services environment.	Sanlam is regarded as being ethical and fully functional. Sanlam complies with all relevant regulations and standards.

WHY INVEST IN SANLAM

We are an African champion with attractive and sustainable long-term growth prospects.

1 Diversification by product line and geography creates stability in earnings and value creation

- Unparalleled African footprint with a diversified and tailored offering
- New business growth rates to exceed nominal gross domestic product (GDP) growth
- Only African player with meaningful exposure to the fast-growing Indian economy

2 Modern omni-channel client engagement to meet clients where they are

- Future-fit client ecosystems
- Capabilities to serve clients through direct, digital and face-to-face channels
- Rewards-offering encourages superior client retention levels

3 At the core of our value creation philosophy is the client

- Our reputation is built on over 100 years of empowering generations to be financially confident, secure and prosperous
- Over 32 million lives touched across Africa and over 22 million lives touched in India and Malaysia
- Brand appeal and client trust (overall client satisfaction score of 85%)
- DNA of a mutual insurance company – built by policyholders for policyholders
- Best skills and expertise in the industry

4 Our partnership model increases reach at scale and reduces risk

- Vast distribution networks across intermediaries, bancassurance, telcos, agents, direct and aggregators
- Enhanced distribution network through strategic partnerships and shareholdings, such as MTN, Capitec and Shriram, with additional access to an extensive client base in Africa and India
- The Allianz partnership will strengthen Sanlam's Pan-African operations (subject to regulatory approval)

5 Disciplined capital allocation, track record of resilient and margin-accretive growth

- Strong capital base and operational cash generation (core business is self-financing)
- Improving margins and return on capital (ROC) from scale, superior client value propositions and efficiency
- Capital efficient business model

6 Our technology strategy aims to modernise our business and build new digital businesses to reach new client segments

- Modernising core business – Sanlam 2.0
- Disruptive product innovation and digitalisation
- Digital native businesses – Sanlam 3.0

Our financial targets

- Target shareholder value creation, as measured by Return on Group Equity value (RoGEV), 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% over a rolling three-year period.

Understanding RoGEV

RoGEV is our primary performance target for measuring shareholder value creation. This metric reflects our success in growing the value of Sanlam's operations over the long term.

What is RoGEV?

RoGEV is a robust forward-looking financial performance indicator that primarily measures the value we add for our shareholders. Given the direct long-term relationship between shareholder and other stakeholder value creation, RoGEV indirectly reflects how successfully we create value for our other material stakeholders.

For a business such as Sanlam, where earnings from a particular client solution emerge over a number of years, RoGEV is a more appropriate performance measure compared to traditional return on capital and earnings metrics. It combines current-year earnings compared to expectations (short-term performance) and changes in future expected earnings (long-term performance) in a single performance metric. This makes RoGEV a robust composite value measure for a diversified group such as Sanlam.

What is GEV?

Group Equity Value (GEV) indicates the value of Sanlam's total business, including life and non-life operations. It does not represent an appraisal value of the Group as it does not place a value on new life insurance business that will be written in future. It includes:

- the value of Sanlam's in-force book of life insurance business;
- the value of non-life operations based on longer-term assumptions; and
- the fair value of discretionary and other capital not allocated to our operations.

Sanlam's dividend policy

We target real dividend growth of 2% to 4% over a rolling three-year period. Our dividend policy is based on cash operating earnings, which is equal to the portion of the business clusters reported operating earnings distributed to the Group as cash dividends. Our dividend philosophy is embedded in our capital management approach. We therefore do not manage our capital and solvency through our dividend policy.

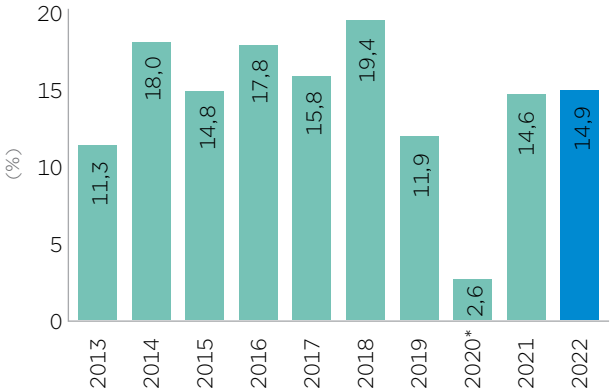
The level of cash earnings available for distribution to the Group is informed by several factors, including working capital requirements, as well as the solvency position of the various entities in a cluster. The key principle is that the entities in a cluster should be sufficiently capitalised after 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's solvency position under South African regulations.

At a secondary level, the Group's objective is to maintain a 1 – 1,2x times Group cash operating earnings cover in any year to manage a smooth dividend profile.

Our consistent track record

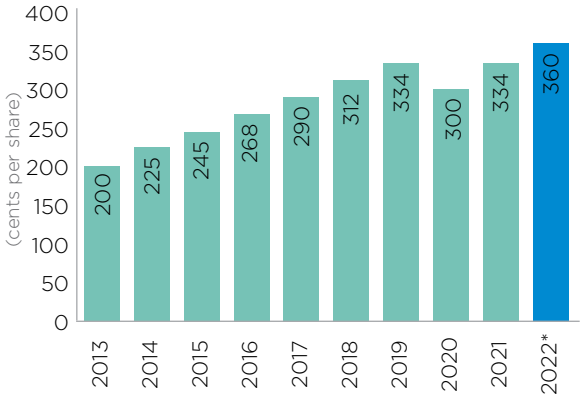
Sanlam has maintained a consistent track record of sustainable growth that demonstrates financial strength and resilience.

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



**Impacted by Covid-19*

Annual ordinary dividend (cents per share)



** 7% CAGR*

Our sustainability approach

Sustainability is integrated into Sanlam's strategy and business where we focus on the areas that provide the biggest opportunity for sharing Sanlam's core strengths for the benefit of all stakeholders.



We are continuously integrating sustainability/ESG risk assessments in our insurance clusters in a "just" way. We work with our strategic partners to mitigate these risks and ensure we can strengthen the adaptive capacity of our clients to reduce potential ESG-related claims. We are benefiting from these partnerships that seek to drive ESG resilience as more of our clients become aware of ESG risks and see us as a trusted insurance partner and leader in the ESG space.

Our approach contributes to more resilient societies and environments where people can live with confidence.

We have made various investments in the South African economy and some parts of Africa. These investments have driven growth in the economies and impacted societies in a positive way.

Through the Partnership for Risk and Resilience (P4RR), Santam is actively partnering with municipalities to reduce fire, flood and drought risks of vulnerable South Africans.

Sanlam Foundation drives financial education and social upliftment in partnership with Ubuntu-Botho, with **R652 million** invested in communities since 2011.

From 2023, 10% of Group Exco short-term incentives are linked to ESG and culture KPIs split evenly.

Sanlam is included in the FTSE/JSE Top 40 Responsible Index

B CDP climate change score (2021: A-)

Sanlam is a level 1 B-BBEE contributor

AA rating by Morgan Stanley Capital International (MSCI)

Our latest impact strategies

Climate Investor Funds

Renewable energy projects in the wind, solar and run-of-river hydro sections

One: Final close US$950 million (30% above target)

Two: Projects in the water, sanitation and ocean sectors: US$855 million raised in two tranches to date,

USD1 billion target

Future funds:

Three: Landscapes

Four: Cities

Sustainable Infrastructure Fund

Focus on economic growth, job growth, market development and environmental sustainability

Sanlam has invested R7 billion across more that 25 assets over recent years and has committed to a further R6 billion to new assets

South African SME Debt Fund

In conjunction with the Eskom Pension and Provident Fund

Focus on financing black-owned businesses across sectors, priorities manufacturing and agro-processing

- Creating wealth, investing in job creation, reducing inequalities and combating climate change.
- On track to impact over 27 000 lives with our investors' legacy partners.
  - Committing R2,25 billion into new investment strategies aligned with the core impact them of job preservation and creation.
- Raising and deploying innovative investment vehicles to mitigate and adapt to climate change.
  - Climate fund managers responding to the climate crisis by structuring and managing a series of blended finance vehicles, each focused on key thematic areas of climate change mitigation and adaptation.
- ESG leader in asset management through Robeco partnership.
- BEE credentials – one of the largest black-owned asset managers.
- Sanlam partnership with WWFSA for nature, Sanlam Gauge and Sanlam ESG Barometer.




Confidence Rule 39:
A SECURE
FUTURE STARTS
WITH A SAVING
PLAN.

OPERATING CONTEXT

High inflation was a global concern in 2022 as a combination of supply constraints and stronger demand, amid high commodity prices and firming labour markets, fed through to robust increases in headline and core global consumer price inflation.

Although global mobility improved in the year, as pandemic-related restrictions were eased, escalating geopolitical tensions, the Russia-Ukraine conflict, inflation and a shift towards less accommodative monetary policies, led by the US Federal Reserve, weighed on economic activity.

In South Africa, rand depreciation and high energy and food prices resulted in a marked increase in headline consumer price inflation from 5,9% in December 2021 to 7,8% by July 2022, before easing to 7,2% by December 2022. In response, the South African Reserve Bank's monetary policy committee increased the bank's repo rate by a cumulative 325 basis points through the year to 7,0%.

The last South African Covid-19 restrictions were rescinded in mid-year. Together with buoyant commodity export prices, this supported real economic activity. However, floods in KwaZulu-Natal, South Africa in April 2022, the most severe electricity supply disruptions on record and deteriorating real household income growth, constrained the estimated advance in real GDP growth to little over 2% in 2022.

Standard & Poor's Global Ratings changed the outlook on South Africa's BB- rated long-term foreign currency debt from stable to positive in May 2022, while high commodity export prices and improved tax compliance boosted government revenue and helped stabilise its debt ratio. Socio-economic related expenditure demands and ongoing transfers to ailing state-owned companies remain key risks to the fiscal outlook.

In 2023, South Africa's real GDP growth is expected to slow to just 1%, due to lower terms of trade and the lagged impact of interest rate hikes. Our growth prospects depend to a significant extent on the global growth path, with the marked fall in Eskom's energy availability factor being a key risk to GDP growth prospects.

Sub-Saharan Africa economies faced strong headwinds in 2022, including high inflation, which mostly exceeded central bank inflation targets (or long-term trends). Double-digit inflation rates were recorded in Zambia, Botswana, Angola, Nigeria and Ghana. Monetary policy interest rates were hiked in Ghana and Nigeria.

Resource producers, however, benefited from higher commodity export prices for a large part of the year, resulting in upward revisions to 2022 growth forecasts in, for example, Nigeria and Angola. In Namibia, new mining projects increased production and underpinned an improvement in real GDP. Growth estimates for Botswana and Mozambique in 2022 are robust. That said, growth prospects dimmed in Zambia and Ghana, reflecting the impact of unsustainable fiscal policies, balance-of-payments constraints and high inflation.

Elsewhere, strong real GDP growth rates were recorded in East Africa, including Uganda, Tanzania and Kenya and in some West African economies, including Côte d'Ivoire and Senegal. On balance, real GDP growth in sub-Saharan Africa slowed to an estimated 3,8% in 2022 from 4,7% in 2021. Growth is expected to be similar in 2023.

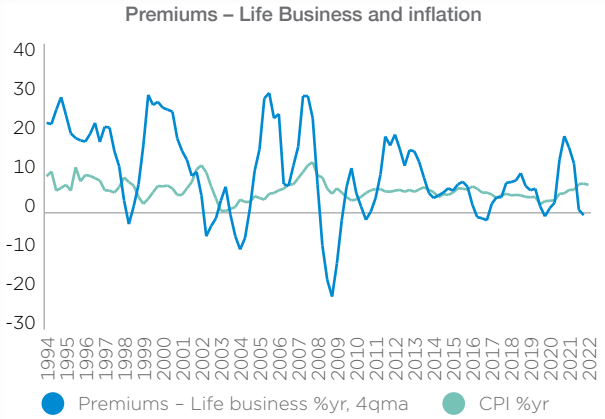
In North Africa, Morocco's economy expanded modestly in 2022, constrained by lower terms of trade and the impact of drought on agriculture. The government's high debt level is another constraint. Elsewhere in North Africa, macro-economic imbalances in Egypt led to the devaluation of the Egyptian pound, contributing to sustained high inflation and interest rate hikes. Egypt's large financing requirement against the backdrop of high government debt levels underlines the importance of access to funding and reforms.

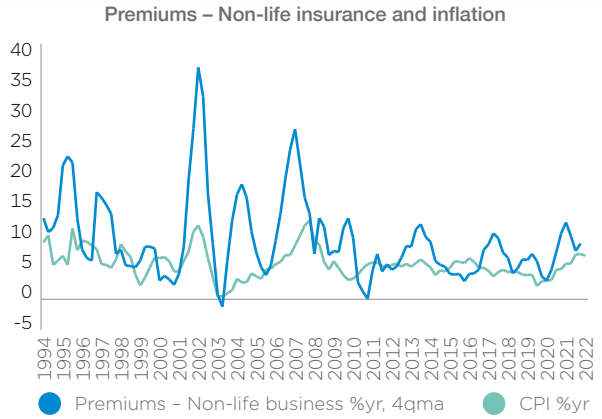
In Asia, although India's real GDP growth eased in 2022 relative to 2023, it remained robust. Inflation exceeded the Reserve Bank of India's target, prompting the central bank to increase its policy interest rate by a cumulative 225 basis points in 2022. India's long-term growth prospects are considered favourable.

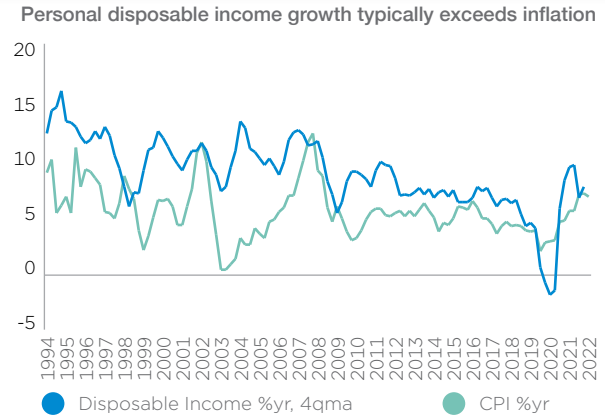
Case study – we expect personal disposable incomes and insurance premiums to adjust to higher rates of inflation

Sanlam's economic team analysed long-term trends in personal disposable income relative to inflation, as well as insurance premiums relative to inflation in South Africa. Personal disposable income growth usually exceeds inflation, especially once wage demands lift in response to higher prices.

Households have numerous sources of income, but compensation is the largest contributor to gross disposable income. On balance the team expects personal disposable income to increase 8% (in current prices) in 2022 and 6% (in current prices) in 2023 in South Africa.







Source: Sanlam Investments



CHAIRPERSON'S MESSAGE



CHAIRPERSON'S MESSAGE



Elias Masilela
Chair

2022 brought significant new challenges in addition to the global after-effects of the pandemic. During this difficult period, Sanlam continued to deliver on its purpose of empowering generations to be financially confident, secure and prosperous. We supported our clients through significant benefit payments, communities through our social and empowerment programmes and economies through sustainable investing. The strength of our organisation meant that even in this difficult period, we were able to successfully implement our strategy and lay the foundation for continued growth while delivering a solid operational performance.

We live in an uncertain and connected world. As the impact of Covid-19 subsided, the global geopolitical outlook deteriorated. The outbreak of the Russia-Ukraine war in February 2022 sent shockwaves through the world's economic system. The prolonged nature of the war continues to weigh on the global economy, with trade disruptions, rising food prices and fuel-price shocks. These all contribute to high inflation and tightening global financing conditions.

While Sanlam has limited direct exposure to this war, we see its impact across our territories. The most visible effect of the war on Africa is rising fuel and food prices, general inflation and financial instability. As would be expected, the poor are hardest hit, given that a large proportion of their monthly income is spent on basic commodities, namely, food and transport. This crisis highlights, once again, that Africa's leaders must prioritise domestic structural transformation that is green, inclusive and resilient. Dependency on unrequited transfers and grants from the North is unsustainable and not productivity enhancing.

Closer to home, South Africa grapples with several socio-economic challenges. While the country benefited from a post-Covid-19 revival in economic activity, this growth was constrained by persistent, severe rolling power outages. In April 2022, KwaZulu-Natal also contended with catastrophic floods that destroyed homes, critical infrastructure, lives and livelihoods. It is not surprising that South African consumer and business confidence is bruised. What is most concerning is that both indexes show confidence levels are significantly lower than at the onset of our democracy in 1994. From a positive perspective, though, we welcome moves to liberalise the local energy market through more private-sector involvement. The speed and consistency of this intervention are critical for a positive macro-economic outcome.

While the external environment was exceptionally tough, Sanlam's internal environment remains healthy and productive. We completed a thorough review of our performance against our five-year business plan. It was pleasing to see that our rate of delivery is largely on track or ahead of the curve since our business plan was approved in 2020. We are now better positioned to deliver to stakeholders and meet their needs and wants. Deploying our capital wisely was the most significant trade-off decision that our Board had to consider in 2022. As this is an excellent time to buy assets, we decided to invest in growing the business rather than returning capital to shareholders.

We have made excellent progress against two focus areas, diverse products and partnerships, with many of our targets already achieved. We need to pick up the pace in our technology journey and ensuring the sustainability of what we do. Both areas have their challenges, which we are addressing. Our Group Exco is committed and well prepared in terms of capability and capacity to achieve or exceed all our targets.

A note on regulatory change

In general, South Africa's regulators make sound policy decisions in the best interest of financial stability and consumer protection. We continue to advocate for wise policymaking and a more business-friendly environment by participating in various business forums.

The change to Regulation 28 of the South African Pension Funds Act presents a bittersweet opportunity. In February 2022, this was amended to increase the offshore allowance to 45% including the Africa component. While this offers increased diversification and offshore business for asset managers, it reduces the pool of investments available in the domestic economy. Even though the quantum of change may be small, the policy's signal has been interpreted in some quarters as showing less faith in South Africa's prospects, which is significant and unfortunate. Rightly or wrongly, economic agents act on perception.

Our position on the Competition Commission investigation

The Competition Commission issued a media release in August 2022 indicating that it is investigating certain pricing practices in the life insurance industry. Sanlam is committed to treating all clients fairly and with the greatest respect to delivering the best possible service and value. This commitment underpins the trust that the public places in us. Sanlam adheres to the highest ethical standards and all relevant legislation. We believe that all pricing practices in Sanlam Life are in clients' best interests and have robust processes to ensure this.

Our commitment to transformation

We are deeply committed to empowering our employees and the communities where we operate throughout the continent.

Sanlam is proud of its status as a level 1 B-BBEE contributor in South Africa, the highest level a company can achieve. We are 49% black-owned and 23% black women-owned, far exceeding industry targets for ownership. We also operate Sanlam Investments, one of South Africa's largest black-owned asset managers. While we have made significant progress, we understand more work needs to be done.

We will focus on deliberate transformation, particularly at senior management, executive and ownership levels.

Notably, Sanlam was crowned the Top Empowerment Company (business of the year) at the TopCo awards. The Group was also named the Top Empowered Company for education and skills development for our work in school education programmes, skills development and consumer financial education. These annual awards celebrate South African organisations that have excelled in transformation.

Small, medium and micro enterprises (SMMEs) represent over 98% of South Africa's businesses and employ between 50% – 60% of the workforce across all sectors[1]. In South Africa, Sanlam allocates millions in capital to funds and programmes that give SMMEs access to finance and markets – two of their biggest challenges. Funds such as the Sanlam Investments' Investors' Legacy Range and the Resilience Fund have preserved or created much-needed jobs over the past two years.

The SME Debt Fund, established in April 2022 in conjunction with the Eskom Pension and Provident Fund, finances black-owned businesses across sectors but prioritises manufacturing and agro-processing. In 2023 we will launch the Sanlam SMME Growth and Empowerment Fund to support black-owned SMMEs at scale, focusing on women- and youth-owned SMMEs. The Board approved the fund's creation, including the appropriate governance model to facilitate third-party investor funding. We allocated R250 million of seed capital to the fund from our unclaimed shares fund.

Sanlam embraces its transformation advocacy role through our Sanlam Gauge project. In its second year, the 2022 Sanlam Gauge annual report aims to provide a holistic view of economic transformation in South Africa. It is the first to deliver insights on sectoral rather than individual company performance to give a more defined view of how local industries are transforming. It also provides a score for South Africa Inc's overarching progress.

We appreciate our role in Africa's economic development and in empowering her citizens. This year our transformation office, supported by the socio-economic impact forum, finalised its new socio-economic transformation strategy.

[1] *Data from 2018 FinFund SA SME Inaugural SMME Access to Finance Report.*

This strategy outlines our desired role in promoting diversity, equity and inclusion across the continent. We are already major investors in Africa's sustainable development. Our sustainable infrastructure fund, launched in September 2021, has invested R7 billion in over 25 assets, with a further R6 billion committed to new assets.

We are very proud of our work through Ennajah Foundation in Morocco. We established this foundation in 2019 to promote digital learning in rural areas, preventing early high-school dropouts and alleviating poverty. In 2022, we equipped 20 schools and initiated our digital educational content development project.

In November 2022, we announced our sponsorship of the Sanlam ESG Barometer. This barometer aims to elevate thinking about how ESG is practised in South Africa and highlight the opportunities to improve ESG performance. We look forward to the inaugural report being published in March 2023.

Read more about our transformation and sustainability initiatives in our Sustainability Report.

Board changes

Succession planning remains a major point of consideration by the Board. As a Board, we focus on bolstering its independence, improving our diversity and attracting new skills. At 31 December 2022, we recorded 61% independent directors, up from 53% in 2021, 56% black representation and 33% female, slightly below our 35% gender-representation target. Our Board has the appropriate balance of newer directors and directors with deep institutional memory. Every Board committee has an alternate Chair, which is reviewed at every meeting. We also emphasise ongoing training to develop well-rounded Board members.

In March 2022, Dr Rejoice Simelane, a longstanding non-executive director retired from Board. The Board and I appreciate the passion and diligence with which Rejoice has served Sanlam, contributing to its growth and transformation in the 18 years that she served on the Board. We are especially grateful for the contribution she made as an active member of the SES committee.

In October 2022, Thembisa Skweyiya was appointed an independent non-executive director of Sanlam Limited and Sanlam Life Insurance Limited. Thembisa is a seasoned director with a track record spanning several business sectors and fields, including mergers and acquisitions, private equity, development finance, empowerment transactions and structured corporate finance. She is a lawyer and former investment banker, with roles at Citigroup and Nedbank Capital. We welcome her to Sanlam and look forward to her contributions.

In September 2022, the Board bid farewell to Jeanett Modise, who resigned as an Executive Director and Group Human Capital Director. We thank Jeanett for her service to the Group and wish her well in her future endeavours.

New Group Company Secretary

In January 2023, Sana-Ullah Bray, our Group Company Secretary stepped down from that role to become Group Executive: Human Capital. He also becomes a member of Group Exco. Adela Fortune, previously Deputy Company Secretary, was appointed Group Company Secretary from 1 January 2023. Adela's career spans over 20 years working in various senior legal, company secretarial and governance roles. She is a law graduate, a fellow member and certified director of the Institute of Directors South Africa. The Board is confident that Adela has the capabilities, knowledge and expertise to serve as Group Company Secretary.

Looking forward

We will raise Sanlam's profile on the continent by being bold in our intentions and innovative as we understand the markets better. This calls for agility and resilience against a drumbeat of consistent delivery.

Our focus for 2023 is to bed down our major acquisitions and mergers. We are excited about the potential of these transactions as well as growth and diversification they offer. We enter 2023 with a strong capital position, allowing ample room for rebalancing and optimising our capital. As we unlock these opportunities, we must protect our human resource capacity in the face of change and increasing business complexity. We will be mindful of avoiding employee fatigue and focus on improving our communication with the market and other stakeholders so people understand and believe in our growth story.

Scale will give Sanlam higher efficiency levels which, in turn, will directly benefit our clients. Diversification of solutions is another key intervention to improve value for clients. In particular, we have made significant progress in delivering a comprehensive health product to clients.

As we begin 2023, we are conscious of financial pressures that many clients face. This will likely result in retention risk as disposable incomes come under pressure. Fortunately, we also have various initiatives in place to retain clients.

Appreciation

My deepest thanks goes to my fellow Board members for their unique insights and conscientious guidance in 2022. It has also been a pleasure to get to know our newer Board members. To Group Exco, thank you for another year of growth and excellent delivery against our strategy. To our Sanlam employees and intermediaries, you are our brand ambassadors and promise keepers. I appreciate your commitment to our clients and hard work over another difficult year. I thank our clients for choosing Sanlam to create and protect your financial future. I thank our key strategic partners for their collaboration and support in realising our growth and diversification ambitions. We look forward to mutually beneficial ventures in 2023.



Elias Masilela
Chair

GROUP CHIEF EXECUTIVE'S REPORT



Confidence Rule 38:

LEARNING TO SAVE CAN BE A LIFE-SAVING LESSON.

GROUP CHIEF EXECUTIVE'S REPORT



Paul Hanratty
Group Chief Executive

Sanlam stands proud thanks to its strong financial performance and position, which gives us the resilience to weather the current economic conditions.

Strategic and financial review

The Board and management team is delighted with the Group's performance over the last three years, the strength with which the Group has emerged from this period, and the strategic platform developed for future growth.

The period 2020 to 2022 has been one of the most challenging in the Group's history. The Covid-19 pandemic had very significant impacts on life insurance claims over the period, while first the pandemic, and then the global economic turmoil resulting from the Russia-Ukraine conflict, has had a very negative impact on the value of assets managed by the Group. The global economy has seen a surge in inflation and interest rates not seen for many years.

The pandemic's impact on many of our clients' businesses resulted in material contingent business interruption (CBI) claims at our South African general insurance operations (Santam), followed by disastrous floods in KwaZulu-Natal, which meant that Santam experienced its two largest catastrophes in history in consecutive periods. The 2020 to 2022 period has represented a scale of impact that we would typify as a one-in-25/100 years impact.

In line with its mandate of ensuring that clients live a life of confidence, the Group was uncompromisingly focused on servicing clients and delivering value to clients and all other stakeholders throughout this very difficult three-year period.

At the same time the Group has been successfully focusing on the delivery of its new ambitious strategy, which was adopted in 2020, despite the external challenges posed during the period.

The Group's financial strength, prudent financial management, diversity and strong competitive positioning across all key product lines and market segments, meant that despite the most challenging period in our Group's history, we were able to deliver value to clients and shareholders over the period. Some highlights from this period are:

For clients:

- Death claims paid of R50 billion.
- Contingent business interruption claims of R4,7 billion.
- KwaZulu-Natal flood claims of R4,4 billion.

All gross of reinsurance.

For shareholders:

- Dividends over the three years representing a total return of 13% on the value of a share on 1 January 2020.
- Growth in net result from financial services of 11% from 2019 to 2022 on a consistent basis of comparison.
- Growth in Group Equity Value on an adjusted basis of R43 billion over the three years.
- Growth in life insurance value of new business[1] by 20% and life insurance new business volumes by 28% from 2019 to 2022 on a consistent basis of comparison (excluding UK disposals).
- 2022 new business margins at 3,06%[1] vs 2,98% in 2019.

In the most recent of these last three years, Sanlam again produced excellent results for 2022 in a challenging environment. Although the worst of the pandemic receded, the year was characterised by significant investment market volatility, the far-reaching impacts of the Russia-Ukraine conflict, surging inflation and energy prices, supply chain disruptions and hardship for consumers. Our operational performance again proved the robustness of our business and our ability to deliver value for all our stakeholders even in the most complex of environments. The Group delivered positively against our key value creation metric, adjusted Return on Group Equity Value and we are on track to deliver within our long-term dividend target of real growth of 2% to 4% over a rolling three-year period, from the base set in 2020.

During 2022, the Group recorded growth of 8% in our key earnings metric, net results from financial services (NRFFS), with dividend growth of 8% and adjusted Return on Group Equity Value of 15,1% (14,9% per share), above our hurdle rate of 14,3% for 2022.

When the Group entered 2020 it carried a specific pandemic reserve of R547 million (net of tax) to provide support in the event of a pandemic. The Group weathered the pandemic storm, releasing the pandemic and other discretionary reserves to mitigate the impact of the pandemic on the Group's earnings. By the end of 2022 the Group restored reserves of some R2 billion (net of tax) for future pandemics, part of which is a retrospective reserve, impacting 2022 earnings. This strengthening of the balance sheet for the future is in the interest of both our customers who need Sanlam to be secure under all conditions, and for our shareholders.

The Group made considerable progress in implementing the next phase of our strategy during the last three years. The Group redeployed its capital in the process of implementing the strategy announced in 2020. Capital has been redeployed from the UK to strengthen the South African businesses through a series of investments. Our partners have been important in achieving much of the strategic progress within South Africa.

Capital has been released as a result of the exit from several smaller businesses across the African continent. The African portfolio will, in due course, be considerably expanded and diversified, with reasonable cost, capital and revenue synergies, through the creation of a joint venture (JV) with Allianz SE (Allianz) (subject to regulatory approvals). The creation of this JV has not required any further capital deployment by the Group.

The Group's capital has been redeployed over the last three years to areas where the Group has competitive advantage and where we believe future returns will be superior to the returns achieved on previously deployed capital, and above our hurdle rates. Although the Group has executed transactions over the three years, we have been careful to ensure that the operational focus of the business remained strong. The competitive performance of our businesses improved over the three years, so that the demands of the strategic restructuring have not affected our underlying performance.

The Group remains focused on disciplined and value-enhancing deployment of capital, in line with our capital allocation framework. *See more in our capital and solvency section on page 83.*

Strategic development highlights since 2020:

- Created South Africa's largest black-owned asset manager, with net new monies of R50,6 billion invested by clients from 2020 to 2022.
- Asset management business moved from fourth largest South African asset manager by assets under management to second largest.
- Moved to the largest South African group risk underwriter.
- Umbrella fund provider moved from fifth largest to fourth largest and is expected to be third largest in 2023.
- Establishment of leading wills and trusts business with Capital Legacy (subject to regulatory approvals).
- Moved from second to first position in the linked investment service provider (LISP) market.
- Establishment of the largest insurance group on the African continent (excluding South Africa) in partnership with the world's largest insurer, Allianz (subject to regulatory approvals).
- Merger of the Shriram credit businesses in India created one of the largest non-banking financial institutions in India which bodes well for increased cross-selling and other synergies with the insurance operations.
- Completion of the MTN aYo transaction giving Sanlam access to the MTN Group's large and growing client base across Africa

Despite the focus on strategic reallocation of capital, the Group has not lost its focus on serving customers. Our South African market position has improved or remained steady in most lines of business and market segments.

Market competitiveness improvements since 2020:

- South African life insurance new business market share moved from 25% to 27%.[2]
- Share of total risk business moved from 22% to 27%.[3]
- LISP market share increased from 15% to 23%.[4]
- Asset management market share increased from 9,7% to 11%.[5]
- General insurance market share maintained at 23%.[5]
- Our Pan-African general insurance operations are in the top three market position in 13 countries and life in 10 countries across our portfolio.[5]

[1] 2022 on constant economic basis.
[2] UBS market share monitor June 2022.
[3] Swiss RE group volume survey 2021 (including Alexforbes Life).
[4] Estimated market share including Alexforbes and Absa LISP (subject to regulatory approval).
[5] Management estimates based on available public disclosure.

People and culture

We believe that our future greatest competitive advantage will be people. In 2022, we made excellent progress on our "Winning as One" culture journey, and we are seeing the business results of achieving a more united set of values and aspirations. Our culture journey started in 2020, and we use the Barrett Values Centre framework and methodology to understand our culture and the success of our interventions. In September 2022, we conducted our third Group-wide assessment. Our score for 2022 was 61, unchanged from 2021 and significantly higher than the industry average of 50. Retaining a steady culture score is still an achievement in a difficult environment where many of our employees face significant external pressures.

Sanlam is a relationship-based organisation that values in-person interaction with colleagues and clients. We spent significant attention on developing a Group hybrid working model. Here, we listened closely to what our employees and management team feel will deliver the best outcomes for the Group and the wellbeing of our people. We encourage greater face-to-face interaction but also consider employee preferences.

Sanlam has not been exempted from the post-pandemic challenge to retain highly skilled employees who explore more global opportunities and demand greater flexibility. Employee retention is one of our major bottom-up risks, including the need to retain key employees who will be involved in the acquisition and integration processes underway in the clusters. By offering a version of hybrid working, Sanlam is better able to compete for talent.

We paid all qualifying employees a once-off stipend of R5 000 to assist them in adjusting to rising inflation. Many employees have higher transport costs and changing childcare arrangements for returning to work. We are also addressing the worrying incidence of excessive borrowing among our employees. We have introduced a third party to provide more responsible payroll lending.

Our human capital priorities for 2023 are embedding our desired culture, effectively incorporating hybrid working, improving productivity through technology, continuing our leadership development programmes and ensuring change management processes are in place to ensure our acquisitions are successful.

Read more on the development of our people on page 52.

Notable senior appointments

In 2022, we made three new appointments to our Group Exco. 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.

Theo Mabaso, our Group Chief Information Officer, was appointed as a member of Group Exco in January 2022. Theo, who also chairs the Sanlam Group Technology Council, has over 23 years of experience in technology and financial services across Africa and global markets. This is a critical appointment given our technology transformation journey.

In July 2022, Tavaziva (Tava) Madzinga was appointed as Santam's Group Chief Executive and a Group Exco member. Tava, who took over from Lizé Lambrechts, joins Santam from Britam Holdings, a diversified investment business listed on the Nairobi Securities Exchange, where he was Group Managing Director. He is a qualified actuary with over 20 years of experience in insurance and the broader financial services sector within South Africa, Africa and Europe.

Our climate change position

We acknowledge the important role played by our Board and senior management in considering and managing climate-related risks.

Climate change has severe consequences for Africa, where withering droughts and devastating floods hit communities, economies and ecosystems hard. Africa only accounts for about 2% to 3% of global greenhouse gas emissions but suffers disproportionately from the consequences. In June 2022, Sanlam published its first Climate Change Resilience Report to support Africa's just transition. We see the just transition opportunity as the framework which brings together climate change action, sustainable development and inclusive growth.

This position will guide our decision-making and recognises the importance of not destroying livelihoods while directing new capital into renewable energy. As a prominent institutional investor, we engage with investee companies to assess their exposures to the clean energy transition. Where necessary, we encourage and drive initiatives to protect livelihoods and communities.

In 2022, Sanlam became an African Natural Capital Alliance member and participated in the organisation's pilot to develop locally relevant guidelines based on the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations. While much of the focus recently has been on climate change, we believe that biodiversity risk demands greater attention.

In November 2022, Santam signed an agreement with the eThekwini municipality to bolster the metro's ability to handle future catastrophes such as floods, fires and droughts. This three-year partnership will see Santam providing risk management support, capacity building and advisory services to the municipality. This is part of Santam's Partnership for Risk and Resilience programme (P4RR), which already provides risk management support to 82 municipalities.

Enhancing climate resilience is an urgent and continuing need. Our Climate Fund Managers' partnership with the Dutch Development Bank, FMO, responds to the climate crisis by structuring and managing a series of blended finance vehicles, each focused on key thematic areas of climate change mitigation and adaptation. Climate Investor One mobilised US$950 million of commercial funds, and Climate Investor Two has received commitments of US$855 million to date.

Read more about our climate change initiatives in our 2022 Sustainability Report.

Outlook

We are uniquely positioned to capture the African growth opportunity by leveraging our broad platform and partnership model to provide simple products at scale and using increased digital capabilities.

Having made good strategic progress over 2020 to 2022, weathered the incredibly tough conditions and having maintained or improved our competitive position in all business lines and market segments, the Group will have a slightly different focus over the next few years. We will focus on:

- Fully executing on each transaction, integrating the operations concerned fully into the Sanlam Group and realising the synergies and growth potential created.
- Sticking to doing the basics well so that we continue to maintain or improve our competitive position.

As a result of the actions taken to reallocate our capital strategically, we have a small amount of surplus capital, over and above the capital required to fund organic growth and small complementary business development. The Group has sufficient resources set aside to fund the modernisation of our technology, to develop our fintech businesses and to finance small capital demands which may arise in South Africa or Africa. In the absence of any compelling new significant opportunities, the Group will look to return this small excess capital in due course in the most efficient manner.

The Group expects the consumer environment to remain challenging, however, historically, personal disposable income growth has usually exceeded inflation, especially once wage demands lift in response to higher prices.

The Group therefore expects personal disposable incomes as well as insurance premiums to adjust to higher rates of inflation. Clients are therefore likely to restore levels of cover which will support premium growth in the medium term. We expect corrective actions implemented in 2022 to have more positive impacts on persistency in 2023.

We have restored reserves in our life insurance operations that position us well for any future adverse events impacting mortality. Life insurance earnings in 2022 benefited from strong experience in the corporate business in South Africa. We expect this to normalise in 2023 as the pricing cycle softens as Covid-19 has become endemic. We expect risk experience to normalise to pre-pandemic levels in 2023.

Our general insurance operations have shown an improved performance in the second half of 2022, as the corrective actions implemented take effect. We expect this to continue into 2023.

We expect continued robust performance from our Indian operations, benefiting from strong economic growth in that country and the vesting of synergy benefits after the merger of the credit businesses.

The general economic uncertainty and the impact it has on market volatility remain the largest variable in the outlook for 2023. The positive start to the year bodes well for our performance but we remain susceptible to any weakness in these markets.

The Group will continue to invest strongly as we are positive about the outlook for the Group, but there is also a great deal of focus on efficiency within existing operations. Some of the acquisitions to create scale will take several years to fully yield efficiency benefit, but these are receiving focus from management.

We believe that during 2020 to 2022 the Sanlam Group has proven its strength and resilience during volatile and challenging times. The Group has expanded its platform for growth during this difficult period, as well as improving its competitive position. Although the global economic conditions, high inflation and volatile markets are still a concern at the start of 2023, we do anticipate a global recovery in late 2023 or 2024. The Group is particularly well placed to perform strongly when this recovery takes place.

Appreciation

Transformation has been a critical factor in Sanlam's growth and success over many decades. We have been fortunate to enjoy two of the most successful empowerment partnerships in South Africa. We thank our partners and shareholders, Ubuntu-Botho (UB) and African Rainbow Capital Financial Services (ARC FS), for their tremendous support in 2022 and continued dedication to executing our South African strategy. At Sanlam, we value all our partners for the unique capabilities they provide our business and clients. We thank our partners, including MTN and Capitec, for contributing to Sanlam's success and look forward to future collaboration.

I thank the Sanlam Board for their continued guidance and support and our employees for their commitment to deliver on our purpose of empowering generations to be financially confident, secure and prosperous.



Paul Hanratty
Group Chief Executive

GOVERNANCE REVIEW



Confidence Rule 21:

A GOAL IS A DREAM WITH A DEADLINE.

GOVERNANCE REVIEW

Sanlam's governance approach considers the trust of our clients who bestow their assets unto us, the regulatory requirements, best practices and country-specific requirements while safeguarding the long-term sustainability of our business.

Our approach to corporate governance

The Group makes a concerted effort to ensure that it adheres 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) (JSE Listing Requirements).
- 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 (Prudential Standards).
- The Financial Sector Regulation Act, 9 of 2017 (as amended) (Financial Sector Regulation Act.
- King IV™.

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 standards and criteria require 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 adequate protection of the interests of policyholders.

King IV™ compliance and application

The Board is satisfied with the work and resources allocated in 2022 to apply and explain all aspects of King IV™, as appropriate. The Risk and Compliance committee, Audit committee, Human Resources and Remuneration committee, Nomination committee, Independent Non-executive Directors committee, and the SES committee are all satisfied that Sanlam complied with and applied King IV™ principles.

Appropriate actions, where required, are implemented to ensure continued adherence to these obligations. Sanlam regularly assesses its application and compliance levels to ensure all areas requiring improvement have been appropriately identified and addressed.

Sanlam's King IV™ 2022 Disclosure Report, which includes the Group's response to the 17 principles and recommended practices per principle, is available online.

The governance of organisational ethics

Sanlam's core values support the Group's commitment to 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 to 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. At Sanlam, leadership is ultimately shaped by the Sanlam Group Business Philosophy, Code of Ethical Conduct, governance policy, and authorisations framework. In addition, the Board charter recognises and defines its role regarding its ethical responsibilities, including that:

- the Board determines, reviews and oversees that Sanlam's vision and values are congruent with its business as a responsible corporate citizen;
- the Board assumes responsibility for Sanlam's performance by steering and setting the strategic direction for realising the Group's core purpose and values;
- the Board provides effective leadership on an ethical foundation and ensures it acts ethically, beyond mere compliance; and
- the Board ensures Sanlam is, and is seen to be, a responsible corporate citizen by considering 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. This committee reports any ethical breaches or material matters to the Board and discloses their nature in its report at the AGM.

Sanlam has a Group Ethics committee which operates as a sub-committee of the Exco and is chaired by the Company Secretary. The Group Ethics committee includes representatives from the business clusters as well as 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.

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

Sanlam's Code of Ethical Conduct

The Group's Code of Ethical Conduct (the Code) applies to directors of all Group entities and employees. It is reviewed frequently to ensure the content remains relevant to all affected stakeholders, environments and markets Sanlam operates in. It guides organisational ethics across the business by ensuring our 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. The Board has approved several key policies to support ethical behaviour across the Group, including:

- the governance policy;
- the Code of Ethical Conduct;
- the compliance policy;
- the conflicts of interest policy;
- the giving and receipt of gratification policy;
- the securities dealing and price-sensitive information policy;
- the financial crime combating policy; and
- the anti-money laundering and countering of financing of terrorism (AML/CFT) policy.

Sanlam conducts biennial ethical risk assessments to evaluate and assess its ethical climate for over a decade. This process is coordinated by the Group compliance officer in consultation with the Sanlam Group Ethics committee.

The exercise was conducted in the latter part of the 2021 financial year. The outcome of this ethical risk assessment was analysed by the respective business clusters, and a consolidated feedback report was presented to the Board in June 2022. The results of the ethical risk assessment are aligned with the outcomes of the Barrett Culture Surveys performed in the Group in that most areas that returned higher entropy scores in the survey were highlighted in the assessment. The next ethical risk assessment will be conducted in 2023.

Our application of governance in all markets

To support and develop mature governance and ethics structures and processes in all 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.

In addition, given that Sanlam does not necessarily exercise control over its associates and joint ventures, it cannot prescribe to these entities how they must be governed. However, Sanlam's nominated directors are tasked with advocating and promoting adherence to the 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 principles outlined in the Group governance policy to determine and assess any potential governance-related risks posed to Sanlam.

The maturity of 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

Our governance structure supports the productivity and efficiency of our two Boards, reducing effort and duplication and optimising the flow of information.

The Boards of Sanlam and Sanlam Life

Sanlam Life, Sanlam Emerging Markets 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, 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, reducing effort and duplication, and optimises the flow of information.

The Sanlam Board

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

The Sanlam Board has the following committees:

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

The Sanlam Life Board

The Sanlam Life Board is responsible for 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 the Sanlam Board as at 31 December 2022

18 Number of Board members	29 Total number of Board committees' meetings held in 2022
5 years 7 months Average tenure as a Board member	1 Newly appointed Board member in 2022
57 Average age of Board members	100% Attendance at Board meetings
67% Male Board members	8 Board committees
22% Black male Board members	22% Non-executive Board members (non-independent)
33% Black female Board members	61% Independent non-executive Board members
5 Board meetings held in 2022	17% Executive directors

Governance-related milestones and focus areas in 2022

In the reporting period, the Board held five meetings and a two-day Board strategy session to consider and deliberate on strategic matters. Other focus areas in the 2022 financial year include:

- reviewing performance against Sanlam's Group strategy and approving the Group's risk appetite statement;
- maintaining oversight of strategic projects and key strategic partnerships to deliver sustainable outcomes for Sanlam and its key stakeholders;
- reviewing and approving the Sanlam Group's own risk and solvency assessment (ORSA) supervisory report. This included assessing capital targets contained in the ORSA report to be adequate (given the size, business mix and complexity of the Group's operations);
- maintaining a heightened approach towards stakeholder inclusivity and exercising an oversight role on the implementation of Sanlam's Group stakeholder management policy;
- in pursuit of our objective to have a majority of independent Sanlam Board members, a new independent non-executive director was appointed to the Board, resulting in an increase in the number of members serving on the Board as at 31 December 2022 being categorised as independent;
- reviewing and approving Sanlam's Group Governance Policy, the authorisation framework and cluster governance structures;
- fulfilled an oversight role (with the assistance of the Audit committee) over the preparations to ready the Group to implement IFRS 17;
- ongoing monitoring of the impact of the Covid-19 pandemic and considering and reviewing the adequacy of pandemic reserves;
- monitoring and providing oversight over unexpected disasters that impact the business or our clients such as the impact of natural disasters (floods, fires) and ongoing wars around the world;
- continued oversight on the effects of pandemics, natural and man-made disasters such as floods and wars;
- the Board (with the assistance of the Human Resources and Remuneration committee) reviewed and improved the remuneration philosophy heightening the Group's focus and response towards client-centricity to obtain a better understanding of the requirements and expectations of Sanlam's clients;
- advancing the Group's digitisation agenda and monitoring the implementation of its digital transformation roadmap;
- 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;
- as part of its role to set and steer culture, the Board reviewed and renewed the Group values to ensure it supports the employees, clients and investor confidence promoting and monitoring 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 in King IV™ on a substance-over-form basis; and
- continually improving the disclosure of material and topical aspects relating to Sanlam's performance in the Group's reporting suite.

Changes to the Board in 2022

The following changes were effected by the Board in 2022:

- Thembisa Skweyiya was appointed independent non-executive director (effective from 18 October 2022).
- Rejoice Simelane retired as director on 05 March 2022.
- Jeanett Modise resigned as director (effective 30 September 2022).

Board composition and functioning

Board composition

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

Consequently, the committee makes recommendations to the Board on the process of nominating, electing and appointing Board members. This committee's mandate includes succession planning for the Chair, appointments to the Board and its committees, and electing alternate Chairs to Board committees.

When a vacancy arises at Board or Board committee level, and a prospective candidate is identified as eligible, they are first exposed to a strict fit-and-proper assessment to ensure they comply with applicable regulatory requirements prior to being considered or recommended for appointment to the Board.

In addition, criminal checks are performed on each candidate considered for appointment to the Board. In accordance with regulatory requirements, a formal application to the PA is submitted for approval due to the recommended change in key persons.

The Board's composition is structured so that no individual director has unfettered decision-making powers. 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 is satisfied that appropriate controls and measures are in place to ensure its independence.

As recommended by the Nomination committee, the Board had comfort that, during the review period, each of the non-executive directors met the requisite fit-and-proper requirements, and each of the independent non-executive directors met the criteria for independence, including the criteria for independence.

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

Independence at a Board level

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

- the establishment of an Independent Non-Executive Directors committee (INED). 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 in 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 manages potential conflicts of interest in dealings between interested and related parties within Sanlam, including Ubuntu-Botho and African Rainbow Capital. The assessment criteria intend to ensures 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 or new appointments to the Board are considered;
- each Board member makes mandatory quarterly written declarations of interests. These are monitored by the Company Secretary and reported to the Nominations committee, which 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 or Board committee meeting is obliged to divulge any potential, actual or perceived conflicts of interest that may occur at the relevant meetings. These declarations are formally recorded in the minutes of the respective meeting;
- 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 or Board committee deliberations relating to any potential, actual or perceived conflict of interest matters, when required; and
- when required, the Board and Board committees are at liberty to seek assurance or consult legal counsel.

In addition to these protocols, 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 initiatives are assessed, monitored and reported continually. This includes enhancing governance, diversity and transparency. At the end of the 2022 financial year, the majority of members serving on the Board were categorised as independent.

Diversity at Board level

Sanlam regards transformation, empowerment and diversity as a business imperative to meaningfully grow and sustain the business. It strives to reflect the demographics of South Africa and those territories in which the Group operates. The Board ensures that its composition is representative of the Company's profile and promotes, among others, race, culture and gender diversity.

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

In identifying suitable candidate, the Nomination committee considers the benefits of all attributes of diversity, including race, gender, culture, age, field of knowledge, skills and experience, to enable the Board to discharge its duties and responsibilities effectively.

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 Nomination committee and recommended to the Board for approval. The target achieved during the 2022 financial year included women representing 33% of the Board by year-end. Targets for the 2023 financial year include retaining 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 Nomination committee and in consultation with the Chair. The objective is to determine ways to measure and improve the Board's effectiveness. These assessments are transparent and documented.

In the 2022 financial year, this assessment was performed with the assistance of an external service provider, which contributed to the integrity and objectivity of the process. The evaluation (a combination of a detailed questionnaire and interviews) confirmed that the Board and its 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 members can effectively execute their fiduciary duties. In addition, each committee's charter includes a reference to an annual performance assessment of that committee in line 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 delegated by the Board. The Nomination committee considers the results of the Board's evaluation process and the Board committees' performance reviews, after which it makes recommendations to the Board, where appropriate.

Board and committee attendance for 2022

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 2022 financial year can be summarised as follows:

	Board meetings		Audit committee		Risk and Compliance committee	Human Resources and Remuneration committee		Nomination 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)	Ad hoc (1 meeting)	Scheduled (4 meetings)	Scheduled (4 meetings)	Ad hoc (1 meeting)	Scheduled (4 meetings)	Ad hoc (1 meeting)	Scheduled (4 meetings)	Ad hoc (1 meeting)	Scheduled (4 meetings)	Scheduled (3 meetings)	Scheduled (4 meetings)	Ad hoc (2 meeting)
A Birrell	5	1	4	1	4	–	–	–	–	–	–	4	3	3	1
AD Botha	5	1	–	–	–	–	–	–	–	–	–	–	–	4	2
E Essoka	5	1	–	–	–	–	–	–	–	4	1	4	3	4	2
PB Hanratty	5	1	–	–	–	–	–	–	–	–	–	–	–	–	–
NAS Kruger	5	1	3	1	3	–	–	–	–	–	–	4	3	4	2
N Manyonga	5	1	–	–	–	–	–	–	–	–	–	–	3	4	2
E Masilela	5	1	–	–	–	4	1	4	1	–	–	4	3	4	2
PT Motsepe	5	1	–	–	–	4	1	4	1	–	–	–	–	4	1
M Mokoka	5	1	4	1	4	–	–	–	–	4	1	4	3	4	2
JP Möller	5	1	4	1	4	–	–	–	–	4	1	–	3	4	2
AM Mukhuba	5	1	–	–	4	–	–	–	–	–	–	–	–	–	–
KT Nondumo	5	1	4	1	4	4	1	4	1	4	1	–	3	4	2
SA Nkosi	5	1	–	–	–	–	–	–	–	–	–	–	–	4	2
HC Werth	5	1	–	–	–	–	–	–	–	–	–	–	–	–	–
J Modise	4	1	–		–	–		–		3	1	–	–	–	–
J van Zyl	5	1	–	–	–	–	–	–	–	–	–	–	–	4	2
W van Biljon	5	1	–	–	3	–	–	–	–	–	–	4	3	4	2
SA Zinn	5	1	–	–	–	4	1	–	–	–	–	–	3	4	2
T Skweyiya*	1/1	–	–	–	–	–	–	–	–	–	–	–	1/1	1/1	–

* *Non-executive director who was appointed as member of the Board in 2022.*

Several "non-member" directors use the standing invite to also regularly attend committee meetings. 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 (53)



2. Anton Botha
Member of the Board:
Non-executive director
Nationality:
South African
Year of birth:
1953 (69)



3. Ebenezer Essoka
Member of the Board:
Independent non-executive director
Nationality:
Cameroonian
Year of birth:
1955 (67)



4. Paul Hanratty
Member of the Board:
Executive director *(ex officio)*
Nationality:
Irish
Year of birth:
1961 (61)



5. Nicolaas Kruger
Member of the Board:
Independent non-executive director
Nationality:
South African
Year of birth:
1967 (55)



6. Ndivhuwo Manyonga
Member of the Board:
Independent non-executive director
Nationality:
South African
Year of birth:
1981 (41)



7. Elias Masilela
Member of the Board:
Independent non-executive director
Nationality:
South African
Year of birth:
1964 (58)



8. Thembisa Skweyiya
Member of the Board:
Independent non-executive director
Nationality:
South African
Year of birth:
1973 (49)



9. Mathukana Mokoka
Member of the Board:
Independent non-executive director
Nationality:
South African
Year of birth:
1974 (48)



10. Jacobus Möller
Member of the Board:
Independent non-executive director
Nationality:
South African
Year of birth:
1959 (63)



11. Patrice Motsepe
Member of the Board:
Non-executive director
Nationality:
South African
Year of birth:
1962 (60)



12. Abigail Mukhuba
Member of the Board:
Ex officio executive director
Nationality:
South African
Year of birth:
1979 (43)



13. Sipho Nkosi
Member of the Board:
Non-executive director
Nationality:
South African
Year of birth:
1954 (68)



14. Karabo Nondumo
Member of the Board:
Independent non-executive director
Nationality:
South African
Year of birth:
1978 (44)



15. Willem Van Biljon
Member of the Board:
Independent non-executive director
Nationality:
South African
Year of birth:
1961 (61)



16. Johan van Zyl
Member of the Board:
Non-executive director
Nationality:
South African
Year of birth:
1956 (66)



17. Heinie Werth
Member of the Board:
Executive director
Nationality:
South African
Year of birth:
1963 (59)



18. Shirley Zinn
Member of the Board:
Independent non-executive director
Nationality:
South African
Year of birth:
1961 (61)

STRATEGY



Confidence Rule 8:

TRUST IS LIKE MONEY. ONLY GIVE IT TO PEOPLE WHO HAVE PROVEN THEY KNOW HOW TO HANDLE IT.

AT A GLANCE

Our strategy aims to maintain and strengthen our position as leading and digitally enabled insurance market leaders in our operations across Africa, India and Malaysia.

Steady economic growth in most African countries combined with a large under-developed insurance sector has positioned the continent as a fast-growing region for insurers. We aim to make the most of this opportunity by fostering inclusive wealth creation and empowering current and future generations. The shift to digital channels in Africa is well underway, and we are building our digitalisation journey around our clients' needs.

Our strategy overview

Our purpose is the foundation for our vision, mission, and values – this ultimately drives our strategy



Read more about our strategy on page 45.

Our values underpin what we do



Our ultimate strategic ambition is composed of four parts

Clients

Sanlam provides access to our products and services for over 50 million clients across Africa by 2025:

- Serving and uplifting communities in 31 countries and increasing penetration of insurance products (penetration remains below 3% in most of our markets).
- Be rated as having the best client experience in each market where we operate.
- Be rated as the most trusted and secure insurer in each African market where 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 over 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 use digital technology to stimulate economic growth throughout our markets in a manner that could not be achieved with purely physical infrastructure.
- Invest in infrastructure projects that support economic development and Africa's just transition.

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.

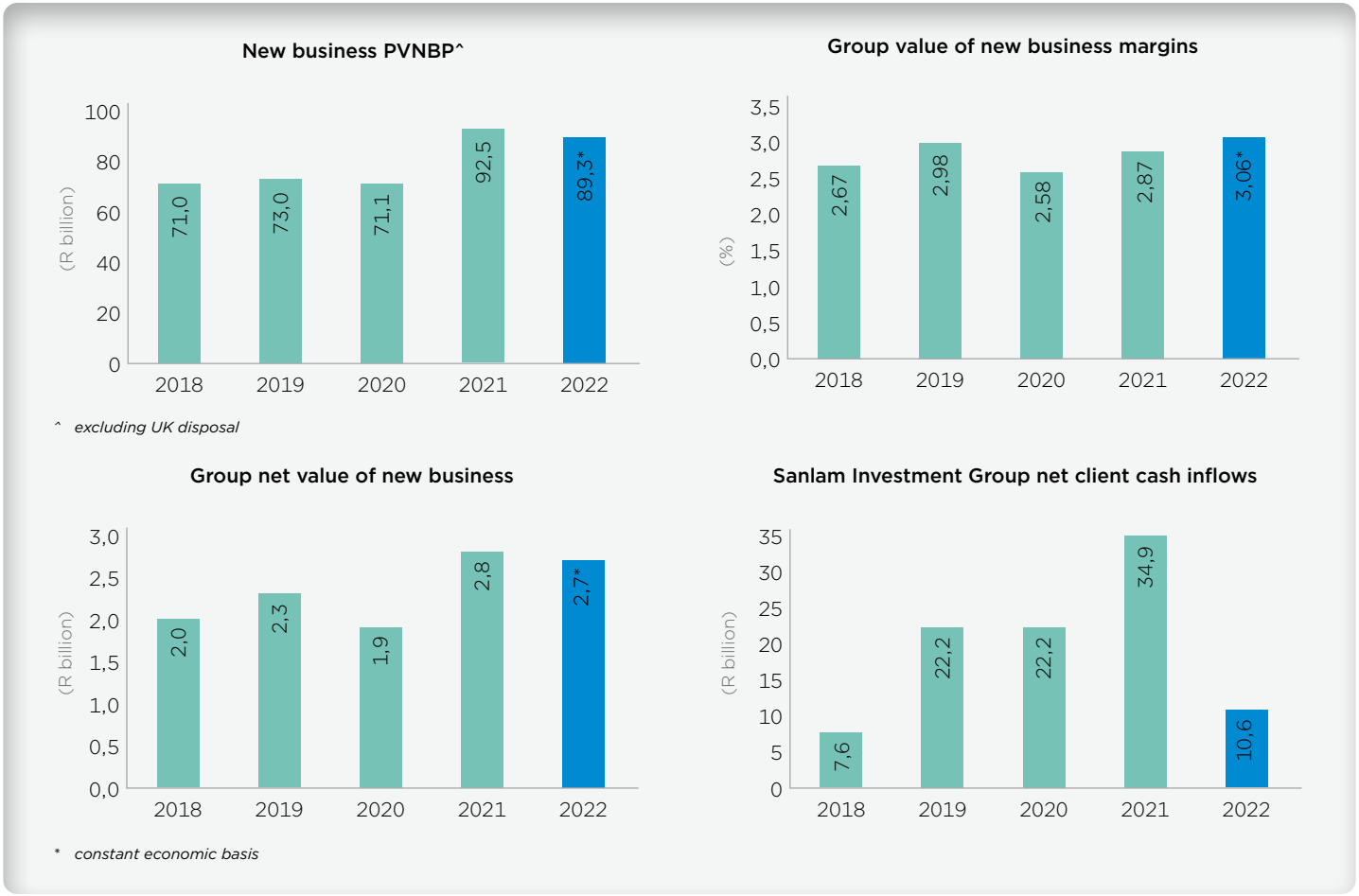
Our strategy is enabled by:

1. **Innovation:** Increase orchestration in the Group to implement our strategy across the clusters and drive innovation.
   Read more about increased co-ordination and collaboration innovation in the 2022 cluster reports on page 64.
2. **Partnerships:** Leverage our partnership model to introduce a broader spectrum of society to the benefits of financial resilience.
   Read more on page 47.
3. **Data and digital transformation:** Leverage data and digital transformation to increase the value offered to clients and improve efficiencies.
   Read more on page 49.
4. **Continuous development of our people and culture:** Empower people and evolve the culture to be competitive in a fast-changing world.
   Read more on page 52.
5. **Sustainability:** Focus on shared value creation in Africa, India and Malaysia by driving financial inclusion and integrating ESG into asset management, value chains and ecosystems – supported by strategic partnerships.
   Read more on page 55.

STRATEGY DELIVERY

1. Organic growth

Sanlam continues to grow organically with high levels of new business flows and net client cash flow (NCCF) at robust new business margins.



2. Acquisitive growth and partnerships

Key partnerships increase our reach and scale and improve our product offering, unlocking exponential value.

Strategic Partnerships

- Allianz – the global leader in insurance (subject to regulatory approval).
- African Rainbow Capital (ARC), our broad-based empowerment partner in South Africa.
- Shriram – the leading non-banking financial services player in India.

Bank Assurance

- Capitec for financial inclusion of the underserviced in South Africa through collaboration, over 5 million funeral policies sold on the platform since 2018, access to 15 million clients.
- ABSA for scale in South African asset management and expanded distribution.
- Standard Chartered – collaboration covering risk and savings for Standard Chartered customers across five countries as well as motor, fire and some SME solutions.

Telecos

- Partnering with the largest mobile operator in Africa gives Sanlam access to over 100 million active mobile money users, and more than 200 million customers.

Agents and Intermediaries

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

Direct

- Disruptive fintech models offering new value creation.



In 2022, we made significant progress with several corporate transactions. Our recent transactions demonstrate good capital discipline and strong alignment with our Group's strategic objectives.

Transaction completed 

Transaction in progress 

Transaction	Status	Rationale	Capital required
Allianz	In May 2022, we announced that Sanlam and Allianz, one of the world's leading insurers and asset managers, will combine their current and future operations across Africa, outside of South Africa, subject to regulatory approval. The transaction is expected to close in mid-2023.	Clients across Africa will benefit from the expertise and financial strength of the two respected and well-known brands. Shareholders and other stakeholders will benefit from de-risking our Pan-African operations through greater economies of scale, broader geographic presence, larger combined market share and more diversified product offering.	No outlay of cash
UK transactions	In 2022, we completed several transactions that finalised Sanlam's partial exit from the UK, with only a focused international asset management business remaining.	These transactions complete our strategy to simplify our UK operations and reallocate capital to Africa and other selected emerging markets.	Realised net proceeds of some R2,6 billion
Shriram restructure and Shriram General/KKR transaction	In December 2022, Shriram completed the restructuring to consolidate its financial services businesses under a single entity, Shriram Finance Limited. In April 2022, it was announced that KKR, a leading global investment firm, would acquire a 9,99% stake in Shriram General Insurance. This transaction was completed in April 2022.	The restructuring will allow for more streamlined operations, remove complexity and create efficiencies. The acquisition builds on Shriram General Insurance's strong growth potential and investment in its digital capabilities.	No outlay of cash
Absa	In December 2022, Sanlam completed the transaction in which Absa exchanged its investment management business for a stake of up to 17,5% in Sanlam Investment Holdings.	The combination of Sanlam Investments with Absa's investment management business further strengthens its position as one of South Africa's largest black-owned asset managers.	No outlay of cash
Alexforbes	In 2022, announced a series of transactions with Alexforbes which strengthens our South African operations.	These transactions contribute to achieving our South African growth strategy by strengthening Sanlam's position in the group risk, retail life insurance and linked investment service provider (LISP) markets. It also simplifies our operations and allows focus on core areas of strength.	Cash outlay of less than R50 million
AfroCentric	In October 2022, Sanlam submitted an offer letter to AfroCentric Investment Corporation Limited (AfroCentric), expressing our intention to acquire AfroCentric shares to make Sanlam the majority shareholder in the company. AfroCentric is a leading diversified and integrated healthcare provider serving 3,8 million members.	We plan to expand our client value proposition to include a more holistic health offering, including medical aid and health insurance. Sanlam can fully integrate AfroCentric's product offering into our ecosystem while giving AfroCentric access to Sanlam's extensive distribution network.	Indicative cash outlay of R1,2 billion
MTN Group (aYo)	The aYo platform has over 4,2 million active policies and is a key enabler in improving financial inclusion across the continent. In November 2022, Sanlam and the MTN Group's insuretech alliance began as the transaction received the necessary regulatory and competition approvals. The alliance will be implemented through the MTN Group's aYo Holdings (aYo) platform and each partner will hold a 50% stake in aYo.	The alliance will give more Africans access to digital insurance and investment products, including clients who cannot access traditional distribution channels. By leveraging the MTN brand, Sanlam's financial services capabilities, and our combined footprint, the alliance has the potential to pre-empt and adapt to digital disruption in African markets. We are confident that this strategic alliance will significantly contribute to financial inclusion in Africa.	Investment of R845 million

3. Data and digital transformation

Sanlam is committed to providing a superior client experience through modern and flexible technology platforms. In 2022, we accelerated our secure digital, data and ecosystem capabilities to aid our growth ambitions.

The digital revolution in the financial services sector, which was accelerated by Covid-19, has transformed how financial firms engage, service and build deeper relationships with clients. In essence, digital technologies have the potential to fundamentally change business models in this sector. The major financial services technology trends are:

- enabling a simple, automated and paperless client and intermediary experience;
- adopting relevant technologies, including cloud computing, biometrics, artificial intelligence, machine learning and data analytics; and
- rationalising and simplifying legacy technologies to enable new opportunities and access new markets.

Sanlam's digital strategy and technology capabilities focus on developing digital business models and increasing digitisation of the business. The following diagram illustrates our ambitions to move from Sanlam 1.0 while simultaneously developing Sanlam 2.0 and Sanlam 3.0.



Optimise

Sanlam 1.0 is our core intermediated business model

New clients

New ecosystems

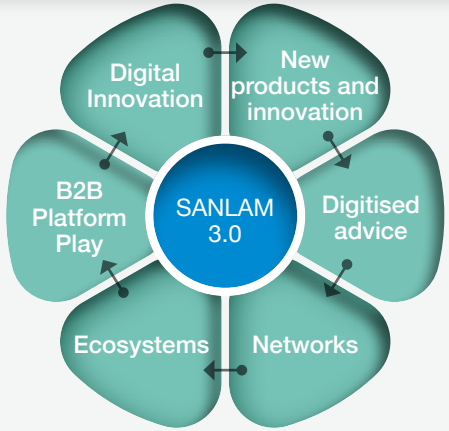


Towards modern foundations: Doing things differently

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

New channels

Net new revenue



Transform: Doing different things

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

Hyper scale

New digital media

How our clients benefit from our digital transformation

- We offer a holistic value proposition across products, engaging clients on their questions through advice, guidance and rewards
- Client journeys are presented in product sets that address their specific needs. This builds confidence and enables them to understand and manage their financial needs seamlessly
- Clients can engage with us through 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.

Enhancing the digital business model

The focus on digital business models is centred around digital client acquisition through:

- Digital businesses (Indie, MiWay Life and MiWay Blink)
- Partnerships (Capitec, Sanlam Credit Solutions and MTN)
- Embedded finance and digital ecosystems (Shriram ecosystem and rewards programmes, Wealth Bonus and Sanlam Reality).

Digitisation of the Sanlam business

In 2020, in response to the pandemic, we had to rethink our technology and processes. This resulted in several digital transformation initiatives and capital investments to drive digitisation across the Group. This included enabling superior client and intermediary experiences through technology and increasing automation and simplification across the business.

Sanlam has evolved from a collection of independent, federated businesses. The latter was characterised by a proliferation of client and intermediary technology capabilities, which created a sub-optimal and fragmented user experience. Over the past two years, Sanlam has focused on delivering a unified product and service ecosystem built around client needs. A client experience strategy and dedicated capability guide this journey, supported by multiple technology and data platform investments.

Milestones in 2022

Achieved

- Established a strategic digital engagement platform to support digital, low-friction experiences and process automation. For example, complete digitisation of intermediary sales processes in SA Retail Mass and Santam's third-party online quote application.
- Increased digitisation and automation in the intermediary channel through Sanlam's future-of-advice programme. A digital solution enabled clients to capture their information and goals intuitively and engagingly, making the information immediately available to intermediaries. This allowed intermediaries to give intelligent and targeted advice on the new advice platform .
- We established a fully digital outbound call centre capability (direct to client) using a new client engagement platform, which created a significantly improved client experience.
- Established a new client data platform, which simplifies the way we view and use client data.
- SEM invested in the MyAuto digital platform in Morocco. This platform has reduced subscription turnaround times from 25 minutes to five minutes, increased client retention, and completely digitised the claims process, including direct integration with providers and legal firms.
- Sanlam Investments' SmartInvest digital solution, which allows for 100% digital onboarding and investments, continues to gain traction with the launch of white-label solutions for three partner businesses.
- Satrix Investments launched a mobile app, giving clients a simple way to access their portfolios.

In progress

- Implementing robotic automation and artificial intelligence across the Group. For example, Sanlam Investments introduced an artificial intelligence-driven solution to eliminate manual, paper-driven processes for investment instructions.

Establishing and simplifying our technology foundation

Our technology strategy is centred on accelerating our partnerships and ecosystem technology, re-engineering client and intermediary platforms, laying future digital foundations, simplifying the technology estate and enabling modern engineering. Underpinning these technology goals is a dedicated initiative to simplify, modernise and de-risk our technology platforms. This includes advancing Sanlam's data platforms to exploit data for growth and then maturing our application programming interfaces (APIs) and event-streaming toolsets.

We are addressing the constraints and complexity of multiple legacy systems, releasing costs and reallocating capital. This technology simplification process was initiated in 2021 and will span a multiyear journey to lower costs and create optimal technology foundations.

Milestones in 2022

Achieved

- Launched Sanlam's unified experience platform, a cloud-native common front-end architecture platform that enables rapid deployment of web and mobile applications to simplify and accelerate delivery of digital solutions.
- Established an event-streaming solution to support the need for real-time data-sharing and consumption required for partnership and ecosystem opportunities and the simplification of the technology estate.
- Expanded the use of APIs and initiated a hybrid API platform capability to cater for API requirements between our local technology estate, cloud estate and third parties.
- Invested in optimising our strategic data platforms to support growth, retention and business optimisation.
- Developed advanced analytics models, including Group-wide cross-sell propensity models to improve cross-selling.
- Reached critical mass with our agile transformation and automation investments, with adoption across the clusters. Benefits include a higher delivery throughput, higher deployment frequency and reduced software errors.

In progress

- Launched the investment administration modernisation programme in partnership with an industry-leading provider to rationalise multiple investment administration platforms into one modern, automated platform.
- Continued to migrate from non-strategic and inflexible mainframe solutions. Some 60% of documents have been migrated to optimal mainframe solutions.
- We continued transforming the life and disability claims experience for clients and intermediaries using a proprietary solution. This will reduce our dependency on multiple mainframe solutions and simplify the claims process.
- Sanlam Corporate continued rationalising multiple Group benefits solutions (including SA Retail Mass) into a modern, micro-services-based administration platform. This will see multiple systems retired, boost process automation and significantly reduce annual technology costs.
- SEM continued the migration from a legacy platform to a modern, digitally enabled short-term insurance platform.

Technology and digital focus in 2023

The digitisation of our business is an ongoing focus, with initiatives such as digital underwriting and artificial intelligence-driven client servicing planned for 2023. We will continue to move beyond advice-driven insurance and expand the digital business model footprint, including partnership and ecosystem strategies. The value opportunity from continued simplification and optimisation is a key focus area, as it lowers our cost to serve and contributes to improving client experiences.

4. Continuous development of our people and culture

Sanlam aims to harness the power of its diverse workforce to deliver innovations and solutions for our clients.

We work hard to attract the best people to join our winning team while achieving our transformation targets in South Africa. Once employees join Sanlam, we offer them opportunities for growth and development so they can seamlessly contribute to a high-performance culture.

The MyWorkSpace platform enables line managers to actively participate in the career growth and development of their people. We used the platform to review our current talent-acquisition framework and continue to use it to facilitate recruitment, recruitment marketing and onboarding. Sanlam had a 24,3% employee turnover rate for 2022[1] (2021: 22,4%).

Talent-development initiatives include management and executive leadership programmes, mentoring, coaching, and exposure to strategic projects. Our overall succession coverage is healthy, with more being done to strengthen candidate diversity. Identified successors are actively developed through multiple channels, such as formal and informal training, on-the-job, coaching, mentoring and rotational programmes.

All Sanlam employees have the right to work confidently in an environment free from discrimination based on religion, gender, race, age, sexual orientation, disabilities or nationality. As a responsible corporate citizen, we accept our obligation to address structural and systemic discrimination and strive to create workplaces that respect every individual's inherent dignity and worth. Sanlam has a Group anti-discrimination policy and a Group workplace harassment policy.

Key talent, recruit and retention achievements in 2022:

- A new recruitment and onboarding module on MyWorkSpace now features a dashboard to enable line managers to manage the process better.
- Completed a Group-wide analysis of key successors and talent pools to improve the link between remuneration outcomes with succession and talent strategy.
- Introducing a Group hybrid working model, which should allow Sanlam to better compete for talent.
- Achieved our transformation objectives with 94% of new external appointments being black (2021: 92%) while 81% of internal promotions were awarded to black employees (2021: 79%).



[1] *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 South Africa employees (as defined by the Department of Labour), including office employees and advisers.*

Human capital strategic focus areas

Our human capital strategic focus areas are designed to help Sanlam win in the marketplace by enabling people and teams to become exceptional and create a great workplace. We use technology with people analytics that provides insights to create a better employee experience. These insights enable us to improve employee access to continuous learning opportunities, drive efficiency and better use our available data.

Talent	We want to attract, hire, grow and retain the best diverse talent in the world
Culture	We want to make Sanlam a great place to work
Organisational effectiveness	We want to improve effectiveness and efficiency across the Group and deliver superior experiences
People development	We want to embed a culture of continuous learning that empowers our people to grow, develop and thrive today and in future in the digital economy
Digital	We want to create a tech and people data architecture that underpins the human capital offering to the business

Embedding our culture

Sanlam's Winning as One culture journey began in 2020 to unlock synergies supporting Group strategy execution. This journey brings leadership to life, involves employees in crafting solutions and is intentional about what we do and how we do it.

Our culture journey aims to foster an inclusive, high-performance, agile culture that drives accountability, collaboration, and exceptional client and employee experience. It is supported by key Group initiatives that are in turn supported by specific cluster-focused initiatives to cater to unique differences. All initiatives align under the Winning as One motto by applying four principles:

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

Measuring success

We use the Barrett Values Centre framework and methodology to understand and measure the Sanlam culture. We conducted the third Group-wide assessment in September 2022. Sanlam's culture score remained stable at 61 (2021: 61), above the industry average of 50.



Overall, results indicate a stable culture, which is notable given the challenging period business has faced. The Group entropy score declined from 14% in 2021 to 15% in 2022 and is back to 2020's level. This score indicates that we need to reduce the amount of employee energy consumed doing unproductive or unnecessary work. A good entropy score is between 0% and 13%.

After concluding the survey, Group and cluster feedback sessions were hosted, and a results video shared with all employees. In 2023, clusters will begin implementing plans to address potential improvements.

Values refresh

As our Group expands, we ensure our values and culture evolve accordingly. In 2022, we updated our values and linked these explicitly to the employee experience. These values embody the behaviours we would like our employees to exhibit. To get people to experience the values, we rolled out cluster-led internal communications throughout the organisation. This included launching the Sanlam values to leaders and employees through conferences and communication channels, including weekly mailers and various forms of awareness collateral.

Human capital focus areas for 2023

Some emerging people management and employee behaviour trends include employees wanting more flexibility, mobility and the ability to work remotely. Employees also seek greater growth and development opportunities, which demand stronger human capital capacity to support workforce development in line with future skills requirements. In response to these observations, our priorities for 2023 are:

- further evolving and embedding the desired culture across Sanlam Group;
- using a Group-wide engagement survey as part of our organisational health framework to consolidate and standardise cluster-specific sentiment surveys currently being used;
- embedding hybrid working into the business that drives organisational effectiveness;
- continuing our leadership development programmes;
- change management to ensure business acquisitions are successful; and
- in line with the Sanlam 3.0 vision, we want to better use technology in the human capital capability. For example, we automate processes to use data and analytics better. We want to digitise several employee and line-manager tasks in our core human capital platform and employee app, making it more convenient to process tasks.

Read more about our people development initiatives in our Sustainability Report.

5. Sustainability

Sanlam has been creating shared value since 1918 and envisions doing so for the next century and beyond. We achieved this by taking a long-term view of our business practices and not letting short-term events cloud our perspective. This view is informed by our commitment to the SDGs and enables us to respond to today's growing social and environmental pressures, which is why we place such emphasis on sustainability.

Our four strategic sustainability pillars

Strategic Focus

Shared value creation

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

Financial Inclusion

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

We touch more than 32 million lives across Africa and over 22 million lives in India and Malaysia, with a target of 50 million for Africa by 2025.

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.

Our latest impact funds include Climate Investor Funds, Sustainable Infrastructure Fund and the South African SME Debt Fund.

Strategic partnerships

Partnerships can enable and facilitate the large-scale achievement of Sanlam's social and economic impact objectives in the communities where we operate.

SDG Alignment

We contribute to SDG 3 (**good health and wellbeing**) through our human capital team's various initiatives to support our employees and through sponsoring major events like the Cape Town Marathon to encourage good health more broadly. Our health offerings are supported by the AfroCentric partnership and include healthcare consulting through Simeka, while the Sanlam Umbrella Fund enables broader access to healthcare.

We contribute to SDG 4 (**quality education**) through our Sanlam Foundation, which has education as one of its pillars. Human Capital drives financial education and invests in developing future skills needed in the Group through bursaries.

We contribute to SDG 11 (**sustainable cities and communities**) through our various infrastructure-focused funds and by supporting municipalities through Santam's Partnership for risk and resilience (P4RR).

We contribute to SDG 17 (**partnership for the goals**) through various strategic partnerships, which allow us to scale positive impacts such as financial inclusion and the environment.

We contribute to SDG 8 (**decent work and economic growth**) through our efforts to make Sanlam an employer of choice and by listening closely to our employees. By growing our business and investing in support to SMMEs, including the Sanlam Foundation's five ESD programmes, we contribute to economic growth across all the geographies where we operate. Sanlam Corporate's employee benefit solutions and the Sanlam Easy Retirement plan support employers and their employees as well as small businesses, enabling better growth outcomes.

We contribute to SDG 10 (**reduced inequalities**) through ESD initiatives that target inter alia black women owned businesses as beneficiaries to close the gender inequality gap. Our Sanlam Gauge Report highlights progress with transformation in South Africa. We regularly review remuneration race and gender disparities within Sanlam and support small businesses with retirement solutions that target their employees, thus reducing economic inequalities.

We contribute to SDG 13 (**climate action**) through our climate-focused funds and internal efforts such as our Climate Awareness Course and energy efficiency improvements. We also support WWF-SA's freshwater programme. Sanlam Corporate and Sanlam Investments have been active participants in piloting and implementing South Africa's green taxonomy.

SUSTAINABLE DEVELOPMENT GOALS

Governance of sustainability matters

The Board has eight committees, all of which have ESG perspectives as part of their mandate. Cross-membership of committees and collective committee updates at Board meetings drive an integrated approach, collaboration and efficiency.

The Board mandated the SES committee, constituted as a statutory committee, to provide oversight of sustainability. Its primary role is to monitor Sanlam's activities regarding ethics and compliance management, social and economic development, good corporate citizenship, stakeholder relations, the environment, health and safety of Sanlam's employees, transformation, diversity and other labour-related aspects. The committee also considers Sanlam's sustainability priorities annually.

It oversees the Group's disclosure of ESG ratings and its B-BBEE performance. It also monitors Sanlam's performance against specific targets and objectives and makes recommendations to the Board, when required. The committee undertakes to review any material non-financial and sustainability-related matters. This includes considering Sanlam Foundation's work as it responds to several key aspects that form an integral part of the SES committee's mandate.

The SES committee reports any ethical breaches or material matters to the Board and discloses their nature in its report at the AGM.

Aligning with the United Nations Sustainable Development Goals (SDGs)

While all SDGs are important, and we have anecdotal evidence of how Sanlam initiatives contribute to each SDG, our focus is on tangible outcomes. We therefore prioritise the SDGs that provide the biggest opportunity for shared value creation.

Sustainability achievements for 2022

- Invested further in funds that support job creation, economic development and infrastructure, including renewable-energy and water-sanitation projects.
- Launched the ESG Barometer, a research project that will give insights into the sustainability initiatives by South African companies.

Sustainability priorities for 2023

- Driving financial inclusion across Africa through our strategic partnerships with Allianz (subject to regulatory approval) and MTN.
- Continue to allocate capital to combat climate change in emerging markets.
- Review ESG policies and position statements.
- Strengthen ESG integration framework in investment decision-making.
- Develop internal ESG and climate-change skills and awareness.
- Improve our disclosures against TCFD recommendations.
- Launched the Sanlam SMME Growth and Empowerment Fund to facilitate more funding for SMMEs.

Read our Sustainability Report for more information on our environmental and social impact.





RISKS AND OPPORTUNITIES

Our effective risk management process allows us to mitigate future outcomes as much as possible by acting proactively rather than reactively. It also allows us to identify opportunities related to our risks.

Sanlam is a large, internationally active insurance group and a systemically important financial institution in the South African financial services landscape. Mitigating our complex risks is a key capability, given our potential impact on the system and the inter-connected nature of financial services. We distinguish between strategic and operational risks, which are mitigated through a mature risk management governance structure:

The top-down approach is undertaken at executive and senior management level and considers 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 risk	Sanlam's response	
Macro-economic downturn and geopolitical outlook → The current global macro trends of higher inflation, rising interest rates and market volatility, and increased geo-political conflict, have created uncertainty and pose significant downside risks for the global economy. In South Africa, economic growth is hampered by local challenges, including severe rolling power outages, political uncertainty, unemployment and high levels of inequality.	**Risk mitigation actions** • Reviewing business strategies to accommodate the difficult economic climate. • Ongoing balance-sheet management and managing expense levels. • Direct engagement with clients and retention strategies.	**Potential opportunities** • Investing in technology to unlock operational efficiencies and lower costs. • Optimising distribution and evaluating partnerships in SLS to exploit growth opportunities. • Diversifying SEM portfolio to provide some natural mitigation and closely managing performance and hurdle rates. • Developing competitive capabilities in SIG to target higher-return asset classes.
Eskom and failing energy infrastructure risk ↑ Eskom generation capacity, failing infrastructure and rolling power outages remains a significant risk across South African clusters. Persistent and severe rolling power outages constrain South Africa's growth prospects. For Santam, increased and consistent rolling power outages results in higher insurance claims on electrical equipment. Although the likelihood of a total grid failure remains remote, the country-wide impact can be catastrophic.	**Risk mitigation actions** • Main office buildings are adequately equipped to deal with rolling power outages in terms of backup power and generators. • On-site diesel storage for generators is maintained at maximum allowable levels and diesel supply contracts are in place with reputable suppliers, which includes supply at short notice and additional storage of diesel on behalf of Sanlam. • Facilities management is actively working on the strategic implementation of long-term solar solutions for main office buildings, which should address dependency on Eskom power. • Sanlam participates in the Association for Savings and Investment South Africa's (ASISA) operational resilience working group looking into the impact of a potential Eskom grid failure on the financial sector and potential mitigation actions. • Santam will begin implementing a full exclusion for losses due to grid failure from the first quarter of 2023. This will include losses due to both damage and non-damage perils.	**Potential opportunities** • Long-term planning to introduce solar panel renewable energy to major office buildings, making them self-reliant as well as potentially supplying energy back into the grid. • Solar renewable energy will reduce the Sanlam office building carbon footprint.
Digital transformation → The ongoing technological revolution is fundamentally altering the way people live, work and relate to one another, and will affect Sanlam's current and future customers, employees and partners. This coincides with longer-term changes in demographics and globalisation. Sanlam operates in a changing technological context where potential disruption will affect clients and future clients, employees and partners. International insurance players and incumbent banks and tech players may disrupt the industries/lines of business. To remain Africa's leading insurer, Sanlam must invest in digital transformation, which may be challenging considering our size.	**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. • Sanlam is constantly recruiting IT skills, developing existing IT talent and establishing partnerships with vendors that can provide additional skills and capacity. • Ongoing simplification and modernisation projects in Sanlam Group technology.	**Potential opportunities** • Benefits from ongoing simplification and modernisation technology projects. • New fintech initiatives that are centrally managed by the Group.

Year-on-year trend ↑ Increasing → Stable

Strategic risk	Sanlam's response
Cyber-risk ↑ All regions are on elevated alert levels due to concerns about spillovers of cyberattacks used in the Russia-Ukraine war. In addition, the prevalence of cyberattacks continues to rise, facilitated by growing digitisation, reliance on cloud services, shift to remote working and impact of a shortage of cybersecurity professionals. Sanlam faces the risk of theft or ransom of sensitive client data, corruption of insurers' databases, fraud or intellectual property theft. The reputational damage of a large-scale attack could be severe.	**Risk mitigation actions** • Group Exco's technology and digital council oversees Sanlam's response to cyber-risk and execution of the cyber-resilience strategy. • Ongoing assessment of Sanlam's critical data and systems most at risk. • Analysis of third-party cyber-risks conducted with a mitigation plan in place.
Human capital and future-fit talent management → The business is growing and transforming in a dynamic world with increased pace of change, digital transformation and changing customer expectations: • Increased competition for talent resulting in challenges in sourcing for key talent segments and black talent. • Rapid evolution of skills and shortage of critical skills requires increased focus on building capability that supports the success of current and future organisational strategy. Competitors target Sanlam's employees. In addition, employees are also adapting to hybrid working and the transition back to the office. Many employees face financial pressures, exacerbated by an inflationary environment. The Group actively monitors employees' mental wellbeing.	**Risk mitigation actions** • Implement strategic workforce planning. • Use real-time data insights for succession and development module. • Continued support and growth of talent pipeline feeder programmes to build internal capacity. • Employer brand constantly being reviewed and enhanced. • Enhancing talent acquisition and onboarding practices. • Robust talent review and succession planning across all businesses.
Regulatory and compliance risk → Sanlam Group continues to operate under the ever-evolving requirements set out by diverse regulatory, legal and tax regimes. Ongoing regulatory reforms can have a material impact on our businesses. The work required to ensure the simultaneous implementation of the constant flow of new and updated regulatory measures is placing a huge strain on already-stretched resources in 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 in the changing regulatory environment. • Group-wide co-ordination to achieve economies of scale and a consistent approach. • The Group risk team uses various technology tools to improve our data management capabilities for IFRS 17 and other regulatory and business imperatives. • Ongoing engagement with the Prudential Authority.

Year-on-year trend ↑ Increasing → Stable

Strategic risk	Sanlam's response
Strategic initiatives and transaction execution risk → Increased corporate activity due to ongoing strategic portfolio restructuring in Sanlam Group. Several risks needs to be managed: • Integration and onboarding risks of new business into the Group. • Transition risks where business units are sold. • Further strain on key staff and resources involved with the transition or integration of business units, over and above their daily operational responsibilities. • Overall complexity of the Group increases as new businesses are acquired.	**Risk mitigation actions** • The Group Strategic Office has been established to provide guidance on strategic Group initiatives. • Under the amended Sanlam governance structures, new quarterly business reviews will replace Board meetings to specifically focus on tracking key strategic initiatives and associated KPIs. • SEM has expanded capacity and breadth of skills in some areas to cope with increased support requirements. • Appropriate hurdle rates are set for capital invested across emerging markets, to compensate Sanlam for associated political, economic and business risks. • Ongoing focus on the investment strategy and significant assets across the portfolio. **Potential opportunities** • The Allianz joint venture will further strengthen Sanlam's Pan-African ambitions (subject to regulatory approval). • The Sanlam and MTN Group insuretech alliance will expand our distribution of digital insurance and investment products across Africa. • Absa investment managers' integration will further consolidate and scale the South African investment business.
Diversity, equity and inclusion (DEI) → DEI challenges and changing demographics may impact our ability to attract/retain diverse talent and compete in the marketplace. In South Africa, non-compliance with a growing regulatory regime around DEI and intensifying enforcement by regulators may pose a threat to our business licence. These include: • Sector Employment Equity (EE) targets under the amended EE Act (once passed); • Financial Sector Code targets; and • Financial Sector Conduct Authority (FSCA) Regulatory Strategy 2021 – 2025.	**Risk mitigation actions** • Continued focus on increasing representation at senior management level. • Deliberate focus on opportunities at senior management to source external black talent beyond traditional financial services and progress internal talent. • Diverse succession pools, talent progression and retention opportunities for under-represented talent. • Leverage digital technologies and new ways of working to expand talent sourcing through targeted recruitment strategies. • Implementation of DEI initiatives across the Group to embed the culture of inclusion, which will help to attract and retain diverse talent.
Political and social instability ↑ High inflation and interest rate increases will lead to further inequality and pressure on low-income households, which could increase the risk of social instability. High unemployment numbers remain a big social and economic challenge in South Africa. GDP and economic growth are the only viable long-term solution to address these challenges. Continued rolling power outages will also impact service delivery (water and sanitation), which increases the risk of social instability.	**Risk mitigation actions** • Participating in the dialogue between business, labour, government and society. • Sponsoring consumer financial education programmes to boost financial literacy. • Investing in South Africa Inc projects to support economic growth and contribute to uplifting the social and economic environment. • Our South African SME debt fund's mandate focuses on job creation through financing predominantly black-owned businesses. • Continuous tracking of SEM's political, economic and regulatory environments. • Enhancing SEM's compliance capabilities and improving its ability to deal with regulatory change. • Ongoing and proactive engagement with in-country regulators/authorities.

Year-on-year trend ↑ Increasing → Stable

Strategic risk	Sanlam's response
ESG and climate risk → Increasing pressure from asset managers and regulators for more ESG-related disclosure and Sanlam's response to these demands, particularly the roadmap to comply with TCFD recommendations. There is also increased stakeholder and investor interest in Sanlam's climate disclosure. To date, there is increased harmonisation of reporting requirements by investors, rating agencies and others. Climate risk is a systemic risk and it will have a profound economic and social impacts.	**Risk mitigation actions** • Appointment of a Chief Sustainability Officer to drive Group-wide ESG co-ordination initiatives. • Obtaining a better understanding of how much underlying carbon is in the investment portfolio, using data from SIG on high greenhouse gas-associated industries. • In South Africa, Santam is partnering with municipalities across the country to manage fire and flood risks and build an understanding of systemic risks where we do business. • The expansion into credit assets means that Sanlam is investing more in longer-term infrastructure projects, such as renewable energy. • Co-ordinated approach to ESG reporting in the Group by adopting Sustainability Accounting Standards Board (SASB) reporting standards for our non-financial reporting, along with the TCFD approach.

Year-on-year trend ↑ Increasing → Stable

Emerging risks

We review various external reports as part of our emerging risk-scanning process. In 2022, we monitored the impact of the following emerging risks:

Score rank	Risk name
1	Macro-economic downturn
2	Key material shortages
3	Energy price inflation
4	Critical infrastructure failure
5	Escalation of conflict in Europe

Of these risks, we believe that macro-economic downturn and critical infrastructure failure (Eskom) are the two most important emerging risks.



Appropriate risk governance

The Board has the ultimate responsibility for overseeing risk management. It mandates the Risk and Compliance committee to assist in designing and implementing Sanlam's Group risk assurance framework and responsibilities.

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

The Sanlam Board adopted the three-lines-of-defence model for managing risks. This model defines the roles, responsibilities and accountabilities for managing, reporting and escalating risks and other matters. It incorporates oversight, management and assurance of risk management, giving three independent views of risk. This approach ensures risk management is embedded in business units' culture and daily activities, and assures the board and Group Exco that risks are managed effectively.

Risk management through the ORSA process

Sanlam's own risk and solvency assessment (ORSA) is an overarching process that combines the results from processes embedded at Group and cluster level as part of our enterprise risk management framework. The ORSA process consolidates the outputs and provides an analysis of required risk capital required for 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. This 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. Management reviews this report before it is presented at Sanlam Risk and Compliance committee and Board meetings.

The Group risk function drafts the Annual Group Supervisory ORSA Report according to requirements set under the Prudential Authority's standards. Management discusses this report and recommends it to the Board for approval before submission to the Prudential Authority. The Group ORSA process is mature and reinforced 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 Corporate Governance Report online.*

Protecting clients' information

Clients trust us with their precious personal information. While we comply with the letter of the law, we also believe in the spirit of the law to ensure our clients' information is handled with care.

The Protection of Personal Information Act, 4 of 2013 (POPIA) came into full effect in South Africa in July 2021. POPIA seeks to protect citizens' right to privacy as set out in the South African Constitution. The act aims to strike a balance between privacy rights and access to 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 a trusted custodian of the personal information of many retirement funds, employers, members, policyholders and clients. Sanlam processes personal information according to the rules set out in POPIA. We are committed to:

- ensuring all personal information is processed responsibly and does not unjustifiably infringe on the privacy of any data subjects;
- securing the integrity and confidentiality of personal information in our possession or under our control; and
- complying with legislation including, but not limited to, data protection laws.

Data privacy on the African continent

While POPIA is South African legislation, there are several similar regulatory initiatives across Africa. SEM completed a research project to understand in-country privacy regulatory frameworks across the region. The first step was to ensure full compliance with existing legislation. The Group data-privacy policy was communicated to the SEM risk and compliance community.

This policy was translated into French for francophone regions to improve in-country understanding and adoption. In-country teams comply with the policy and receive regular communication around the topic. To assist in-country teams in better understanding data-privacy risks, the central risk and compliance team guides them in conducting privacy impact assessments and data inventory guides. The Sanlam cybersecurity officer visited the region in 2022 to assess various maturity levels.

IT security and cybersecurity governance

The Sanlam Board and Group Exco are actively engaged in the information security and cybersecurity strategy and review process. The Board and Risk and Compliance committee have oversight responsibility for cybersecurity. The Group Chief Information Security Officer (CISO) provides the committee with a report in the fourth quarter annually on the status of cyber- and information security management system in the Group. Senior leadership brief the Board quarterly on information security.

Group Exco initiated an exercise to determine current third-party cyber-risks and how to mitigate these. This investigation revealed that a cyber-event would likely impact Sanlam's brand and reputation more than localised business disruption. Most participants indicated that continued or delayed processing would be possible in a crisis, but this needs to be tested. The analysis provided valuable input for Group cybersecurity, IT risk management, and internal audit teams to enhance the third-party risk management process across the Group.

Our Group technology and digital council oversees cybersecurity and data protection, with no major incidents reported this year. All incidents were detected and blocked or managed in a suitable timeframe, and proactive steps were taken to address emerging trends.

The management of IT controls was enhanced by establishing a governance, risk and continuity department. This department is responsible for developing and maintaining policies and standards and overseeing Group data-privacy governance. It plays a second-line role in monitoring and evaluation. This assisted in maturing the Group's cyber-defence profile.

Sanlam implements appropriate levels of cyber insurance cover.

IT security and cybersecurity measures

The Group technology and digital council's oversight scope includes IT risks and associated mitigation. The management of IT controls was enhanced by establishing a governance, risk and continuity department, which is responsible for developing and maintaining IT policies and standards and playing a second-line role in monitoring and evaluating policy compliance. Sanlam has various Group IT policies to guide how employees use technology, including a cybersecurity and digital behaviour (user) policy.

Sanlam is a member of the Information Security Forum (ISF), a leading global authority on information security and risk management that provides access to tools, research and content, including a security health check. The latter aligns with the ISF Standard of Good Practice for Information Security 2020 and best-practice frameworks such as ISO 27002, COBIT, NIST and the Centre for Internet Security.

Cyber and Information security controls form part of the annual external audit by Ernst and Young Inc and now KPMG Inc. Apart from this Sanlam completes an annual external red team assessment as well as cybercrisis simulations, which are performed or facilitated by external, CREST accredited companies.

Sanlam conducts of annual information security management system reviews (ISMS) to test the security of our IT infrastructure and information security management systems. External experts perform the ISMS. The results showed an overall improvement in all categories, especially in previous areas of weakness. Sanlam also compared well against a selected peer group. The output of this assessment will be incorporated into the Group information security programme for 2023.

Cybersecurity training programme

Cybersecurity awareness initiatives were launched within the Sanlam Group in 2013. Over time we matured our approach to influence, motivate and empower employees to behave securely, and subsequently established the cybersecurity awareness programme in 2019.

The Sanlam Group has access to a large content library and runs simulated phishing exercises at least monthly. Other programme elements that help to ensure responsible user behaviour include mandatory policy attestations, tailored cybersecurity interventions and audit-proof risk reporting.

Read more about our actions to protect clients' information in our Sustainability Report.

BUSINESS CLUSTERS PERFORMANCE AGAINST STRATEGY



Confidence Rule 1:

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

We deliver on our strategy through our four business clusters, which offer financial solutions to retail and institutional clients in 31 countries.

SLS 100%

Sanlam Life and Savings

SA Retail Mass
SA Retail Affluent
Sanlam Corporate



- Life insurance
- Retail credit
- Health products
- Savings and investments
- Corporate: Employee benefits and healthcare
- Financial Planning and advice

SEM 100%

Sanlam Emerging Markets



- Life insurance
- General insurance
- Retail credit
- Health products
- Savings and investments
- Corporate: Employee benefits and healthcare
- Financial planning and advice

SIG 100%

Sanlam Investment Group



- Investment management
- Credit and structuring

SNT 62%

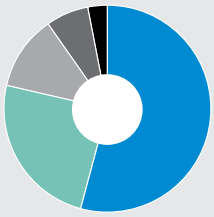
Santam



- General insurance
- Specialised insurance
- Reinsurance

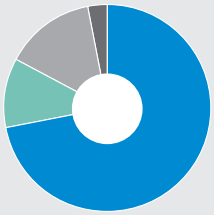
Group earnings (%)

by cluster



56%	Sanlam Life and Savings
25%	Sanlam Emerging Markets
12%	Sanlam Investments Group
10%	Santam
-3%	Other

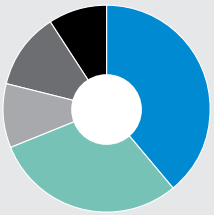
by geography



72%	South Africa
11%	Pan-Africa
14%	India
3%	Other

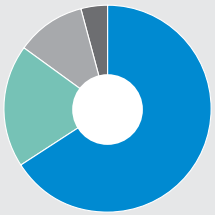
Shareholder value (%)

by cluster



39	Sanlam Life and Savings
30	Sanlam Emerging Markets
10	Sanlam Investments Group
12	Santam
9	Other

by geography



66%	South Africa
19%	Pan-Africa
11%	India
4%	Other

SANLAM LIFE AND SAVINGS

SLS



SLS serves the South African market, with the cluster segmented into three businesses: SA Retail Mass, SA Retail Affluent and Corporate, to allow for more focused client servicing.

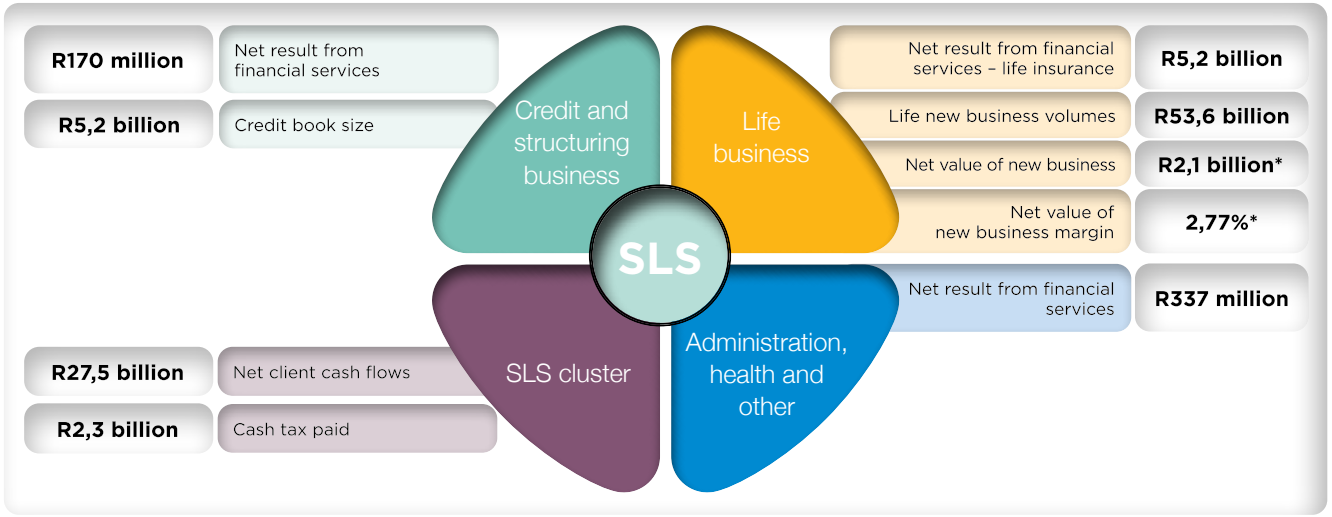
Performance summary for 2022

The past year brought us a step closer to realising our strategy of building a fortress position in South Africa.

Despite challenges posed by high inflation, interest rate increases, turbulent stock markets and uncertain economic prospects, SLS recorded a strong performance in the year. The cluster benefited from a strong rebound in life insurance earnings due to significantly lower mortality claims as the impacts of Covid-19 came under control. This improvement in experience was offset somewhat by the impact of weaker investment markets on our asset-based fee income.

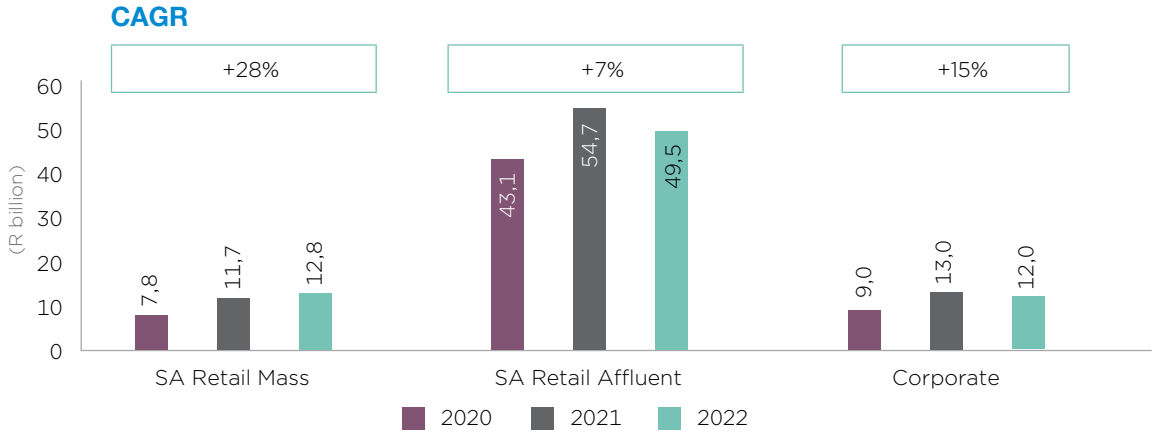
Persistency trends remain resilient on the back of a range of initiatives taken in the SA Retail Affluent business, but the SA Retail Mass business continues to show some pressure due to the weak economic environment impacting customers with lower income more severely.

Present value of new business volumes in our life insurance operations were marginally lower than the comparative period, off a high base. Growth in retail recurring premiums were offset by weaker SA Retail Affluent single premiums and Corporate recurring premiums. Corporate recorded exceptional growth in single-premium investment products, bolstering the overall new business volumes growth in the business. SA Retail Affluent single premiums remain well above pre-pandemic levels. Our businesses have shown excellent new business volume growth over the past few years, driven by our strong distribution capabilities, relevant product offering and a successful partnership model.



* *Constant economic basis*

Present value of new business premiums (R billion)



Progress against our strategy

- Our digital channels continued to grow, with Sanlam Indie and MiWay Life's new business volumes 82% higher than in 2019, before the onset of the pandemic.
- Client and intermediary responses to Sanlam Wealth Bonus, a rewards programme launched in 2021, have been excellent in the SA Retail Affluent market, where it has been launched. Wealth Bonus grew to over 498 000 members, giving Sanlam a unique competitive positioning to contribute to improved client outcomes and therefore better retention. Good progress has been made in defining the Wealth Bonus proposition and business case for implementation by Sanlam Corporate and SA Retail Mass.
- Sanlam Credit Solutions has seen significant increase in registered members, many of them new to Sanlam, and continues to grow and facilitate significant cross-selling opportunities.
- Sanlam Corporate continued to simplify its operations to focus on core capabilities. This included implementing initiatives to consolidate administration environments and enhance its digital front-end interfaces. Significant milestones for 2022 include the Sanlam Corporate website redesign and completing IT architecture and design principles for a new investment administration platform.
- SA Retail Affluent developed and implemented an advice platform aimed at intermediaries that are new to the industry. All industry newcomers will be onboarded on this Adviser Partner platform. The platform allows for more client involvement and self-discovery while improving the quality and consistency of the financial discussion and productivity for the intermediary.
- SA Retail Affluent concluded a partnership agreement with a leading global administration provider to develop a new platform for Glacier. This multi-year project will eliminate several current administration platforms. The benefits include an improved client experience, reduced operational risk and better business insights.
- SA Retail Affluent used advanced analytics to drive retention by proactively identifying clients with a propensity to lapse their policies.
- SA Retail Mass continued to strengthen its relationship with the Zionist Christian Church. This partnership allows us to reach a lower-income client base while providing financial education. In 2022, we completed a process to convert the relationship from a group level to individual policies.
- Our partnership with Capitec continued to deliver solid new business volume growth.

Mergers and acquisitions aligned with the Group strategy

- Simplification of Sanlam Corporate, through the sale of its stand-alone retirement fund administration operation (excluding the administration of its commercial umbrella fund and large industry umbrella funds) to Alexforbes.
- Sanlam Life completed the acquisition of the group and retail life insurance business of Alexforbes Life. The transfer to Sanlam became effective on 31 March 2022.
- The offer to acquire a majority shareholding in AfroCentric (subject to regulatory approval) will allow the integration of medical aid and healthcare products into the Sanlam Corporate client offering.

New products and partnerships

- SA Retail Mass ran a successful pilot in collaboration with Santam, selling short-term insurance to its client base. We continue to pursue cross-selling initiatives with Santam, ensuring sufficient cover to our under-insured clients.
- SA Retail Mass launched new funeral and all-in-one products.
- Client response to the Sanlam health solutions division, launched by Sanlam Corporate in 2021, has been favourable, which will be further enhanced by the proposed AfroCentric transaction.
- Sanlam is collaborating with MTN to develop affordable digital insurance products for the lower-income client base. These products will be launched in the South African market in the second half of 2023.
- Glacier and BNP Paribas introduced a solution called the Glacier Sustainable World Enhancer, which invests only in companies that contribute to the United Nations SDGs. Investors also contribute to reforestation as a certain number of trees are planted after each issue of the investment.
- Sanlam Corporate has launched the Sanlam Easy Retirement Plan, a digital retirement funding facility available to SMMEs, that is quick, simple, and effective in us achieving our vision of improving access to good retirement outcomes for South Africans.

Financial education and inclusion

- Sanlam Corporate is collaborating with SA Retail Mass and SA Retail Affluent to reach individual clients in the corporate client base to provide them with financial advice and improve their retirement outcomes. This includes engaging with Boards of Trustees to improve employees' financial outcomes.
- Sanlam released its 41st benchmark survey, a highly referenced research paper on the state of the local retirement fund industry. The objective of the 2022 survey was to look ahead and establish how the retirement industry can adapt to a vastly changed world. This annual research positions Sanlam as an industry thought leader.

Sanlam Emerging Markets

SEM



Sanlam Emerging Markets (SEM) is segmented into Sanlam Pan-Africa, India and Malaysia. The cluster provides millions of clients access to simple and relevant financial services solutions.

Performance summary for 2022

Our emerging markets portfolio also contended with high inflation, interest rate increases, turbulent stock markets and uncertain economic prospects, in many cases much more severe than experienced in South Africa. The cluster is fortunately, well-diversified across different countries and business lines. In addition, SEM is experienced in managing inflationary pressures, which have been prevalent in many of the countries where it operates.

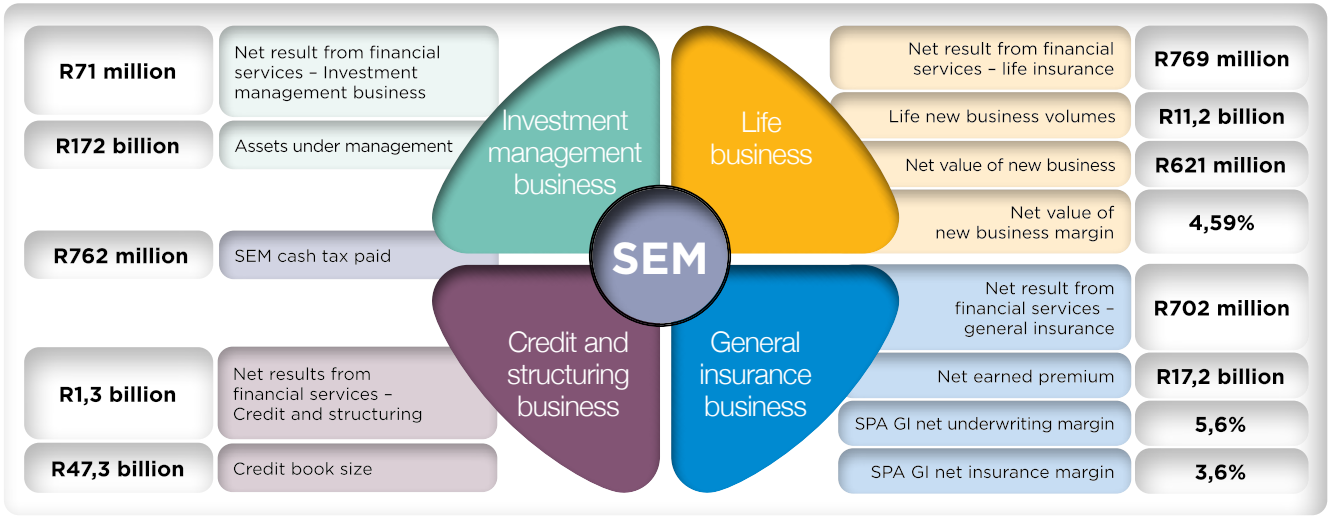
Overall revenue growth was strong, with good performances in most African markets as well as India and Malaysia. Financial performance benefited from significantly lower mortality claims across our portfolio, as the impacts of Covid-19 receded. Performance from general insurance operations were, however, weighed down by exposure to poorly performing stock markets, particularly in Morocco.

The Sanlam Pan-African general insurance portfolio recorded a satisfactory underwriting performance, with the underwriting margin in the target range of 5% to 9%. New business volumes growth was also robust, increasing by 13%.

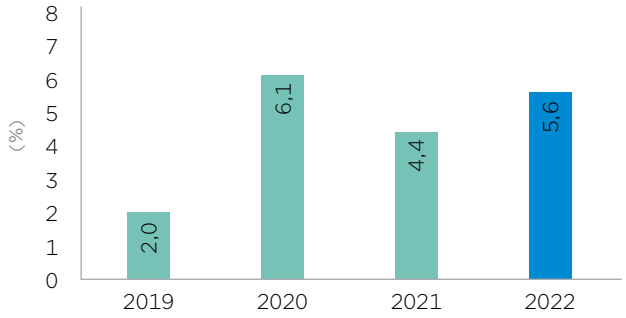
Our asset management business and life insurance businesses performed well in difficult conditions.

Our Indian and Malaysian operations continue to feel the broader impacts of the pandemic, but are showing signs of recovery.

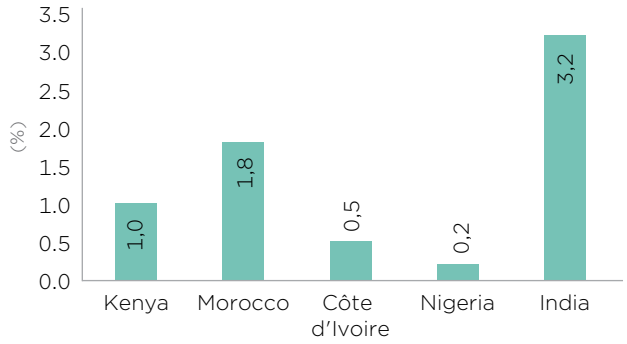
The top markets contributing to earnings consists of India, Botswana, Namibia, Nigeria, Morocco and Saham Re, our reinsurance captive in Mauritius, among others.



Sanlam Pan-Africa general insurance underwriting margins

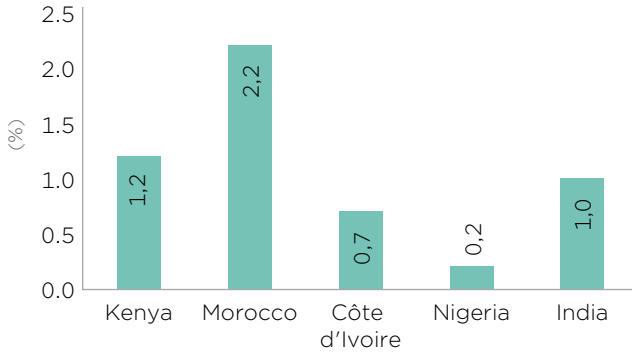


Life insurance penetration



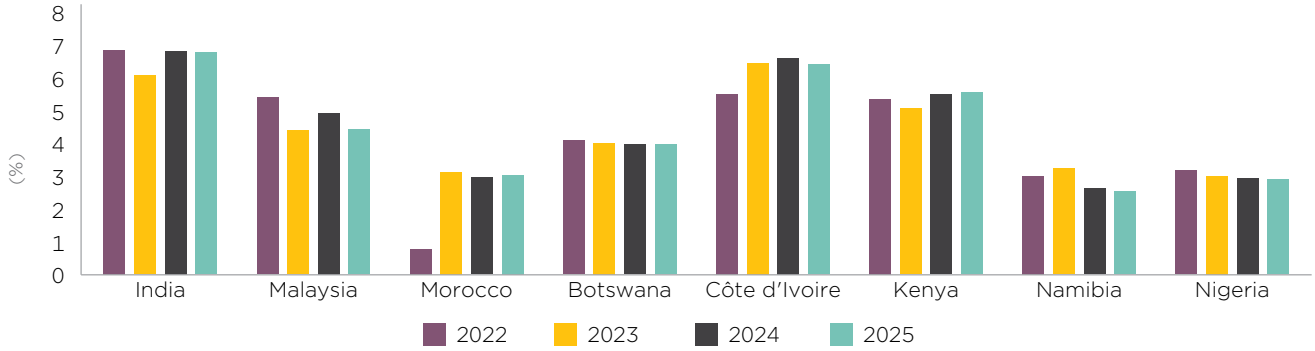
Source: Swiss RE sigma

Non-life insurance penetration



Source: Swiss RE sigma

Forecast GDP Growth



Source: International Monetary Fund, World Economic Outlook Database, October 2022

We operate in Pan-African and international countries with low levels of life and non-life insurance penetration and relatively high GDP growth, creating an opportunity for sustainable growth.

Progress against strategy

As a Pan-African brand, Sanlam believes in the continent's growth prospects. Our completed rebranding project goes beyond a change of name and corporate colours to reflect our commitment to delivering world-class financial services to clients while strengthening our market position.

- We continue to focus on gradually rebalancing the insurance fund (float) in Morocco to have less equity and property exposure and more fixed income over time. Progress was slower in 2022 due to equity market volatility and the difficult economic environment. Solving the earnings volatility caused by this exposure is a top priority for 2023.
- The growth of our life insurance operations continued strongly in 2022 from a high base in 2021, albeit at a slightly slower pace due to the weak economic environment. This was a key synergy identified from the original Saham transaction and we are now seeing this emerge. Our distribution and product capabilities have driven increased sales and focus on margins, with strong foundations laid for continued growth.
- In India, the merger of Shriram credit businesses was completed in December 2022. This merger simplifies the Shriram Group structure and is expected to create further value over time through cost reduction and other synergies realisation.
- Our re-branding from Saham to Sanlam in Morocco and Ghana as well as from FBNI in Nigeria was well executed and received. We remain focused on embedding the brand further in these and other Sanlam branded markets in 2023.
- We continued to build scale in Morocco, Ivory Coast, Nigeria, Ghana, Angola and East Africa while focusing on the historically strong markets of Namibia, Botswana and Malawi.
- We are tracking client satisfaction across core markets to improve our treating-customers-fairly outcomes and better understand different local market needs. Our entire Sanlam Pan-African life and general insurance operations recorded an overall decrease in the number of complaints reported.
- We are paying increased attention to policy lapse risk, including propensity-to-lapse models. In addition, we aim to ensure new policies are affordable and product innovations encourage retention.
- We continued to drive digitalisation, focusing on enabling agents and intermediaries and direct to customers via mobile platforms.
- We can now reach all subsidiary companies with our learning and development platform, SEM training academy. In 2022, we launched three leadership programmes for first-time leaders and programmes for executive leaders in French and English. The focus on learning and development is part of a broader approach to developing local skills, especially technical ones.
- Progress was made in transforming our SEM Group office employee composition to be more representative of our subsidiary base. Our actuarial bursary programme provides additional opportunities for increasing our Pan-African representation in our Group headcount.
- We foster subsidiaries' alignment with continued adherence to the Sanlam culture, Group values, governance and compliance policies and frameworks, and Code of Ethical Conduct.

Mergers and acquisitions aligned with the Group strategy

- The proposed Allianz joint venture is expected to receive regulatory approval in 2023. The joint venture will add scale to SEM's African operations and add Egypt to its footprint. Representatives from SEM and Allianz are participating in the planning process for implementation, limited to what is legally allowed in terms of anti-trust legislation. *Read more about the transaction on page 48.*
- By October 2022, the Sanlam and MTN partnership, which has been enabled through SEM's acquisition of 50% in MTN's Insuretech platform aYo, received the necessary regulatory and competition approvals. The effective date of the transaction was 31 October 2022. *Read more about the transaction on page 48.* Although the partnership will create value for Sanlam Pan-Africa (Life and Non-life) and for Sanlam Life and Savings in South Africa and Santam, the value creation in aYo and in the Sanlam entities will be supported and driven by SEM.

Financial education and inclusion

- The MTN Group partnership, enabled by SEM's investment in their Insuretech platform aYo, will promote financial inclusion across the continent by creating easier access to digital insurance and retail investment products as part of MTN's Fintech ecosystem. We seek to attract more than 30 million policyholders by 2026, building on aYo's current active policyholder base of about 4,2 million.
- Established in 2019, the Ennajah Foundation in Morocco aims to promote the education of underprivileged children, lower early high-school drop-out rates, promote social inclusion and alleviate poverty. *Read more in our Sustainability Report.*
- Sanlam Nigeria is partnering with churches, schools, fintechs and several ecosystems and platforms to enable financial access and financial inclusion. Sanlam Nigeria is partnering with MTN to enable financial inclusion.
- The Shriram Group's main corporate social responsibility focus areas are education and skills development. The Group's contribution are channelled through the Shriram Foundation. The Foundation supports 700 single teacher schools that provide supplementary primary education to nearly 21 000 children aged between 5 and 12 in the evenings in rural villages.

See page 55 of the Sanlam Sustainability Report for more information on our financial inclusion initiatives in Africa.



SANLAM INVESTMENT GROUP

SIG



This cluster offers a broad range of specialised investment management, credit and specialised risk management solutions to retail and institutional clients in Africa and the UK.

Performance summary for 2022

Despite turbulent local and international markets, SIG produced a solid financial and investment performance. Our diversified product offering and revenue streams allowed us to post a strong performance despite the significant drawdown in global markets. The results were supported by consistent net inflows across retail, institutional, wealth and alternative investment strategies over recent years.

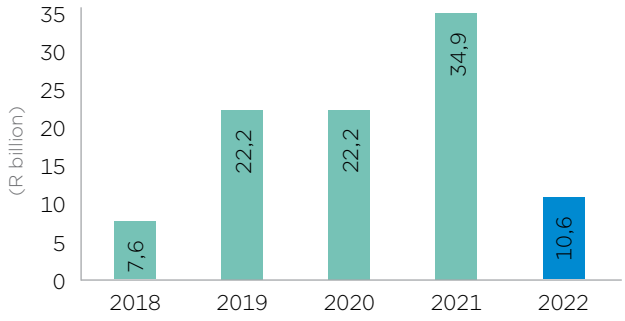
The positioning of Sanlam Investments as one of South Africa's largest black-owned asset managers, through the 2020 transaction with African Rainbow Capital Financial Services, has supported the business by opening access to new pools of assets.

Our alternatives business in Sanlam Investments was a strong performer in the year, with good fees generated from Infraworks, its climate fund operations, while the private equity business earned significant carry fees as well.

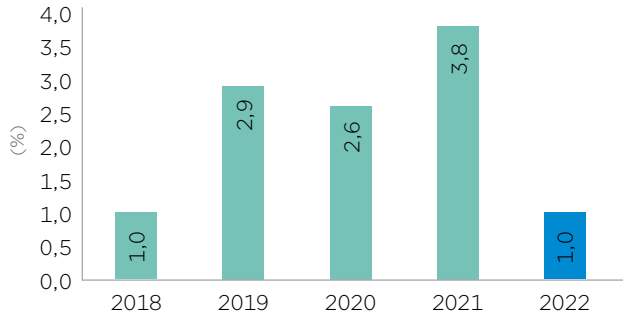
In the first half of 2022, the SanFin business came under pressure due to widening credit spreads and higher hedging costs. The business benefited from a contraction of credit spreads on offshore and international listed bonds during November and December 2022, as a result the full year spread loss was reduced.



Net client cash flows (NCCF)



NCCF as a percentage of assets under management



Net fund inflows remained robust in 2022, albeit lower than the high base from 2021. Key drivers for the slowdown in flows have been lower net flows in the industry/general savings market due to higher interest rates, high inflation and slowing economic activity with electricity constraints in South Africa. International fund flows were also negative after a positive 2021. We are pleased with significant inflows in the alternatives business, with Infraworks Waterfund reaching a second close at US$850 million, while the Retail multimanager and Satrix businesses continued to show strong, positive net flows.

Progress against strategy

We continue to expand and strengthen SIG's position as the custodian of Sanlam's assets and balance sheet management and expand this offering and capability to other external clients, where possible.

- We reviewed the cluster's business model, strategy and growth prospects. This review was presented to the Board, which approved the cluster's key focus areas for the next four years. These include implementing a successful Absa investment management operations merger, expanding our international product capabilities and our private market business, and strengthening our balance sheet. We will develop our teams, capabilities and product sets in the process.
- The Sanlam SMME growth and empowerment fund. The fund will support small businesses by providing working capital, funding and training. We will approach other corporates to invest in the fund as part of their enterprise and supplier development initiatives. We plan to launch the fund in 2023.
- We maintained an active and strong brand presence in multiple countries across our three market-facing brands of Sanlam Investments, Satrix and Amplify. This included relaunching Amplify to the retail market and positioning Sanlam Investments as the sustainability asset manager of choice.
- Significant traction was gained in the client experience space. This includes the roll-out of Smart-Invest white-label solutions for partner businesses. The initial investment in introducing WhatsApp as a self-servicing channel for clients has been successful. The channel has been extended to include transact capability (top-ups, disinvestments and redemptions). We are also further evolving our web transaction channel to provide clients with a fully fledged capability, allowing for self-service and direct transacting via the web.
- Our partnership with Robeco, an international asset manager specialising in sustainable investing, continues to inform our investing approach. We have brought the intellectual property into our systems and set up the necessary sustainable investment committees.
- We appointed Fikile Mbhokota as the new CEO of Satrix. She is a seasoned financial services executive with over 18 years of industry experience.
- Satrix received nine awards at the fifth annual South African Tracker Funds Awards. This includes the Satrix 40 exchange-traded fund (ETF), which was voted the favourite ETF for South African investors for the fifth consecutive year. Satrix was also named the 2022 best fund house (larger fund range) in South Africa by Morningstar. This is a second win for Satrix, the first index-tracking house to receive this award in 2021.

Mergers and acquisitions aligned with the Group strategy

- A highlight for 2022 was completing the sale of certain of our UK businesses, with all transactions completed by May 2022. The transactions did not include Sanlam Private Wealth's South African client base, and we had to incorporate them back into the South African operations. While completing this move, we digitised client processes to provide a significantly better experience.
- The Absa investment management business integration began in December 2022. This significant merger adds R131 billion of assets under management and unlocks significant scale for Sanlam Investments. In addition, increased investment in research and technology will solidify the company's position as an industry leader. The transition further strengthened Sanlam's position as one of the largest black-owned assets managers in South Africa. *Read more on page 48.*

New products and partnerships

- We continued to develop our international product capabilities to capitalise on Regulation 28 amendments that give South Africans access to increased offshore investments.
- The InfraWorks Climate Investor Two fund.
- Satrix, which celebrated its 22nd anniversary, launched three new products that give local investors access to global investment themes. This included an ETF that tracks global companies that provide services for smartcity infrastructure and one that invests in companies that push the boundaries in healthcare and medical innovation.
- The alternatives business is actively participating in discussions in South Africa to participate in large infrastructure projects and establish Sanlam as a significant participant. This includes exploring the possibility of funding various green hydrogen development projects.

Financial inclusion and responsible investing

- We offer access to investment platforms through EasyEquities, with low fees ensuring financial inclusion.
- The InfraWorks Climate Investor Two fund relates to projects in the water sanitation and ocean sectors.
- The South African SME debt fund in conjunction with the Eskom Pension and Provident Fund, focuses on financing black-owned businesses across sectors, prioritising manufacturing and agro-processing.

SANTAM



Santam is a proudly South African general insurance group with a growing international premium contribution. Santam is a JSE-listed subsidiary of Sanlam, which holds 62% of Santam's shares.

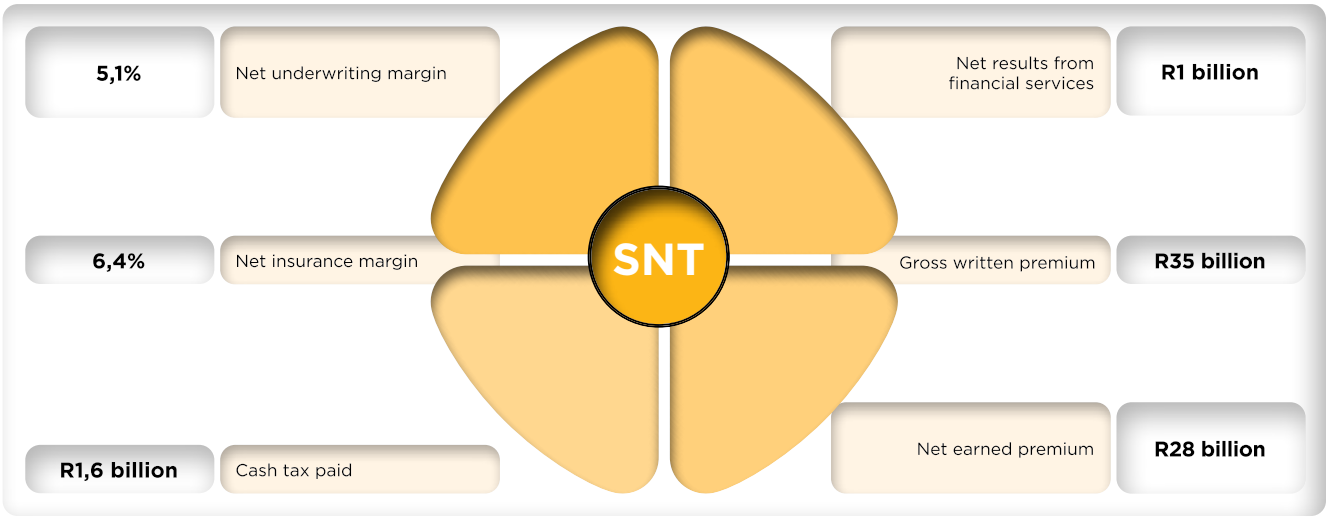
Performance summary for 2022

2022 was a challenging year due to surging inflation, increased claims costs, high levels of electrical power-surge and vehicle theft-related claims, in addition to adverse weather conditions and the April 2022 floods in KwaZulu-Natal, South Africa. The turbulent investment market environment also impacted Santam's earnings performance.

Despite these headwinds, Santam reported satisfactory gross written premium growth and maintained an economic capital coverage ratio well in the target range. It maintained a leading market share of over 20%.

The high-net-worth personal-lines segment remains a key market for intermediaries and Santam, with clients who value advice and the hassle-free service intermediaries provide at claims stage. Santam Commercial and Personal's executive offering delivered significant value.

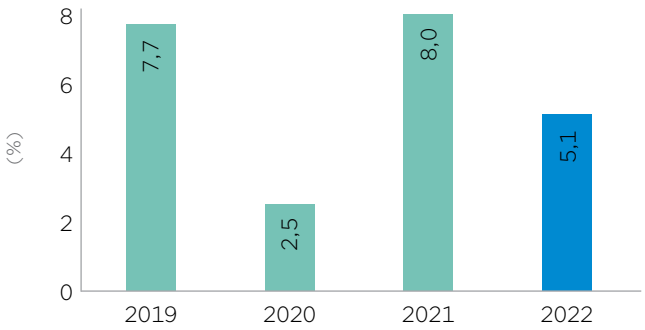
The Santam Specialist business recorded excellent growth in gross written premiums and improved underwriting results across several sectors. The property, marine, transport and engineering businesses were significantly impacted by the KwaZulu-Natal floods, leading to a sizable underwriting loss. Santam Specialist achieved a net underwriting margin of 22%, which is testament to the strength of a diversified portfolio of business lines.



Santam Re reported steady gross written premium growth following a general increase in reinsurance rates globally. Underwriting results were negatively impacted by increased claims activity and large losses.

MiWay achieved subdued gross written premium growth as market conditions in South Africa adversely impact its clients. The business has implemented strategies to return growth, which are already showing a positive impact.

Underwriting margins (%)



Progress against strategy

- In 2022, Santam conducted a robust strategy refresh process to test its strategy against prevailing international and local market conditions, trends and its evolving role as a general insurer. While Santam's purpose and vision remain unchanged, the insurer developed a clear strategic intent and refined its strategic themes. In addition, its ESG focus areas were integrated into the refreshed strategy. The refreshed strategy was approved by the Santam Board in November 2022.
- To support the refreshed strategy, Santam changed the group's operating model. Commercial and Personal has been restructured into three business units to focus separately on distribution channels where we interact directly with clients, and those where we reach clients through intermediaries and partnerships. The other client-facing businesses – MiWay, Santam Specialist and Santam Re – will remain as is, providing growth and diversification benefits.
- The success achieved in improving Santam's intermediary and client value propositions through the development of portals, self-service platforms and data enrichment and pre-population, provides tangible benefits and enabled excellent service delivery, an important anchor in difficult market conditions.
- The business implemented the second phase of the Guidewire ClaimCenter Technology platform, focused on the delivery of a vehicle claim-processing capability with new vehicle claims functionality as well as new client portal and client app.
- The business initiated a collaborative partnership with Sanlam SA Retail Mass aimed at providing holistic financial risk protection in the mass market. This is an important step towards closer collaboration with the wider group to drive cross-selling and provide relevant solutions into the mass market.
- Santam Commercial and Personal is the general insurance collaborator to the Sanlam and MTN strategic alliance with insuretech aYo. Santam completed an agreement to acquire the device insurance business of MTN South Africa, to scale the device business and introduce new digital insurance solutions to the MTN customer base, subject to competition commission approval.
- The Group is enhancing its response to climate-related risks (physical and transitional) in accordance with recommendations of TCFD. Some of these risks have already been incorporated into underwriting and investment policies.

Mergers and acquisitions aligned with the Group strategy

- In June 2022, Santam increased its interest in insuretech JaSure by acquiring an additional 49% shareholding. JaSure is an on-demand insurance provider that allows clients to customise their cover, day-to-day and item-by-item. Santam will leverage JaSure's powerful client experience and younger market reach.
- The proposed Sanlam/Allianz joint venture presents a significant opportunity for the African expansion of Santam Specialist and Santam Re.
- Santam Commercial and Personal is the general insurance collaborator to the Sanlam and MTN strategic alliance with insuretech company aYo. The business completed an agreement to acquire the device insurance business of MTN South Africa, deepening its partnership with aYo and MTN to scale the device business and introduce new digital insurance solutions to the MTN customer base.

Financial education and inclusion

- Both Santam and MiWay continue to simplify policy wordings and educate clients.
- Santam's consumer financial education programmes target individual and commercial clients, focusing on the Santam emerging client market. In 2022, Santam partnered with the South African Insurance Association (SAIA) to offer programmes that introduce more people to the benefits of insurance.



GROUP FINANCE DIRECTOR'S REPORT



Confidence Rule 2:

GETTING AHEAD STARTS WITH GETTING STARTED.

GROUP FINANCE DIRECTOR'S REPORT



Abigail Mukhuba
Group Finance Director

Sanlam produced excellent results for 2022 in a challenging environment.

Operating performance increased as net results from financial services exceed R10 billion for the first time.	8% ↑
Adjusted RoGEV, above the group hurdle rate of 14,3%.	15,1% ↑
Sanlam Pan-Africa general insurance **underwriting margin**, within target range.	+5,6%
Strong volumes and margins, life insurance net **VNB** 1% lower off a high base, **VNB margin** of 3,06% (both on a constant economic basis)	

Operating context

South African equity markets ended the year marginally lower than where they started, but performance through the year was volatile. The JSE Swix index recorded gains in the first quarter of the year but then declined rapidly, bottoming in October, and subsequently recovering strongly into year-end. International markets ended the year at weaker levels, with the MSCI world index declining 13% in rand terms. Moroccan equity markets declined significantly, with the market index recording a 20% decline for 2022, relative to a gain of 18% in 2021. Equity market weakness suppressed asset-based fee income and shareholder investment returns across our portfolio, while the decline in Moroccan equity markets had a large negative impact on the investment return earned on insurance funds in our Pan-African general insurance operations (SPA GI).

Bond markets were also volatile over the period, impacting not only investment income, but also the valuation of our operations on 31 December 2022. Higher bond yields, which result in discounting future cash flows at a higher rate, negatively impacted valuations and the value of new life insurance business written. The rand strengthened against most major currencies in our portfolio, which had a negative impact on our earnings and the valuations of our non-South African operations.

Although the South African economy remained relatively resilient for 2022, supported by buoyant commodity prices, economic activity was impacted by the significant KwaZulu-Natal flooding in April and the most severe electricity supply disruptions on record. The surge in inflation over the period had a more severe impact on clients with lower incomes, who spend a larger proportion of their incomes on food and transport, impacting their ability to retain payments on existing policies.

The economies in our emerging markets portfolio experienced similar economic headwinds, but the diversity of the Group's portfolio assisted, with resource producing countries across our portfolio, including Nigeria, Angola and some of the Southern African countries benefiting from higher commodity prices. Morocco's economy expanded at a modest pace in 2022, while the Indian economy recorded robust growth.

Key performance indicators

Against a difficult backdrop, the Group's performance was positive across most key metrics. Where new business volumes and net client cash flows were lower than 2021, this was due to elevated bases from the exceptional 2021 performance which was supported by increased savings. Absolute new business volumes remained satisfactory in 2022.

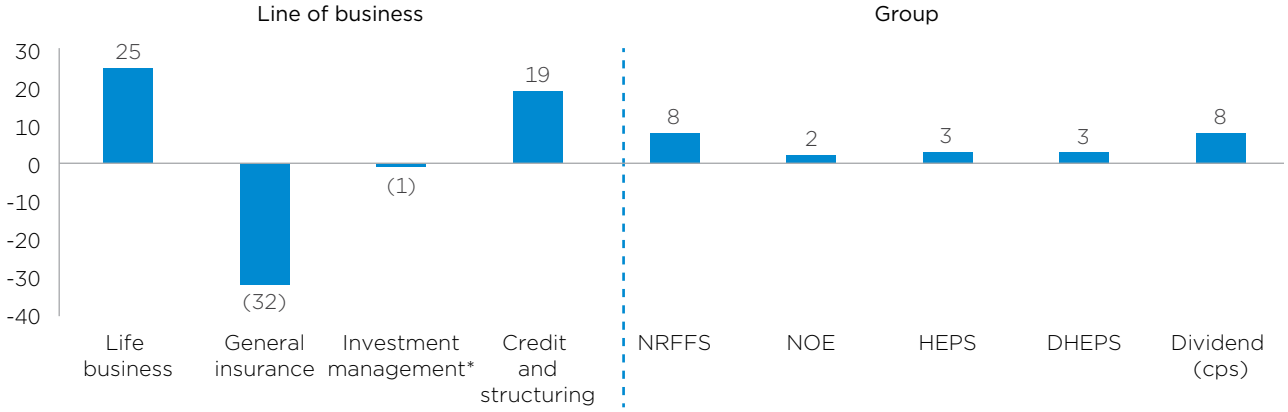
Earnings

Performance indicator for the year ended 31 December	Unit	2022	2021	Δ	ΔCC
Earnings and dividend					
Net result from financial services	R million	10 191	9 469	8%	6%
Net operational earnings	R million	10 532	10 288	2%	1%
Headline earnings	R million	9 294	9 041	3%	1%
Weighted average number of shares	million	2 078	2 088		
Adjusted weighted average number of shares	million	2 210	2 224		
Net result from financial services per share	cents	461	426	8%	7%
Net operational earnings per share	cents	477	463	3%	2%
Diluted headline earnings per share	cents	447	433	3%	2%
Dividend per share	cents	360	334	8%	

CC = constant currency.

The Group's net results from financial services reached a new historic high, exceeding R10 billion for the first time. The excellent performance of our life insurance, investment management and credit and structuring operations contributed to Group performance. Our general insurance operations detracted from earnings growth, including the negative impact of weaker unrealised investment returns on insurance funds in SPA GI of negative (losses) R362 million in 2022, relative to a positive (gains) of R325 million in 2021. Life insurance earnings were strong despite the creation of reserves to mitigate the impact of any future material adverse mortality, morbidity and other experience.

Growth in key earnings indicators (%)



* *Investment management business is 18% higher excluding UK disposals.*

Life insurance earnings rebounded strongly due to lower mortality claims relative to 2021, as the impacts of Covid-19 diminished. *Credit and structuring* earnings growth was driven by our Indian operations where performance was underpinned by continued healthy economic recovery in that country. Our *investment management* operations performed well despite significant investment market volatility, supported by a diverse business model that includes revenue streams that benefit from market volatility (retail brokerage) and that are not correlated to investment market returns (alternatives), as well as satisfactory performance from traditional asset management.

Our *general insurance* operations were impacted by weaker underwriting performance from Santam and negative investment return on insurance funds in SPA GI. The latter is a marked-to-market impact and not reflective of the underlying operational performance and does not impact cash operating earnings. SPA GI recorded good performance of net earned premiums which increased 13%. The underwriting margin of SPA GI was satisfactory at 5,6%, within the target range of 5% to 9%, despite the impacts of claims inflation, benefiting from consistent management actions.

Santam's performance was impacted by claims inflation, investment market volatility, elevated levels of electrical power-surge and vehicle theft-related claims, in addition to the adverse weather conditions and the catastrophic floods in KwaZulu-Natal. The corrective and mitigating actions implemented are having a positive impact, with underwriting results improving in the second half of the year. The 2022 results were also supported by the release of CBI reserves. The improved second half performance resulted in Santam's conventional insurance business recording an underwriting margin of 5,1% for 2022 (target range of 5% to 10%), from 2,3% for the first half of the year.

Net operational earnings (NOE) of R10,5 billion increased by 2%. The lower growth relative to net result from financial services is due to reduced investment return of R882 million, from R1,3 billion in 2021, and increased investment into the future growth of our business. The Group is currently undergoing a period of significant investment in strategic initiatives and our net project expenses have consequently increased by 10%. The Group expects an elevated level of project expenses in the short-term which will reduce in due course as transactions complete.

Headline earnings (HEPS) and diluted headline earnings per share (DHEPS) increased by 3%, in line with the performance from net operational earnings. **Attributable earnings** increased by 25% to R11,9 billion from R9,5 billion in the comparative period. The increase is mainly due to the inclusion of profit on disposal of the UK businesses of R1,4 billion net of costs, the partial disposal of Shriram General Insurance (SGI) to a third party (KKR) contributing R629 million and the inclusion of fund transfers of positive R699 million (2021: negative R387 million).



The Board has declared a **final gross cash dividend of 360 cents per share** (2021: 334 cents per share) 1,0 times cover of cash operating earnings (2021: 1,0) for the financial year ended 31 December 2022. The Group maintains 1,0 to 1,2 times cash operating earnings cover.

New business volumes and net client cash flows

Performance indicator for the year ended 31 December	Unit	2022	2021	Δ	ΔCC
Business volumes and NCCF					
Life insurance new business volumes	R million	64 812	71 747	(10%)	(10%)
Net new covered business					
Value of new covered business	R million	2 388	2 764	(14%)	(14%)
Covered business PVNBP	R million	87 814	96 182	(9%)	(9%)
New covered business margin	%	2,72	2,87		(16bps)
New covered business margin (CEB*)	%	3,06	2,87		19bps
Life insurance net client cash flows	R million	21 615	12 696	70%	69%
General insurance new business volumes	R million	45 250	42 222	7%	7%
General insurance net client cash flows	R million	16 384	15 955	3%	3%
Investment management net client cash flows	R million	21 976	49 671	(56%)	(56%)

CC = constant currency.
** Constant economic basis.*

Life insurance new business volumes remained at satisfactory levels, albeit slightly lower than the comparative period. The R64,8 billion written in 2022 was 5% below 2021 adjusting for the UK disposals. The 2021 year was exceptional due to high savings rates as a result of Covid-19 lockdowns, and the business has done well to broadly sustain this performance in 2022. Not only have our life insurance operations retained strong volumes, but the profitability of new business written (as measured by the net value of new business (VNB)) has remained solid at R2,4 billion, with SEM's contribution growing more than 20% on a constant economic basis. On a like-for-like or constant economic basis (excluding the impact of higher interest rates), our net value of new business was only 1% lower than 2021, with the business written at a margin of 3,06%, higher than 2,87% in 2021, also on a constant economic basis. Life insurance net client cash inflows (NCCF) of R21,6 billion, increased 70% due to lower mortality claims and continued strong absolute levels of new business.

General insurance new business volume growth was also robust, with Santam recording growth of 7% (ex-reinstatement premiums) and SPA GI growing 13%. India recorded relatively weaker performance mainly as a result of lower sales through Shriram channels and lower prescribed tariff increases on its third party portfolio relative to the historical average. General insurance net client cash inflows were 3% higher, despite the significant claim payments related to the KwaZulu-Natal flooding.

Investment management net client cash inflows were R22,0 billion over the year, albeit lower than 2021 which was an exceptional year. The South African investment management, retail affluent and corporate operations recorded strong inflows, while the international business recorded outflows.

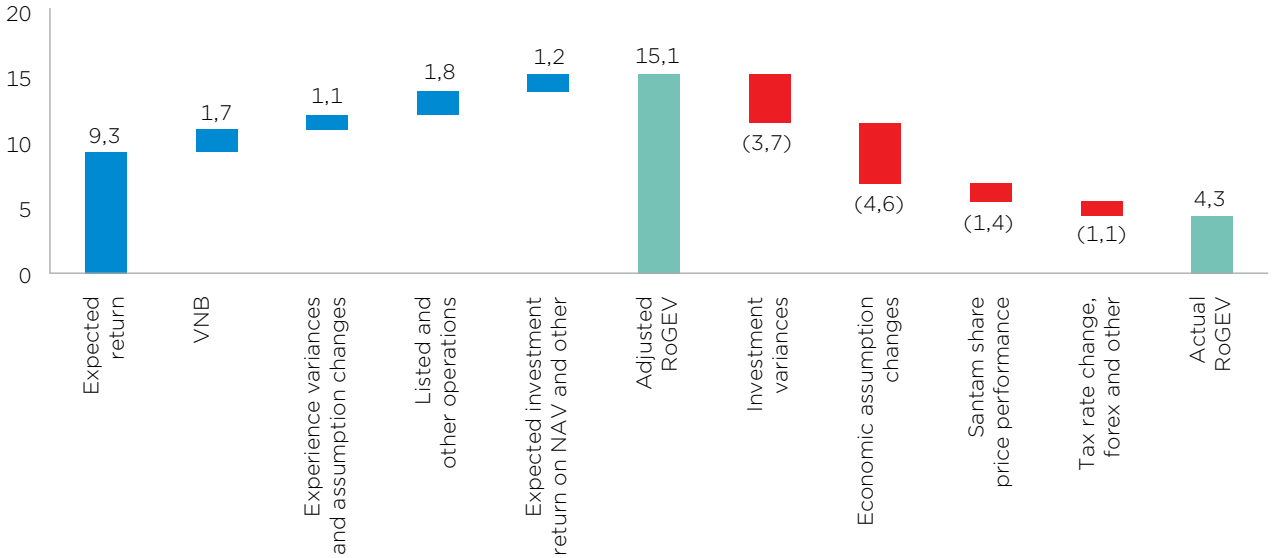
Group Equity Value

Performance indicator for the year ended 31 December	Unit	2022	2021
Group Equity Value			
Group Equity Value	R million	140 776	142 390
Group Equity Value per share	cents	6 380	6 444
Return on Group Equity Value per share	%	4,2	13,9
Adjusted Return on Group Equity Value per share	%	14,9	14,6

Group Equity Value (GEV) amounted to R141 billion or 6 380 cents per share on 31 December 2022, with a RoGEV of 4,3% for the year (4,2% per share). RoGEV for the covered business was 11,6%, with non-covered business (including discretionary capital and other) at negative 0,9%.

Adjusted RoGEV, which excludes the impact of actual investment return relative to long-term assumptions, interest rate changes, other one-off effects not under management control, tax changes and currency exchange rate movements, amounted to 15,1% (14,9% per share), above the 14,3% hurdle for 2022. The covered business adjusted RoGEV was 17,4%, and the non-covered business (including discretionary capital and other) recorded an adjusted RoGEV of 13,3%.

RoGEV build-up 2022 (%)



The main components contributing to RoGEV are:

- VNB contributed 1,7% as the absolute level of VNB remained strong. The emerging markets operations recorded solid VNB growth partially offset by weaker contributions from the Southern African operations. The retail affluent and corporate businesses in South Africa had relatively weaker contributions due to lower volumes from the single premium business and product mix changes respectively *(refer to page 232 of the annual financial statements for more information)*.
- Operating experience variances and assumption changes contributed 1,1% driven by the following key items:
  Experience variances
  - Positive risk experience variances of R1,7 billion in the covered business relative to negative R4,2 billion in 2021 which was significantly impacted by Covid-19 related excess mortality claims. All clusters contributed positively to risk experience.
  - Persistency in the covered business weakened over the year as the economic environment deteriorated, with negative experience variances of R596 million relative to positive R712 million in 2021. The difficult consumer environment from higher food and transport inflation was more evident in the lower income market segments, impacting retail mass most severely. Corporate was impacted by the loss of two large group risk schemes. Persistency experience in retail affluent was positive and continues to benefit from data analytics and client engagement.
  - In the non-covered business, the general insurance and credit operations both reported positive experience variances, benefiting from better performance on SPA GI new business volumes and the credit businesses in India respectively.
  - Uplift from the proceeds from the SGI and KKR transaction at higher than GEV which were reinvested in the Shriram credit businesses, as well as the synergy benefits from the merger of the Shriram credit entities, contributing to a return of more than 20% from the non-life businesses in India.

  Assumption changes
  - Risk assumption changes in the covered business were negative R178 million (2021: negative R867 million) relating largely to strengthening the retail mass mortality basis to align with the retail affluent mortality basis which was strengthened in 2021.
  - Persistency assumption changes were positive R133 million relative to positive R1,5 billion in 2021. The 2021 amount reflected the release of half of the 5% mass lapse assumption created in 2020. The 2022 amount reflects the net impact of the release of the remaining mass lapse provision and the strengthening of lapse assumptions in the South African retail businesses. The larger portion of the assumption change relates to the retail affluent business that strengthened assumptions relating to long-duration persistency which has improved. The retail mass change also reflects strengthening of lapse rates due to the weaker economic environment but is relatively smaller due to management actions that are expected to positively impact future persistency.
  - Modelling and other assumption changes amounted to negative R218 million (2021: positive R965 million). The 2021 amount was boosted by the release of discretionary reserves to offset the impact of Covid-19 on risk experience. The 2022 experience relates to the net impact of the creation of reserves to mitigate the impact of any future material adverse mortality, morbidity and other experience, as well as other basis changes.
  - In the non-covered business, operating assumption changes relate mostly to higher maintenance expenses and other modelling changes in certain emerging markets general insurance operations.
- Investment variances contributed negative 3,7% for 2022 reflecting weak market returns for 2022.

- Economic assumption changes had a negative impact of 4,6% due to increases in long-term interest rates over 2022. Increases in reference yields impacted the valuations of most non-covered entities, particularly the Pan-African operations. Certain of the Pan-African operations are valued using reference yields that are linked to the US dollar risk-free rate, which increased substantially over the year. The Moroccan risk-free rate also increased over the year.
- The remaining items relate mainly to the impact of currency translation differences from a stronger closing rand exchange rate against the significant valuation currencies, weaker share price performance from Santam over the period and the incremental increase of the corporate tax rate in Morocco from 37% in 2022 to 40% by 2026, partly offset by the lowering of the corporate tax rate in South Africa from 28% to 27%.

Line of business analysis

Life insurance

Earnings

Life insurance net result from financial services increased strongly as a result of a rebound in all operations.

Net result from financial services for the year ended 31 December (R million)	2022	2021	Δ	Δcc
Life insurance line of business	6 159	4 929	25%	25%
South Africa	5 390	4 453	21%	21%
Retail Mass	1 297	769	69%	69%
Retail Affluent	3 255	2 011	62%	62%
Corporate*	631	(1 548)		
Discretionary reserve release*	–	3 047		
SanFin	207	174	19%	19%
Emerging markets	769	478	61%	56%
SPA Life	656	475	38%	35%
India*	67	(31)		
Malaysia	46	34	35%	26%
International (Sanlam UK)*	–	(2)		

* *Percentage changes are greater than plus or minus 100%.*

South Africa refers to the Sanlam Life and Savings and Sanlam Investment Group businesses in South Africa. Emerging markets refers to Sanlam Emerging Markets.

South Africa recorded a solid performance relative to 2021 with lower mortality claims resulting in a rebound in risk experience profits in the retail and corporate businesses, augmented by overall book growth. This more than offset the dampening impacts of weak equity markets, higher new business strain and net negative assumption changes relating mostly to creation of reserves to mitigate any future material adverse mortality, morbidity and other experience. Risk experience profits were positive in 2022 relative to close to zero in 2021 (net of discretionary reserve releases) which was significantly impacted by Covid-19 related excess mortality claims.

Weaker persistency had a negative impact on earnings from the individual life business in retail mass as the tough economic environment continues to impact clients with lower incomes more severely. Management actions are expected to have a more meaningful impact in 2023. Persistency trends in retail affluent remained positive and continue to benefit from data analytics and client engagement initiatives.

SanFin benefited from the contraction of the credit spreads on offshore and international listed bonds during November and December 2022, as a result the full year spread loss was reduced. This was augmented by higher margin income, lower bad debt provisions relative to 2021, and strong management of operational costs.

Emerging Markets also recorded solid growth with SPA life benefiting from lower mortality claims in the Southern and East Africa regions which more than offset lower earnings in Morocco due to weaker investment market returns. India's earnings were supported by lower mortality claims as well as overall book growth. Malaysia benefited from overall book growth as well as positive mortality basis changes.

New business volumes, value of new business and net client cash flows

Life insurance new business volumes declined by 10% (5% lower excluding UK disposals) due to lower single premium sales in the South African retail affluent business and lower recurring premium sales in the corporate business.

New business volumes for the year ended 31 December (R million)	2022	2021	Δ	Δcc
Life insurance line of business	64 812	71 747	(10%)	(10%)
South Africa	53 640	57 337	(6%)	(6%)
Retail Mass – recurring premiums	3 983	3 850	3%	3%
Retail Affluent	40 269	45 252	(11%)	(11%)
recurring premiums	2 080	2 069	0%	0%
single premiums	38 189	43 183	(12%)	(12%)
Corporate	9 388	8 235	14%	14%
recurring premiums	480	883	(46%)	(46%)
single premiums	8 908	7 352	21%	21%
Emerging markets	11 172	10 871	3%	1%
SPA Life	9 258	9 042	2%	1%
India	1 031	868	19%	14%
Malaysia	883	961	(8%)	(12%)
International (Sanlam UK)	–	3 539	(100%)	(100%)

In **South Africa**, the retail mass business continued its strong new business growth trajectory, with the individual life business performing particularly well, recording growth of 29%, despite the strong focus on the quality of new business. Capitec Bank funeral sales increased by 7%, while the group businesses recorded lower sales due to the ZCC scheme benefit increase in 2021 which did not repeat in 2022. Excluding the ZCC scheme, retail mass new business volumes increased by 8%.

In the retail affluent segment, new business volumes were dampened by lower single premium sales of international products on the Glacier platform. Sales of guaranteed annuities however improved in the second half of 2022 and ended the year in line with 2021, while guaranteed plan sales also recorded robust growth.

Recurring premium sales were in line with 2021 due to growth of retirement annuity and endowment sales in the savings business, which offset lower risk sales in BrightRock and the direct channels. The direct channels come off a period of rapid growth over the past few years. Individual life risk sales were in line with 2021, with sales trends improving in the second half of 2022. Sales in broker channels showed solid growth while the tough economic environment reflected in agency channel sales, where lower average premium sizes were recorded.

Corporate's new business volumes increased due to good sales of single premium investment products while recurring premium volumes were lower, on the back of lower group risk sales. The hardening of pricing in the group risk business in 2021 resulted in lower new recurring sales in the first half of 2022. A pickup in sales was experienced in the second half of the year. The 2021 year also benefited from the take-on of a single large group risk scheme.

In the **emerging markets** business, SPA life insurance sales improved as growth across the portfolio compensated for muted performances from Botswana due to lower sales of group business and Morocco due to lower group and single premium bancassurance sales. India benefited from stronger performance through direct channels, while Malaysia was impacted by underperformance of individual life business in the second half of the year.

Net VNB decreased by 14% due to the rise in long bond yields used to value the new business but was only 1% lower on a constant economic basis, reflecting continued solid sales volumes at profitable margins.

South Africa VNB was 21% lower (down 6% on a constant economic basis). Retail affluent was impacted by lower single premium volumes, with corporate impacted by mix changes to lower margin products. Retail mass VNB was 8% lower but increased 6% on a constant economic basis due to volume growth.

Emerging markets VNB increased by 17% (up 21% on a constant economic basis), with strong contributions across the portfolio. Botswana and Morocco, due to lower volumes and Nigeria, due to product mix changes, were the only notable detractors.

The Group covered business net VNB margin of 2,72% was lower than the 2,87% recorded in 2021 due to the rise in long bond yields. VNB margin was 3,06% on a constant economic basis, ahead of 2021.

South Africa recorded a margin of 2,38% (2,77% on a constant economic basis) relative to 2,82% in 2021. Emerging market's margin improved strongly to 4,59% (4,66% on a constant economic basis) from 4,01% in 2021.

Net client cash inflows improved by 70% due to lower mortality claim payments and continued strong levels of new business inflows, at both South Africa and emerging markets businesses.

General insurance

Earnings

General insurance net result from financial services was impacted by lower earnings from Santam, SPA GI and India.

Net result from financial services for the year ended 31 December (R million)	2022	2021	Δ	ΔCC
General insurance line of business	1 728	2 538	(32%)	(33%)
South Africa	1 026	1 378	(26%)	(26%)
Santam	1 026	1 378	(26%)	(26%)
Emerging markets	702	1 160	(39%)	(41%)
SPA GI	525	918	(43%)	(45%)
India	182	220	(17%)	(20%)
Other*	(5)	22		

* *Percentage changes are greater than plus or minus 100%.*

In **South Africa,** Santam was impacted by adverse weather conditions and the devastating floods in the KwaZulu-Natal province. The underwriting result was additionally impacted by increased claims inflation, which escalated ahead of premium increases, some large fire losses and an increase in power surge and motor theft related claims. These were offset to some extent by a reduction in the Covid-19 related CBI claims provisions. Following the implementation of focused underwriting actions, the underwriting results for the second half of 2022 showed a significant improvement. The conventional insurance business net underwriting margin ended at 5,1% for 2022 (2021: 8,0%), within Santam's target range of 5% to 10%.

The investment return on insurance funds was adversely impacted by local and global bond market volatility, particularly during the first half of 2022. The second half of the year showed a marked improvement compared to the first half as actions taken to reduce volatility had a positive impact. Santam recorded an overall float margin of positive 1,3% (2021: positive 1,5%). Shareholders are referred to Santam's annual results released on 2 March 2023 for more information (www.santam.com).

Emerging markets general insurance net result from financial services decreased 39%. The Pan-Africa portfolio was impacted by lower investment return on insurance funds which softened to negative 2,0% for the year from positive 11,9% for 2021 (as a percentage of net earned premiums).

The net underwriting margin of the Pan-African portfolio was 5,6% (2021: 4,4%), within the target range of 5% to 9%. The underwriting performance benefited from management actions over the past few years, focused on improving the quality of the underlying book, as well as repricing in response to inflationary pressures.

India's net result from financial services decreased due to lower sales volumes through Shriram channels and lower prescribed tariff increases relative to the historical average. Although the business benefited from an improved claims ratio and higher investment returns on insurance funds, higher distribution costs from non-Shriram channels detracted from the result. Malaysia recorded a weaker performance due to higher claims frequencies, lower volumes and lower investment return on insurance funds.

New business volumes and net client cash flows

General insurance new business volumes increased by 7% (8% excluding reinstatement premiums at Santam).

In **South Africa,** Santam achieved strong gross written premium growth of 8% (2021: 5%) in the conventional insurance business. The commercial and personal intermediated business reported good growth while the specialist business benefited from strong contributions from the crop, travel, liability, marine and corporate property insurance businesses.

MiWay recorded subdued growth following deliberate focus on profitability while Santam Re achieved acceptable growth in its third party business and a general increase in reinsurance premium rates globally. Growth in net earned premiums was impacted by reinsurance reinstatement premiums due to the impact of catastrophe events over the period.

Emerging markets new business volumes (net earned premiums) increased by 10%. The Pan-Africa portfolio recorded solid performance, increasing by 13%, supported by good growth in motor business. In India, SGI was impacted by lower sales through Shriram channels as well as lower prescribed tariff increases on its third party portfolio relative to the historical average. New business sales trends did however improve through the year, driven by group and broker distribution channels. Malaysia recorded weaker growth in gross premiums which were impacted by significant competitive pricing in the market.

Net client cash flows increased due to good premium growth which compensated for the impact of the significant claim payments at Santam due to the adverse weather conditions and KwaZulu-Natal floods.

Investment management

Earnings

Investment management earnings improved strongly excluding UK disposals, a satisfactory outcome in the context of significant volatility in global investment markets, driven by solid performance from the South African operations.

Net result from financial services for the year ended 31 December (R million)	2022	2021	Δ	Δcc
Investment management line of business	869	875	(1%)	(6%)
South Africa	585	446	31%	28%
Sanlam Investments	375	266	41%	36%
Wealth Management	210	180	17%	16%
International	213	362	(41%)	(49%)
Emerging Markets (SPA)	71	67	6%	(1%)

The **South African** operations benefited from robust performance from Sanlam Investments where the diversity of revenue streams, including alternatives, passive and retail implemented consulting, as well as strong recent net client cash inflows contributed to earnings growth.

Performance fees in the active asset management business as well as fund-establishment and private-equity carry fees in the alternatives business supported the growth. Wealth management was buoyed by robust growth in brokerage income which benefited from increased market volatility.

International recorded a 7% decline, excluding the impact of UK disposals. Lower fee income as a result of weaker international equity markets was the main reason for the decline.

Emerging markets (Pan-Africa operations) net result from financial services from the investment management portfolio increased due to higher fee income from increased assets under management, supported by strong net fund inflows in 2021.

Net client cash flows

Net client cash flows reduced off a high base from 2021. South Africa recorded net client cash inflows of R28,3 billion, 18% lower than 2021. Investment business in the South African life and savings business increased by 96% driven by the strong performance in the corporate business.

Sanlam Investments recorded net client cash inflows of R13,9 billion, which was lower than 2021 as a result of institutional clients rebalancing of portfolios and the unusually good experience of 2021. Institutional business, experienced lower inflows at Satrix and Sanlam Multi-Manager, which more than offset strong inflows in the Alternatives business. Wealth net flows were 25% higher than 2021.

The emerging markets and international business recorded net outflows due to fewer mandates awarded over the period and the impact of investment market volatility respectively.

Credit and structuring

Earnings

Credit and structuring net result from financial services increased due to improved earnings in India.

Net result from financial services for the year ended 31 December (R million)	2022	2021	Δ	Δcc
Credit and structuring line of business	1 660	1 392	19%	16%
South Africa	404	497	(19%)	(19%)
SanFin	234	318	(26%)	(26%)
Sanlam Personal Loans (SPL)	170	179	(5%)	(5%)
Emerging markets	1 256	895	40%	36%
India	1 039	654	59%	53%
SPA	217	241	(10%)	(10%)

In **South Africa,** SanFin's net result from financial services from the credit and structuring businesses declined off a high base, as a result of the impact of exceptional equity market returns on equity-linked financing structures coupled with recovery from the listed preference share prices in the comparative period. The current year was also impacted by lower transaction volumes. SPL net result from financial services decreased due to a reduced average gross loan book size as a result of lower repeat business from the existing clients on book.

Emerging markets net result from financial services from the credit and structuring businesses increased strongly due to an improved performance in **India** where higher net interest income was supported by the stronger loan book growth and good collections. However, Pan-Africa earnings decreased due to lower earnings contribution from Botswana which was impacted by lower loan book growth.

Capital and solvency

Discretionary capital

The Group held additional discretionary capital as a temporary measure to provide a buffer against potential future Covid-19 impacts and market volatility. With the creation of reserves to mitigate any future material adverse mortality, morbidity and other experience and an additional margin provided for long-term Covid-19 mortality impacts, the Group will revert to a discretionary capital level of between R1 billion and R3 billion. This provides the Group with flexibility to deal with small potential investments that may arise.

The Group's discretionary capital increased from R2,9 billion on 31 December 2021 to R5,3 billion on 31 December 2022. The increase is due to R2,6 billion in net proceeds from the UK disposals, some R900 million from the return of seed capital investments in our international asset management operations, Sanlam's share of the Santam special dividend of R542 million and positive investment return on Sanlam Life capital.

This was reduced by a share repurchase of R1 billion during the fourth quarter of 2022 at an average price of 4 962 cents per share, R845 million paid to finalise the aYo transaction and smaller transactions across the portfolio.

Capital allocation

Looking forward, the Group has announced a further three transactions that in aggregate are likely to utilise around R2,3 billion of discretionary capital in 2023.

(R million)	
Discretionary capital balance on 31 December 2022	5 274
AfroCentric (indicative cash funding)	(1 200)
Capital Legacy and BrightRock	(1 119)
Discretionary capital balance post announced transactions	2 955

The Group continues to apply its capital allocation framework. The Group will continue to seek opportunities to grow and develop the business but will only deploy new capital if such investment is likely to achieve risk adjusted returns ahead of our hurdle. The Group will continue to consider both discretionary capital levels and solvency levels in determining whether further capital can be deployed or returned to shareholders.

The Group has made significant progress with its strategic development. The current focus is on bedding down recent transactions. As a result of this execution focus, within both South Africa and across our Pan-African operations we do not anticipate significant further investment in the short term. The Group has sufficient capital to fund the organic growth and information technology (IT) investment that is planned. Our IT modernisation programme has been fully reserved for and will not impact discretionary capital.

This means that unless new significant opportunities arise, the Group will return a small amount of available discretionary capital to shareholders in due course including implementing an odd-lot offer to shareholders.

Solvency

The capital and solvency position of the Group and its main operating entities remained strong and within target ranges on 31 December 2022.

Solvency cover	Unit	2022	2021	Δ
Sanlam Group	%	169	173	
Sanlam Life Insurance Limited	%	230	214	
Sanlam Life Insurance Limited covered business	%	176	178	

The Group solvency cover ratio decreased slightly from 31 December 2021 due to the impact of higher bond yields and poor investment market performance which was partly offset by lower prescribed equity stresses, operating experience and assumption changes together with the unwind of the discount rate, profits net of foreseeable dividends and VNB.

The Group's solvency target range has served the Group well, demonstrating the Group's resilience through the Covid-19 pandemic, as well as current and historic economic and market volatility. Sanlam has traditionally pursued prudent policies for reserving and earnings recognition for life insurance products. This resulted in the build-up of significant reserves over time, as part of assets backing policyholder liabilities.

Under the new accounting standard, IFRS 17, implemented from 1 January 2023, some of these reserves will be recognised as part of IFRS shareholder capital. The regulatory solvency position of the Group and its insurance regulated entities will continue to be assessed under the Prudential Authority's Solvency Assessment and Management (SAM) regime prudential standards.

As part of the preparation for the introduction of the new insurance accounting standard, the Group has reassessed its various capital targets as well as the composition of its capital base considering the resilience of the balance sheet to shocks. Under the new standard the Group's shareholder capital base will consist of more tangible, and consequently higher quality, capital assets than under the previous standard.

The make-up of the Group's capital base is prudent, with low levels of debt.

The current solvency range was set by the Board at a time when the Group was less diversified and the South African life insurance operations were a more significant part of the overall Group balance sheet. The historic experience of the Group in the light of the current solvency assessment regime, the progressive diversification of the Group balance sheet, the changes under IFRS 17 and the capital structure and reserving, have been considered by the Board. In the light of these changes the Board has adopted new solvency target ranges.

Solvency cover	New target range	Previous target range
Sanlam Group	140% to 180%	150% to 190%
Sanlam Life Insurance Limited covered business	150% to 200%	170% to 210%

Summary of the impact of IFRS 17 on the Group

The expected IFRS 17 impact on the Group is summarised below post effective date:

Statement of Financial Position	**Increase in total IFRS shareholders' equity** of between R12 billion and R15 billion (net of tax) on 1 January 2022. This increase does not change total own funds under SAM, it is merely a transfer from value of in-force to net asset value.
Statement of Comprehensive Income	**Profit after tax attributable to Shareholders is expected to accelerate marginally for life insurance businesses.** The overall impact will depend on the mix and volume of future new business relative to the in-force book. Limited impact is expected for general insurance businesses.
Shareholders' fund income statement	**Attributable earnings in the Shareholders' fund income statement will continue to be equal to profit after tax attributable to Shareholders in the IFRS income statement.** There will be new adjustments between the IFRS financial statements and Shareholders' Information.
Tax changes for South African insurers	**Limited impact on earnings** – the accelerated tax payments for life insurance businesses will be funded from the balance sheet.

For more detailed information on the impacts of IFRS 17, please refer to page 162 of the annual financial statements.

Dividend

The Group declared a dividend of 360 cents per share (2021: 334 cents per share) within its normal dividend policy range of real growth of 2% to 4% over a rolling three-year period, without having significant impact on the ability of the Group to deal with further financial stresses.

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 360 cents per share was declared for the year ended 31 December 2022, an increase of 8% on the prior year dividend. The dividend is payable on Tuesday, 11 April 2023 by way of electronic bank transfers to ordinary shareholders recorded in the register of Sanlam at close of business on Thursday, 6 April 2023. The last date to trade to qualify for this dividend will be Monday, 3 April 2023, and Sanlam shares will trade ex-dividend from Tuesday, 4 April 2023. Share certificates may not be dematerialised or rematerialised between Tuesday, 4 April 2023 and Thursday, 6 April 2023, 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 result in a net dividend, to the shareholders who are not exempt from paying dividend tax, of 288 cents per share. The number of ordinary shares in issue in the company's share capital as at the date of the declaration is 2 042 914 874 excluding treasury shares of 184 059 534. The company's tax reference number is 9536/346/84/5.

Outlook

As we look forward to 2023, we remain focused on the successful integration of the completed transactions, while ensuring the outstanding transactions progress smoothly through their respective approval processes. Approvals for the Allianz JV remain on track, and we expect implementation around mid-2023. The AfroCentric, BrightRock and Capital Legacy transactions are also expected to close around this time.

The Absa and Alexforbes transactions that closed in 2022 and 2023 are contributing positively and are expected to continue to contribute positively to the Group's earnings and RoGEV in 2023.

The Group expects the consumer environment to remain challenging, however, historically, personal disposable income growth has usually exceeded inflation, especially once wage demands lift in response to higher prices. The Group therefore expects personal disposable incomes as well as insurance premiums to adjust to higher rates of inflation. Clients are therefore likely to restore levels of cover which will support premium growth in the medium term. We expect corrective actions implemented in 2022 to have more positive impacts on persistency in 2023.

We have restored reserves in our life insurance operations that position us well for any future adverse events impacting mortality, morbidity and other experience. Life insurance earnings in 2022 benefited from strong experience in the corporate business in South Africa. We expect this to normalise in 2023 as the pricing cycle softens as Covid-19 has become endemic.

Our general insurance operations have shown an improved performance in the second half of 2022, as the corrective actions implemented take effect. We expect this to continue into 2023.

We expect continued robust performance from our Indian operations, benefiting from strong economic growth in that country and the vesting of synergy benefits after the merger of the credit businesses.

The general economic uncertainty and the impact it has on market volatility remain the largest variable in the outlook for 2023. The positive start to the year bodes well for our performance but we remain susceptible to any weakness in these markets.

The Group will continue to invest strongly as we are positive about the outlook for the Group, but there is also a great deal of focus on efficiency within existing operations. Some of the acquisitions to create scale will take several years to fully yield efficiency benefit, but these are receiving focus from management.

We believe that the Sanlam Group has proven its strength and resilience during volatile and challenging times. The Group has expanded its platform for growth during this difficult period, as well as improving its competitive position. Although the global economic conditions, high inflation and volatile markets are still a concern at the start of 2023, we do anticipate a global recovery in late 2023 or 2024. The Group is particularly well placed to perform strongly when this recovery takes place.

Acknowledgements

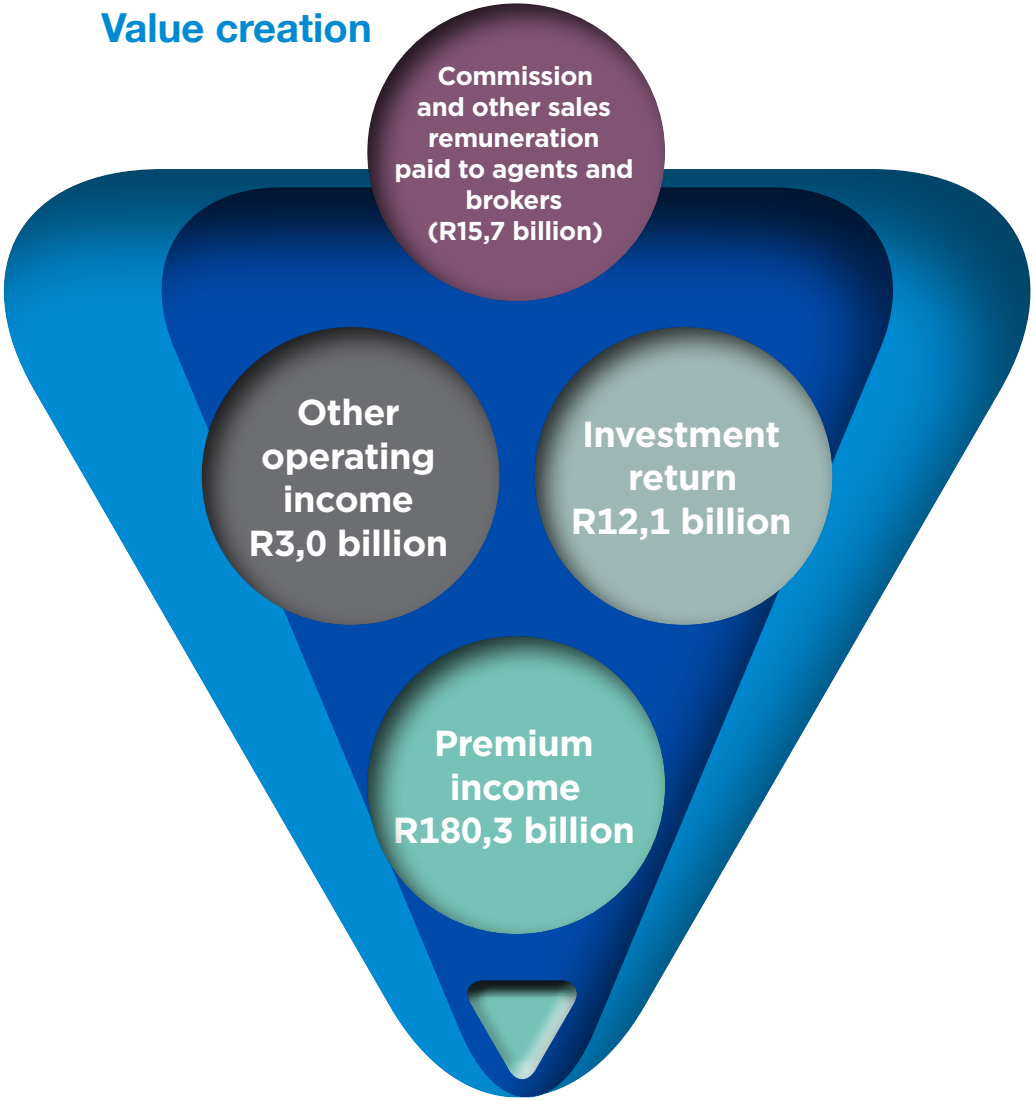
To the Board, in particular the guidance of the Audit committee, the CEO, and the Group executive team, thank you for your support throughout another challenging year. A special appreciation goes to the dedicated and hardworking finance-stars, risk, and balance sheet management teams across the Group for your personal commitment throughout the year to ensure that not only does finance enable insightful decision-making, but that it holds all of us accountable to empowering generations to be financially confident, secure, and prosperous. I also express my appreciation to our external auditors for making the first year of joint audit as seamless as possible while still maintaining independence and benefiting from all lessons learnt.



Abigail Mukhuba
Group Finance Director

VALUE ADDED STATEMENT

Sanlam is committed to delivering on our stakeholder promise of living with confidence, by using our financial strength and geographical scale to do good and to contribute to the wellbeing and growth of the societies in which we operate by creating, preserving and enhancing value to our clients, employees, shareholders and investment communities, business partners and suppliers, society and regulators.



R180 billion value created

Value distribution



Clients

Key focus area

- Client retention and affordability, especially in SA Retail Mass

Value creation and distribution

- Clients access products that are more affordable and accessible through partnerships at scale.
- Clients are rewarded for their loyalty and perseverance through the Sanlam Wealth Bonus and the Sanlam Reality Lifestyle Programme.
- Customer satisfaction and the timeous settlement of claims and benefit payments. Client satisfaction score of 85% (2021: 83%).
- By engaging with Sanlam, clients gain long-term financial confidence, security and prosperity: people can retire with dignity and are protected from the financial impact of unforeseen events.
- Clients experience being treated fairly through our application of the principles of the Treating Customers Fairly (TCF) regulatory framework.
- Several strategic partnerships give us access to new clients at scale. *Read more about our partnership with MTN and Zion Christian Church (ZCC) on page 55 in our Sustainability Report.*
- Policyholders received payouts of R62,5 billion for gross insurance benefits claims.

Employees

Key focus area

- Personal growth, flexibility and holistic wellbeing

Value creation and distribution

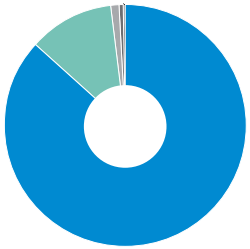
- Employees are supported through future-fit leadership and financial, emotional and health-related wellbeing initiatives. *Read more about these initiatives in our Integrating sustainability in our organisation chapter in our Sustainability Report.*
- Opportunities for career development and progression. R355 million invested in employee training and development (2021: 328 million).
- Employees have a work experience that is holistically integrated with their lives. By consulting them, we can enhance their employment experience and development prospects.
- Employees are recognised and rewarded through appropriate incentives. R16,3 billion was paid in remuneration this year. We granted a once-off R5 000 to employees at qualifying levels to help them manage the impact of a surge in inflation in 2022. We also provided R1 000 vouchers to all vaccinated employees in the Group.
- Employees are proud to work for a Top Employer in South Africa. We have been awarded top employer for the 7th consecutive year.

Shareholders and investment communities

Our shareholders consists of:

Distribution of shareholding

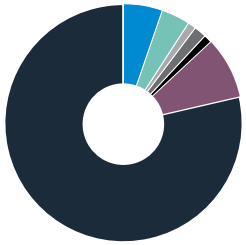
Total shareholders



87,04%	330 843	1 – 1 000
11,22%	42 661	1 001 – 5 000
0,95%	3 603	5 001 – 10 000
0,49%	1 874	10 001 – 50 000
0,08%	309	50 001 – 100 000
0,16%	616	100 001 – 1 000 000
0,05%	177	1 000 001 and over

Total: 380 083

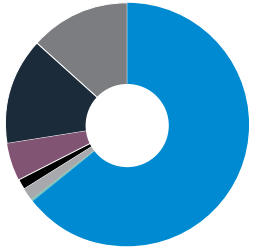
Total shares held



5,54%	121 355 307
3,75%	83 497 466
1,11%	24 788 231
1,66%	37 051 828
0,99%	21 976 655
8,59%	191 337 981
78,45%	1 746 966 940

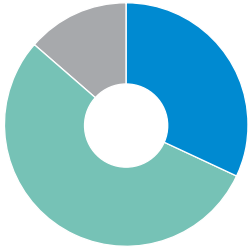
Total: 2 226 974 408

Public and non-public shareholders (% shareholding)



64,37%	Public shareholders
	Non-public shareholders
0,35%	Directors' interest
1,64%	Held by subsidiaries
0,00%	Employee pension funds
1,30%	Sanlam Limited Share Incentive Trust
5,00%	SU BEE Investment (RF) PTY LTD 1 & 2
14,21%	Government Employees Pension Fund (PIC)
13,13%	Ubuntu-Botho Investments (Pty) Ltd

Shareholder structure (% shareholding)



	Institutional and other shareholding
31,98%	Offshore
54,68%	South Africa
	Individuals
13,35%	

Beneficial shareholding of 5% or more:

- Government Employees Pension Fund (PIC) 14,21
- Ubuntu-Botho Investments (Pty) Ltd 13,13

Key focus area

- Challenging macro-economic and market environment

Value creation and distribution

- Investors engage with Sanlam management through our regular investor events, including our annual investor days.
- Shareholders received a dividend that continued to increase and contributed to our target of growing our dividend by 2% to 4% in real terms over a rolling three year period. Dividend payments in 2022 of R7 billion were made in respect of the 2021 financial year. This as a result of strong overall business performance and shareholder creation.
- Achieved an adjusted Return on Group Equity Value of 15,1%, above our target of 14,3%.
- Investors can be confident of Sanlam's progress on ESG initiatives and expanding ESG products that deliver financial value alongside social and environmental impacts. From 2023, 10% of Group Exco short-term incentives are linked to ESG and culture KPI's split evenly.
- Allocation of capital is implemented in line with Group strategy execution. We continue building a fortress position in South Africa with the Alexforbes, ABSA and Afrocentric transactions to optimise shareholder value. *Read more on page 48.*
- Based on transparent, reliable disclosures, Sanlam shareholders trust the ability of the Board and Exco to make the right decisions in the interest of the Group's long-term sustainability.

Business partners and suppliers

Key focus area

- Intermediary productivity in challenging economic environment

Value creation and distribution

- Development and integration of targeted micro and small suppliers into the Sanlam Value chain (via our Enterprise Supplier Development (ESD) initiatives). We offer loans to some of our suppliers to support the growth of their businesses. *Read more about this in the society chapter in our Sustainability Report.*
- Business partners and suppliers benefit from our responsible and impactful investment in African economies. They benefit from Sanlam's intent to diversify the benefits of company ownership to local participants.
- Our suppliers benefit from our sizeable procurement of goods and services. We invest in the growth and sustainability of SME through our Legacy Fund range. In 2022, our supplier procurement spend reached R11,3 billion and R4,5 billion for small, medium and micro enterprises (SMMEs).

Society

Value creation and distribution

- Communities and organisations developed financial confidence, resilience and prosperity due to Sanlam's contributions. They were able to plan for the long term and protect and secure their assets.
- Communities experienced the benefits of increased entrepreneurship, consumer financial education and investments in education and skills development.
- Sanlam is a member of the Partnership for Risk and Resilience (P4RR) which strengthens the institutional and participatory development capacity of local municipalities to proactively reduce the impact of fire and flood disaster events.
- Sanlam invested R130 million in corporate social investment (CSI) in 2022.
- Sanlam donated R45 million to support various Sanlam emerging market initiatives in 30 African countries as well as in other emerging markets in response to the pandemic.
- We also supported the African Union with a donation of R50 million to provide relief across the continent focusing on personal protective equipment and food relief.
- Sanlam, through the Ennajah Foundation created in 2019, increased promotion of education of underprivileged children, fight against school dropout, poverty and social exclusions in Morocco.

Government and regulators

Key focus area

- The Competition Commission investigation into certain South African life insurers.

  The Competition Commission released a media statement on 25 August 2022 in which it indicated that it was investigating pricing practices relating to eight South African life insurance companies, including Sanlam Life and Brightrock.

  The Competition Commission has not furnished Sanlam Life or Brightrock with any information that would enable Sanlam Life to form a view on this matter. Sanlam values the trust of its customers highly and conducts its business in a manner that has regard to the highest ethical standards, adhering to all relevant legislation. We therefore do not believe that the work of the Competition Commission will result in any processes at Sanlam being highlighted as problematic, although we are concerned about the damage that the publicity from the media release will do to our reputation as a leading player in the industry. Sanlam is considering the various options for resolution.

Value creation and distribution

- Sanlam contributed to the execution of government's social agenda of job creation and empowerment.
- Sanlam and tax authorities maintained a proactive, open and constructive relationship to protect and manage tax responsibly. Direct and indirect taxes that was paid or become payable this year amounted to R6 billion.
- We were active contributors to the national Green Finance Taxonomy initiative, spearheaded by National Treasury. *Learn more about this on page 76 in our Sustainability Report.*
- We engaged National Treasury proactively to find the best solution for the transition to the new IFRS 17 accounting standard.
- Compliance with all relevant regulations and standards, including but not limited to, the Protection of Personal Information Act (POPIA) and the Prudential Authority.
- Progress and collaboration to drive transformation. We sponsored the second Sanlam Gauge report, contributing to meaningful B-BBEE transformation. This research study highlights areas for improvement which regulators are able to act on. *Read more on page 72 in the Sustainability Report and at https://sanlamgauge.co.za/*
- Engaged the BEE Commission's office to ensure that our approach and processes are aligned.

REMUNERATION SUMMARY



Confidence Rule 15:

IF YOU'RE GOING TO OWE ANYONE ANYTHING, MAKE SURE IT'S A FAVOUR.

REMUNERATION SUMMARY

Sanlam ensures that a great deal of attention is given to correctly position both the nature and the scale of remuneration relative to relevant comparator groups and international best practice.

Remuneration philosophy

Sanlam has a 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, career growth and a balanced working environment with a 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 to 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; and
- 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 businesses 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 are to:

- attract, motivate, reward and retain key talent;
- drive the Group's strategic objectives, whilst complying with 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 as to provide for clear differentiation between individuals about 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 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 because 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 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. 30% of all cash bonuses for Exco is deferred into restricted Sanlam shares for three years (subject to time employed).	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 250% 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 of PDSP share awarded to senior management. Deferred shares (DSPs) 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 over a three-to-five-year period.	100% – 200% of TGP per annum.	Performance conditions for a 3 to 5 year period are set considerably more stretching than annual LTI performance conditions. 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 20%.	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.

2022 remuneration outcomes and decisions

In April 2022 base salary increases of 5,25% (on average) were awarded to employees in the Group.

For 2023 an overall 5,75% uplift on the guaranteed pay base of employees and on directors' fees are proposed.

The bonus outcomes for 2022 reflect performance relative to business and group scorecards set, with higher rewards in areas where there was out-performance. In March 2022 Exco deferred 30% of all bonuses into Sanlam restricted shares (vesting after three years) which provides them with greater investment in Sanlam and alignment with shareholders. It also allows for risk adjustment over deferred cash bonuses.

As reported in last year's report, in June 2022 we only awarded performance deferred shares (PDSPs) to senior management employees. No deferred shares (DSPs), with only individual performance conditions, were awarded in 2022 to senior management employees. DSPs are reserved for emerging talent, succession planning and retention at levels below senior management.

PDSPs were awarded with performance conditions of adjusted RoGEV (70% weighting) of real 3% – 7% and dividend growth (30% weighting) of real 1% – 4%, measured over the performance and vesting periods of three, four and five years. Out-performance (OPP) shares have higher hurdles for financial measures as disclosed.

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.

Engagement and voting outcomes from the last AGM

During the year we engaged individually with shareholders regarding our remuneration policy, facilitated by our investor relations function. The engagements were ad hoc and the feedback was positive, also shareholders expressed an appreciation for the simplification in remuneration design (specifically as it relates to bonus deferral and LTIs) which took place over the past two years. At the 2022 AGM our remuneration policy received a positive vote of 93,6%, while our Implementation Report received a positive vote of 76%. We extend a standing invitation to all shareholders to engage 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.

Minimum shareholding requirements (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 that 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 2022 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.

Role	Minimum Level
Group CEO	200%
Group Finance Director	150%
Business executives (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 Exco) have the same remuneration design or elements as the 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 considered 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 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.

Executive remuneration

Remuneration details for executive directors and members of the Exco who are defined as prescribed officers.

Remuneration earned by executive directors and Exco for the year ended 31 December 2022 were as follows:

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.

2022 R'000	Months in service	Salary	Company contributions	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	5 386	343	5 729	4 200	1 800	–	–	11 729
Jeanett Modise[4]	12	4 014	351	4 365	–	–	1 200	1 012	6 577
Heinie Werth	12	6 305	350	6 655	4 900	2 100	3 344	–	16 999
Subtotal: executive directors		21 835	1 044	22 879	9 100	3 900	4 544	1 012	41 435
Anton Gildenhuys	12	5 890	350	6 240	4 200	1 800	7 835	–	20 075
Lizé Lambrechts[2]	6	2 908	175	3 083	2 000	–	7 197	884	13 164
Theo Mabaso	12	4 589	349	4 938	2 975	1 275	–	–	9 188
Bongani Madikiza	12	4 146	879	5 025	3 500	1 500	–	–	10 025
Tavaziva Madzinga[3]	9	5 362	263	5 625	5 250	2 250	–	–	13 125
Lotz Mahlangeni	12	5 310	407	5 717	4 550	1 950	3 872	–	16 089
Sydney Mbhele[4]	12	4 320	350	4 670	–	–	–	738	5 408
Kanyisa Mkhize	12	4 143	430	4 573	3 220	1 380	–	–	9 173
Wikus Olivier	12	4 675	350	5 025	2 625	1 125	2 121	–	10 896
Carl Roothman	12	4 260	935	5 195	3 500	1 500	–	–	10 195
Karl Socikwa	12	4 430	350	4 780	2 625	1 125	1 604	–	10 134
Jurie Strydom[4]	6	3 125	175	3 300	1 398	–	6 566	482	11 746
Executive committee		74 993	6 075	81 050	44 943	17 805	33 739	3 116	180 653

[1] *Fair value of LTIs (excluding equity-settled OPPs) vested during the year – refer to pages 194 and 195 in the Annual Financial Statements.*
[2] *Retired 30 June 2022. Leave payment of R883 665 on retirement.*
[3] *Appointed on 1 April 2022 as deputy CEO at Santam and CEO of Santam effective 1 July 2022. Remuneration pro-rated for the time employed.*
[4] *Statutory accrued leave payments due on termination of employment disclosed.*

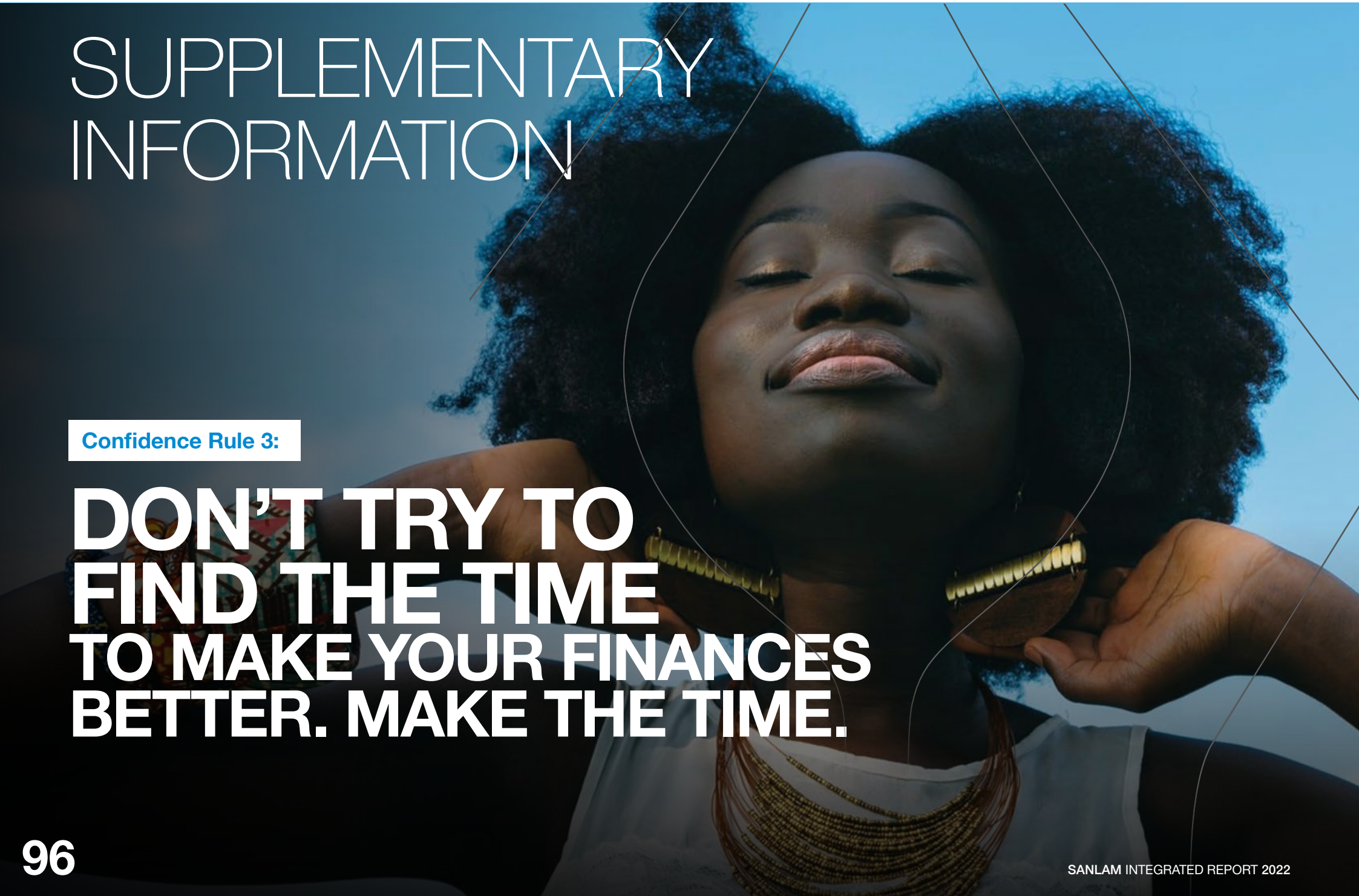
Total guaranteed package

The TGP (in rand) of the executive directors and Exco that are defined as prescribed officers are reflected in the table below.

Individual	TGP as at 31 December 2022	TGP as at 31 December 2021	TGP as at 1 January 2021	% increase in TGP 2022	% increase in TGP 2021
Paul Hanratty	6 130 000	6 130 000	6 130 000	n/a	n/a
Abigail Mukhuba	5 800 000	5 515 400	5 515 400	5,16	0,00
Anton Gildenhuys	6 320 000	6 000 000	6 000 000	5,33	0,00
Lizé Lambrechts[1]	–	6 165 000	6 165 000	n/a	0,00
Theo Mabasa[2]	5 000 000	–	–		n/a
Bongani Madikiza	5 200 000	4 500 000	4 500 000	15,56	0,00
Tavaziva Madzinga[2]	7 500 000	–	–	n/a	n/a
Lotz Mahlangeni	5 790 000	5 500 000	5 500 000	5,27	0,00
Sydney Mbhele[3]	4 730 000	4 490 000	4 490 000	5,35	0,00
Kanyisa Mkhize	4 680 000	4 250 000	4 250 000	10,12	0,00
Jeanett Modise[4]	–	4 200 000	4 200 000	n/a	0,00
Wikus Olivier	5 200 000	4 500 000	4 500 000	15,56	0,00
Carl Roothman[2]	5 260 000	–	–	n/a	n/a
Karl Socikwa	4 840 000	4 600 000	4 600 000	5,22	0,00
Jurie Strydom[5]	–	6 600 000	6 600 000	n/a	0,00
Heinie Werth	6 740 000	6 400 000	6 400 000	5,31	0,00

[1] Retired from Exco on 30 June 2022.
[2] Appointed to Exco in 2022 and % of TGP achieved weighted for the full year.
[3] Resigned from Exco on 31 December 2022.
[4] Resigned from Exco on 30 September 2022.
[5] Resigned from Exco on 30 June 2022.

SUPPLEMENTARY INFORMATION



Confidence Rule 3:

DON'T TRY TO FIND THE TIME TO MAKE YOUR FINANCES BETTER. MAKE THE TIME.

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.
B-BBEE	Broad-based black economic empowerment
capital adequacy	Capital adequacy implies that there are sufficient capital resources to meet the regulatory solvency capital requirement (SCR). Capital resources are referred to as eligible Own Funds (OF). SCR and OF are determined in accordance with the Insurance Act and relevant Prudential Standards.
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 and discretionary and other capital.
constant economic basis	Applying the same economic condition assumptions experienced in the prior year into the current year.
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 Life and Savings and Sanlam Emerging Markets.
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.
FSCA	The Financial Sector Conduct Authority (FSCA), 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 Life and Savings, Sanlam Investments 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 that 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 that participates in non-vesting investment growth. This growth reflects the volatility of the market value of the underlying assets of the policy.
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 Life and Savings's Glacier business, which is not written under a life licence.
non-participating annuity	A non-participating annuity is a policy that provides, in consideration for a single premium, a series of guaranteed regular-benefit payments for a defined period.
non-participating policy	A policy that 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 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 • 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 that 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 that 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, excluding 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 that 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).
SMME	Small, medium and micro enterprises.
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, payable in respect of that policy upon cancellation by the policyholder.
Task Force on Climate-related Financial Disclosures or TCFD	The TCFD provides information to investors about what companies are doing to mitigate the risks of climate change. The TCFD recommendations on climate-related financial disclosures are widely adopted and appliable to organisations across sectors and jurisdictions.
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 JSE Limited and 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 Proprietary 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 in the Shriram Capital group.

SHAREHOLDERS' DIARY

Financial year-end	31 December
Annual general meeting	7 June 2023

Reports

Interim report for 30 June 2023	7 September 2023
Announcement of the results for the year ended 31 December 2023	7 March 2024
Integrated Report for the year ended 31 December 2023	31 March 2024

Dividends

Dividend for 2022 declared	9 March 2023
Last date to trade for 2022 dividend	3 April 2023
Shares will trade ex-dividend from	4 April 2023
Record date for 2022 dividend	6 April 2023
Payment of dividend for 2022	11 April 2023
Declaration of dividend for 2023	March 2024
Payment of dividend for 2023	April 2023

To allow for the dividend calculation, Sanlam's share register (including Sanlam's two nominee companies, namely Sanlam Share Account Nominee Proprietary Limited and Sanlam Fundshares Nominee Proprietary Limited), will be closed for all transfers, off-market transactions and dematerialisations or rematerialisations between Tuesday, 4 April 2023 and Thursday, 6 April 2023, 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

Adela Fortune

Registered office

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South Africa
Telephone +27 (0) 21 947 9111
Fax +27 (0) 21 947 3670

Postal address

PO Box 1, Sanlamhof 7532

Equity sponsor to Sanlam

The Standard Bank of South Africa Limited

Debt sponsor to Sanlam Life Insurance Limited

Absa Bank Limited, acting through its Corporate and Investment Banking division

Internet address

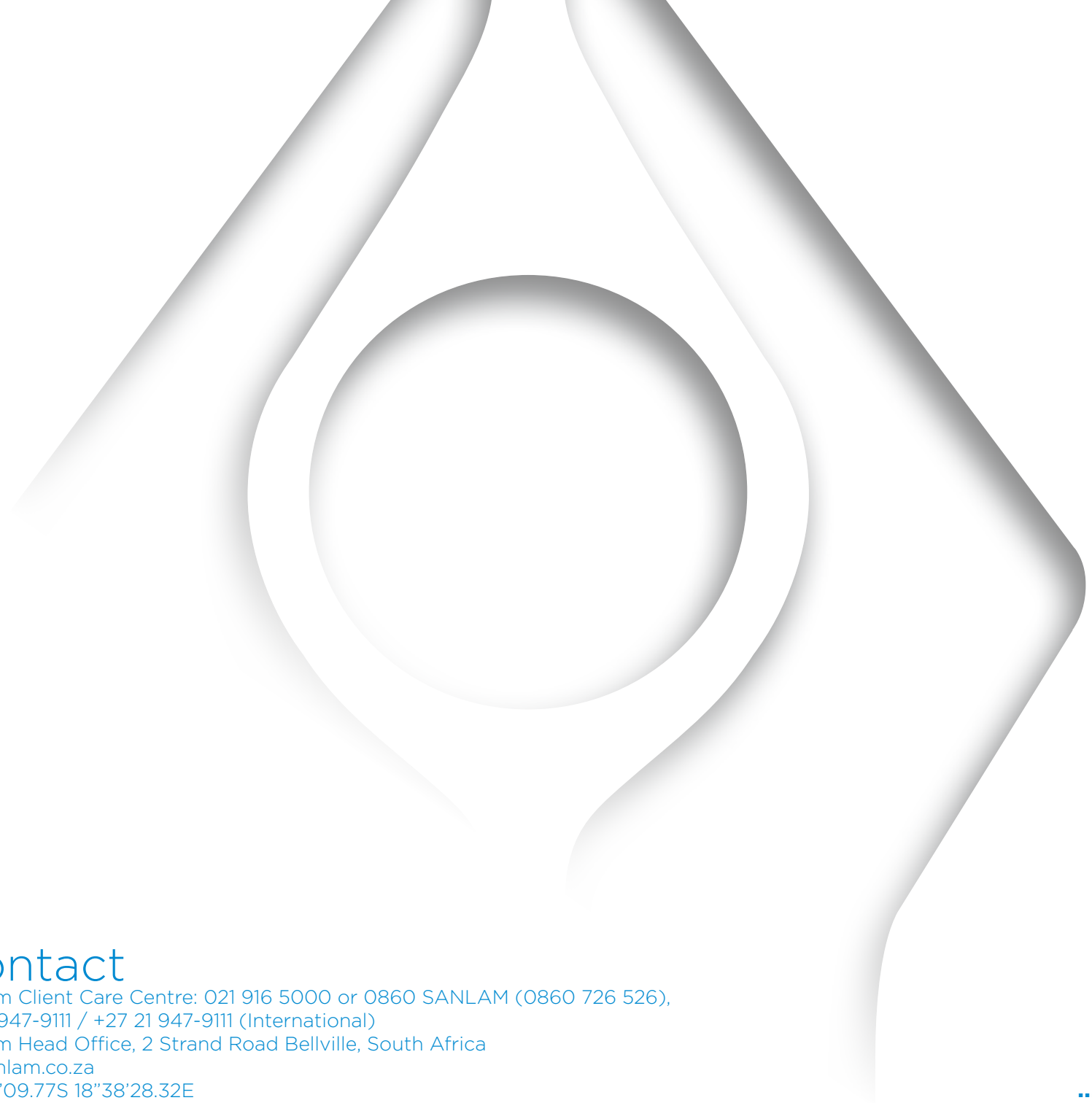
http://www.sanlam.com

Transfer secretaries

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Directors

Andrew Birrell, Anton Botha, Ebenezer Essoka, Paul Hanratty (Group Chief Executive), Nicolaas Kruger, Ndivhuwo Manyonga, Elias Masilela (Chair), Mathukana Mokoka, Kobus Möller, Dr Patrice Motsepe (Deputy Chair), Abigail Mukhuba (Group Finance Director), Sipho Nkosi, Karabo Nondumo, Thembisa Skweyiya, Willem van Biljon, Dr Johan van Zyl, Heinie Werth and Dr Shirley Zinn



Contact

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