

2024 ClimateWise Response



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Overview

This report template is designed at the request of the ClimateWise membership to support members with developing their 2024 Report. The template is non-mandatory and members may submit their reports in their preferred structure and format. In the event of any perceived discrepancies, the ClimateWise Guidance Document takes precedence over this template.

ClimateWise Principles 2024

Principle	Theme	Reference	Sub-Principle
1. Steering Transition	Governance	1.1	Ensure that our Board has oversight of climate- and nature-related risk and opportunity management, including any transition plans.
		1.2	Ensure that our senior management has responsibility of climate- and nature-related risk and opportunity management, including any transition plans.
		1.3	Create a clear link between governance and oversight, establishing a robust governance framework and underlying policies and procedures.
		1.4	Ensure that our Board and Senior Management have the required knowledge and incentives to oversee risks and establish a culture aware of environmental issues.
	Strategy	1.5	Describe the impacts and implications of climate- and nature-related risks and opportunities on our business model and performance, strategy, and any decision-making processes.
		1.6	Describe how environmental resilience plans are incorporated into business decision making, including disclosure of any material outcomes of climate risk scenarios.
		1.7	Describe the outcomes of our materiality analysis and any material climate- and nature-related risks and opportunities that affect our prospects.
	Risk Management	1.8	Establish appropriate processes to identify, assess and prioritise climate- and nature-related impacts, risks and opportunities.
		1.9	Put in place mechanisms to monitor and manage climate- and nature-related risks and opportunities.
		1.10	Describe how scenario analysis has been used to inform the identification, assessment and management of climate- and nature-related risks.
2. Engaging Stakeholders	Operations	2.1	Manage and seek to reduce the environmental impacts of the internal operations and physical assets under our control.
		2.2	Engage our employees on our commitment to address climate- change and nature, helping them to play their role in meeting this commitment in the workplace and encouraging them to make climate- and nature-informed choices outside work.
	Value Chain	2.3	Understand and disclose the sources of emissions and adverse climate- and nature-related impacts on our value chain, that might in turn impact our business.
		2.4	Advocate and engage across the supply chain to encourage our suppliers to improve the environmental sustainability of their products and services, and understand the implications these have on our business.
	Innovate & Advocate	2.5	Support and undertake research and development to inform current business strategies, develop new products, and help support and incentivise our customers and stakeholders, including affected communities, in adapting to and mitigating climate- and nature-related issues.
		2.6	Promote and actively engage in public debate on climate- and nature-related issues and the need for action by publicly communicating our beliefs and strategy on climate- and nature-related issues and providing support and tools to our customers/clients so that they can assess their levels of risk.
		2.7	Where appropriate, work with policy makers and share our research with scientists, society, business, governments and NGOs in order to advance a common interest.
3. Enabling Transition	Investments	3.1	Integrate consideration of climate- and nature-related risks and opportunities into investment strategies and decision making.
		3.2	Take action to manage the implications of climate- and nature-related risks and opportunities on, and of, our investments.
	Underwriting	3.3	Develop and use models to incorporate climate- and nature-related issues and describe how the outputs of the models inform our underwriting decisions.
		3.4	Incorporate clauses in our insurance policies' terms and conditions that incentivise the reduction of exposure to climate- and nature-related issues of the insured structures through pricing of policies.
	Transition Plans*	3.5	Disclose our climate- and nature-related transition plans and the objectives, priorities and commitments we are looking to address.
		3.6	Describe how the transition plan is overseen, resourced and implemented.
4. Disclosing Effectively	Measure & Monitor	4.1	Measure and disclose the impacts and potential impacts on our business of material climate- and nature-related risks and opportunities, including the results of the resilience analysis.
		4.2	Disclose the metrics used to measure and manage our contribution to climate- and nature-related risks, and targets used for monitoring progress.
	Report Robustly	4.3	Maintain and enhance a robust reporting regime, processes and internal controls over climate-related disclosures in order to avoid material errors or material misstatements.
	Disclose Transparently	4.4	Annual submission against the ClimateWise Principles.
		4.5	Annual public disclosure of the climate-related disclosures including ClimateWise Principles as part of annual reporting.
		4.6	Ensure reports are easy to understand, accurate, prudently and neutrally presented, well explained and allow organisations to be held to account.

*Transition Plans will not contribute to a member's overall score in 2024. Members have the option to submit against Sub-Principles 3.5 and 3.6 in 2024 in order to receive feedback and understand how to improve.

Principle 1: Steering Transition

Theme: Governance

The Governance Theme allows Members to describe how they approach governance of climate and nature management within their organisation, and describes how oversight and management of climate and nature issues is organised throughout the organisation.

Sub-Principle 1.1: Ensure that our Board has oversight of climate and nature-related risk and opportunity management, including any transition plans.

Members can use this section to demonstrate how their Board has oversight of climate- and nature-related risks and opportunities. This might include a description of which committees consider climate and nature, the reporting lines of these committees, and responsibility mappings which clearly demonstrate Board-level oversight and decision-making. The ClimateWise Guidance sets out topics which members could consider.

References to supporting evidence:

- Questions in the 2023 CDP climate disclosure¹: Question C1.1, C1.1a, C1.1b, C 1.1d, C1.2, C2.1, C2.1a, C2.1b, C2.2, C2.2a C-FS2.2b, C-FS2.2c, C-FS2.2d, C-FS2.2e, C3.1 and C12.3,
- Sanlam Governance report 2023²: Pages 10, 20, 21, 25, 28, 32, 35, 38, 39, 42, 59, 62
- Sanlam Integrated Report 2023³: Pages 30, 38, 39, 74, 76
- Sanlam Sustainability Report 2023⁴: Pages 19, 31, 46, 63, 71, 75, 80, 126
- Sanlam Group Environmental Policy 2020⁵: Page 2
- Sanlam Sustainability Integration and Disclosure Framework 2023⁶: Pages 5, 7, 10, 11, 17
- Sanlam EGS Barometer 2023⁷: Page 07
- Sanlam Climate Change Position Statement: Page 04

Response

• **Asset Owner**

The Board of Sanlam is ultimately responsible for overseeing risk management, including climate-related risks and opportunities. Figure 1 depicts the flow of risk management information from business units to the Sanlam Board:

Figure 1: Sanlam Sustainability integration and disclosure framework 2023, page 5⁸

To assist with this oversight, the Board has established two key committees:

- The Risk and Compliance Committee advises the Board on risk governance and the identification, mitigation, and management of climate and nature-related risks. This committee plays a crucial role in establishing the direction for risk management and addressing various aspects, including these risks faced by the Group.
- The Social, Ethics, and Sustainability Committee (SESC) advises the Board on climate and nature-related matters and oversees the Group's sustainability strategies and disclosures. The SESC has expanded its role to include broader oversight of ESG matters, including climate and nature-related risks and opportunities.

Both committees are chaired by independent non-executive directors with specific oversight roles regarding climate and nature. These committees convene quarterly and provide feedback at every Board meeting. All sustainability issues, including climate and nature-related concerns, are integrated into Sanlam's group-wide Enterprise Risk Management process. The Sustainability Management Framework has been enhanced to support the business strategy, including specific key performance indicators aimed at ensuring coordinated and effective engagement and feedback mechanisms.

¹ Available at: [sanlam-cdp-submission-2023.pdf \(santam.co.za\)](https://www.sanlam.com/downloads/cdp-submission-2023.pdf)

² Available at: [Sanlam-Governance-Report-2023.pdf](https://www.sanlam.com/downloads/governance-report-2023.pdf)

³ Available at: [Sanlam-IR-2023.pdf](https://www.sanlam.com/downloads/integrated-report-2023.pdf)

⁴ Available at: [sustainability-report-2023.pdf \(sanlam.com\)](https://www.sanlam.com/downloads/sustainability-report-2023.pdf)

⁵ Available at: <https://www.sanlam.com/downloads/sustainability-reports/2020/Sanlam-Group-Environmental-Policy-2020.pdf>

⁶ Available at: [Sustainability-integration-and-disclosure-framework.pdf \(sanlam.com\)](https://www.sanlam.com/downloads/sustainability-integration-and-disclosure-framework.pdf)

⁷ Available at: <https://sanlamesgbarometer.co.za/report/>

⁸ Available at: [sustainability-report-2023.pdf \(sanlam.com\)](https://www.sanlam.com/downloads/sustainability-report-2023.pdf)

Sanlam’s sustainability governance approach integrates strategic and operational levels to ensure greater alignment. The Board has an ultimate oversight role, cascaded and translated into strategic and operational activities. Our sustainability governance approach is depicted as follows:



Figure 2: Sustainability integration and disclosure framework 2023, page 5

In addition, Sanlam Investment Group (SIG) prioritises sustainability through our Sanlam Investment Sustainability committee, which oversees the integration of Environmental, Social, and Governance (ESG) issues across our investment funds. SIG implements a variety of sustainable investment strategies customised to meet the needs of assets and clients. This includes systematically incorporating ESG criteria into the decision-making process, acknowledging potential impacts on future risk and return profiles, and striving to achieve positive, measurable social and environmental outcomes alongside financial returns.

SIG actively leverages our ownership position to influence the behaviour of investee entities through tailored engagement and voting activities, which vary by asset class. These strategies span multiple asset classes, including public equity, fixed income, private equity, indexation, and private debt. The sustainable investment framework at SIG is dynamic, evolving in line with best practices to reflect our commitment to responsible and impactful investing. This approach integrates climate considerations into valuations and analyses, ensuring that climate risks are thoroughly assessed and factored into decision-making processes. Rather than employing exclusionary policies, SIG adopts a financial integration strategy that systematically includes and analyses ESG factors as a core component of the investment process. Our overall approach to responsible investing can be summarised in the following figure:



Figure 3: Sanlam sustainability report, 2023, page 80⁹

The Board ensures that Sanlam operates as a responsible corporate citizen by considering both the financial aspects of the business and the impacts of business operations on stakeholders and natural resources. ESG principles, particularly climate and nature change considerations, have been incorporated into the Group’s risk management and responsible investing approach. In 2023, the Board has taken additional steps to further our commitment to sustainability:

- Sanlam Life and Savings and Sanlam Emerging Markets have expanded their ESG teams, hiring additional specialists to enhance collaboration with the sustainability team.
- The ESG committee has been strengthened to provide more robust governance and support for ESG issues.
- The Group’s climate change position statement has been finalised and is actively guiding our strategies.
- Sanlam has launched the ESG Barometer, a research project aimed at providing valuable insights into the sustainability initiatives undertaken by South African companies.

Sanlam recognises the interdependence between nature and business operations. The Board oversees nature-related risks such as biodiversity loss, water scarcity, and ecosystem degradation and the Risk and Compliance Committee evaluates the potential impacts of nature-related risks on the Group’s financial

⁹ Available at: [sustainability-report-2023.pdf \(sanlam.com\)](https://www.sanlam.com/sustainability-report-2023.pdf)

performance and operational stability. This includes assessing how changes in biodiversity or ecosystem health might affect our investment portfolio or operational sites. Additionally, Sanlam identifies and manages dependencies on natural resources, such as water and raw materials, crucial for business sustainability, which involves evaluating how natural resource availability and quality might impact operations and financial outcomes.

Sanlam's internal audit function regularly reviews the effectiveness of the Group's risk management processes, including those related to climate and nature. This includes auditing compliance with internal policies and procedures, as well as evaluating the accuracy of sustainability data reported to the Board. The Risk and Compliance Committee uses findings from internal audits to improve risk management strategies and ensure that all identified risks are adequately mitigated. Sanlam also engages external auditors to verify the accuracy and completeness of our sustainability reports, which independent assurance provides the Board and stakeholders with confidence in our reported data and the effectiveness of Sanlam's risk management processes. External auditors assess the Group's adherence to international sustainability standards and frameworks, ensuring that our practices align with global best practices.

Sanlam has developed a comprehensive transition plan to address the shift towards a low-carbon, sustainable economy. This plan outlines the steps we will take to reduce our carbon footprint, increase investments in renewable energy, and promote sustainable business practices. The transition plan includes specific targets for reducing greenhouse gas emissions, increasing energy efficiency, and promoting sustainable investment practices. The Board plays a critical role in overseeing the implementation and progress of the transition plan, which involves reviewing and approving the plan, setting performance targets, and monitoring progress against these targets. The Risk and Compliance Committee and the SESC provide regular updates to the Board on the status of the transition plan, including any challenges or adjustments needed to meet targets. The Board ensures that the transition plan is integrated into the Group's overall business strategy and risk management framework, promoting a coordinated and effective approach to sustainability.

The 2023 Sustainability Report further highlights the Board's key focus areas and responsibilities in relation to sustainability governance:

- Considered environmental performance against set targets.
- Oversaw the group's sustainability reporting and disclosure on material non-financial aspects.
- Reviewed the group's sustainability strategy and recommended it to the board for approval.
- Oversight of ESG matters, specifically the implementation of the newly approved group sustainability strategy and setting key metrics with business clusters.
- Identifying and reviewing the group's exposure and response to climate-related risks.
- Review and approval of the annual Sanlam group sustainability report.

These steps demonstrate Sanlam's ongoing commitment to being a responsible corporate citizen and addressing the challenges of climate change. The Board continues to consider climate change matters as part of our annual reviews of the Group's strategic risks and has committed to innovative investment vehicles that enhance decision-making regarding investments aimed at creating positive impacts.

Sanlam Group's approach to climate and nature-related matters involves setting performance objectives and having the Social, Ethics, and Sustainability Committee (SESC) oversee and advise the Board. Sanlam's 2020 environmental policy outlines our commitment to minimising our environmental impact and includes climate goals and targets and a comprehensive Group climate change position statement was developed in 2023, which guides the Group's approach to assessing climate-related risks and developing climate goals and targets. In response to the escalating external pressures, Sanlam developed a comprehensive group Climate Change Position Statement available on our website. This statement helps us crystallise our firm commitment and strategic approach to addressing climate change. This statement serves as a guiding document that outlines our objectives and actions concerning climate change mitigation and adaptation, and initiative underscores our commitment to aligning with global sustainability goals and responding proactively to the environmental challenges facing our world and reflects our dedication to responsible and sustainable business practices, fostering trust and confidence among our stakeholders.

The Sanlam Group Board is responsible for overseeing and monitoring progress against climate-related goals. The Board integrates climate-related issues into formal governance mechanisms, including strategy development and performance monitoring. The Enterprise Risk Management (ERM) Forum assesses climate-related risks, categorising them into general, financial, or business-specific risks, and further into primary risk categories such as strategic, market, operational, reputational, or credit risk. Sustainability risks are prioritised based on their materiality and impact on the business.

The Board also sets the risk appetite statement, defining the financial or strategic impact acceptable for various risks. The Social, Ethics, and Sustainability Committee assists the Board by overseeing progress against climate-related goals and reporting quarterly to the Board and stakeholders through the Annual Reporting Suite. The Group Sustainability Committee monitors climate targets and goals using the Sustainability Management Framework, which focuses on water and paper usage and waste management. This framework informs performance appraisals and sustainability reporting. Sanlam has also introduced an online course on climate-related risks for employees, with 86% completion in 2022, and plans to offer more educational opportunities in the future.

Additionally, Sanlam appointed a Group Executive for Market Development and Sustainability to oversee market development, reputation, and sustainability activities. The Group Energy Forum sets targets for improving the environmental performance of South African facilities and reports to the Business Continuity Committee. At the business cluster levels, each cluster ensures appropriate systems are in place to measure and report on their sustainability performance.

As an asset owner, Sanlam Group continues to integrate climate change into our business strategy and planning. The Group's Board and committees are responsible for this integration, aligning with the Group's sustainable development strategy, which supports the overall business strategy. This strategy is developed from risk and opportunity analyses and includes specific key performance indicators to ensure effective engagement and feedback. In FY2023, the Board received training on climate change matters, which is planned to be conducted more regularly in the future.

Notable Examples of Climate-Related Risks and Opportunities:

Sanlam's responsible investment guidelines include the Credit Risk Framework, which has incorporated ESG principles since 2013, alongside a responsible lending policy for hedge funds. ESG factors are integrated into the credit approval process, ensuring these principles guide lending decisions. Additionally, Sanlam provides pro-climate funds, such as the Climate Investor One Development and Construction Equity Funds, which focus on renewable energy, and the Climate Investor Two Fund, which invests in water, sanitation, and ocean infrastructure projects. These funds highlight the Board's recognition of the necessity for a global transition to a low-carbon economy.

The Sustainable Investment Steering Committee, established by Sanlam Investments, drives sustainable investment initiatives and monitors implementation progress. This committee ensures that climate risks are integrated into decision-making processes. Instead of applying exclusions, Sanlam Investments uses a financial integration strategy, incorporating ESG criteria systematically into our investment process.

Regarding operations, Sanlam has committed to a 10% reduction in Scope 1 and 2 GHG emissions for our South African operations. Plans are underway to expand this target to other jurisdictions and to include Scope 3 emissions with a focus on investments. Environmental sustainability targets are also set for electricity, water, paper, travel, waste, and recycling at South African operations. Starting in 2023, 10% of Group Exco short-term incentives are linked to ESG and culture KPIs. Emission and water reduction targets remain at a 10% reduction against a 2019 baseline, to be achieved by 2025.

• Asset Manager

Sanlam Investments engages with and oversees climate and nature-related matters at the Sanlam Group board level, which includes the board committees as discussed above. The Sanlam Investment Chief Executive, supported by the cluster Exco and support functions, is also responsible for identifying and managing risks faced by the business. They assist the business-level board in fulfilling its responsibilities to the Sanlam Board. The Sanlam Investment Group provides retail and institutional clients in Africa and the United Kingdom with access to a comprehensive range of specialised investment management, credit, and risk management expertise through its Santam Resilient Investment funds.

In 2023, Sanlam Investment Group took the following notable steps to further our commitment to sustainability:

- Sanlam Investments finalised our comprehensive Climate Change Policy Statement, which outlines the framework for managing climate-related risks and opportunities within our investment portfolio, ensuring alignment with global climate goals.
- We have also set a target to achieve net-zero emissions in our investment portfolio by 2050, with interim targets established for 2025 and 2030. This commitment includes increasing investments in renewable energy projects and sustainable infrastructure.
- Sanlam continued our active participation in the TNFD pilot program, contributing to the quantification of biodiversity and climate transition risks. This data is being integrated into SIG's investment processes to enhance understanding and management of these risks.
- Sanlam has strengthened our collaboration with esteemed organisations such as Robeco and Allianz to expedite the integration of ESG principles into SIG's investment and insurance operations.
- Sanlam Investments has focused on sustainable infrastructure projects through our Sustainable Infrastructure Fund, which prioritises investments that drive economic growth while addressing climate change. Notably, we have invested in projects that redirect organic waste to carbon-neutral energy sources, creating jobs and reducing CO₂ emissions.
- The Alternatives business has begun implementing a monitoring and reporting resource called I-Level, enabling the collection, storage, and reporting of ESG and impact data to track the social and sustainability impacts of our funds.

These steps demonstrate Sanlam Investment Group's commitment to being a responsible corporate citizen and addressing the challenges of climate change, while also ensuring that our investment strategies align with emerging climate-related regulations and sustainability goals.

At the Asset Manager level, board-level monitoring and oversight of climate-related goals and targets occur at the Sanlam Group board level. The Asset Manager integrates ESG principles into investment processes, using tools like the Sustainability ESG risk rating tool to assess and manage ESG risks. Sanlam Specialised Finance (SanFin) and Sanlam Investment Group handle investment activities, with a focus on balancing financial returns with positive ESG impacts.

Sanlam Investments is committed to incorporating climate-related issues into our business strategy. The board's investment philosophy mandates a long-term focus, recognising the significant role of non-financial issues in valuations, including stakeholder relationships and natural resource stewardship. Sanlam Investments embeds sustainability into our core investment process, guided by our responsible investment policy.

Sanlam Investments views renewable energy projects as financially attractive and actively develops managed funds that produce social, environmental, and economic impacts. The Sustainable Infrastructure fund, launched in 2021, invests in assets across renewable energy, conventional energy, transportation, communication, water, and waste-related sectors, applying strict ESG criteria.

Collaborations with Robeco and the proposed partnership with Allianz enhance access to sustainability solutions, ESG integration, and advanced research. These partnerships accelerate ESG integration into Sanlam Investments' investment and insurance businesses. Sanlam Investments' climate-related decisions are informed by UNEP FI Principles for Sustainable Insurance, the Code for Responsible Investing in South Africa, United Nations Principles for Responsible Investments, and the Group's Environmental Policy (latest version published in May 2020).

The Sustainability Policy and Framework include three sustainable investment strategies: financial integration, exclusions, and impact or thematic strategies. The Corporate Governance Unit committee drives the implementation of governance responsibilities, incorporating ESG principles into non-equity investment processes.

• Insurance Companies

Climate change matters are actively addressed and overseen at the board level of Sanlam Life and Savings and Sanlam Emerging Markets (SEM), with engagement and oversight occurring at the Sanlam Group board level. This includes key Board Committees such as the Risk and Compliance Committee and the Social, Ethics, and Sustainability Committee (SESC). The Chief Executives of these clusters, supported by their respective Executive Committees and support functions, play a pivotal role in identifying and managing climate-related risks, ensuring alignment with the broader Sanlam Group strategy.

The 2023 Sustainability Report emphasises the importance of integrating climate and nature-related risks into the overall risk management framework. The Board regularly reviews the Group's exposure to climate-related risks and opportunities, ensuring that sustainability considerations are embedded in strategic decision-making. Additionally, we are undertaking the ongoing development of climate-related scenario analyses to better understand potential impacts on the business.

For Sanlam Life and Savings and Sanlam Emerging Markets, board-level monitoring and oversight of climate-related goals occur at the Sanlam Group board level. The Chief Executives of these insurance companies manage climate and nature-related risks within their respective organisations. The overall risk management framework includes integrating climate-related scenario analyses to understand and address potential risks.

Sanlam Group's Board is responsible for integrating climate change into the business strategies of Sanlam Life and Savings and Sanlam Emerging Markets through the Group's Sustainability Policy and Framework. This framework commits to integrating ESG considerations into business activities. Sanlam is a founding member of the UNEP FI Principles for Sustainable Insurance, which guide insurers in integrating ESG considerations into their practices. The four Principles for Sustainable Insurance are: integrating ESG considerations into decision-making processes; developing innovative insurance products to address environmental and social challenges; promoting responsible business practices and transparency; and collaborating with stakeholders to support sustainable development.

Notably, Sanlam is a founding member of the UNEP FI Principles for Sustainable Insurance. The Principles for Sustainable Insurance are a set of four principles that guide insurers in integrating ESG considerations into their business practices. Sanlam's Board and committees subscribe to these principles and use them as key drivers of strategy and planning.

The four Principles for Sustainable Insurance principles are:

- **Principle 1:**
We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.
- **Principle 2:**
We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.
- **Principle 3:**
We will work together with governments, regulators and other key stakeholders to propose widespread action across society on environmental, social and governance issues.
- **Principle 4:**
We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

Figure 4: Sustainability integration and disclosure framework 2023, page 17

• **Facilities Manager**

Sanlam's facilities management team is actively involved in monitoring the risks and opportunities associated with our facilities in South Africa, with plans to expand this monitoring across Africa. As part of our commitment to sustainability, Sanlam Group collects greenhouse gas (GHG) data from all our facilities in South Africa. This data is then reported to the management and executives responsible for overseeing climate-related risks within the facilities, with support from the facilities manager.

The Sanlam Group Board is committed to sustainability and has set targets to reduce carbon emissions, waste, and electricity and water consumption at facilities located in South Africa. The Board oversees these targets and ensures that they are met, demonstrating Sanlam's commitment to addressing climate change impacts and promoting sustainable practices within our operations.

According to the 2023 Sustainability Report, Sanlam has implemented various initiatives to enhance energy efficiency in our facilities, including the installation of energy-efficient lighting and HVAC systems. We are also exploring opportunities to transition to renewable energy sources to further reduce our carbon footprint. Additionally, Sanlam has committed to reducing our operational carbon emissions by 30% by 2025, compared to a 2019 baseline.

At the facilities management level, board-level monitoring and oversight of climate-related goals are managed at the Sanlam Group board level. The Sanlam Group Energy Forum sets targets for improving the environmental performance of South African facilities and reports to the Business Continuity Committee. Initiatives include improving energy efficiency, transitioning to renewable energy, and committing to reducing operational carbon emissions by 30% by 2025.

Engagement and oversight of climate and nature-related matters occur at the Sanlam Group Board level, which includes the relevant Board Committees. The Board is responsible for overseeing the targets to reduce carbon emissions, waste, electricity, and water consumption at facilities in South Africa.

Sanlam's Group Board and committees endorse the implementation of the Group's sustainable development strategy for facilities, following the Sustainability Strategy. This strategy complements the business strategy by enhancing operational efficiency and reducing costs through resource conservation (electricity, water), cultivating customer loyalty, attracting and retaining talented employees, and identifying strategic opportunities arising from climate change.

Sanlam Group has committed to climate change and water-related goals for our South African facilities. Properties managed by third-party property managers are beyond the scope of this report.

The 2023 Governance Report highlights the Group's governance framework, supporting sustainability and climate change integration at all organisational levels. The Climate Change Policy Statement outlines Sanlam's approach to managing climate risks and opportunities, emphasising the need for climate resilience and adaptation strategies. The Sustainability Report details Sanlam's performance on sustainability targets and initiatives, while the Integrated Report and Annual Financial Statements provide comprehensive financial and non-financial information, including climate-related disclosures aligned with TCFD recommendations.

Sub-Principle 1.2: Ensure that our senior management has responsibility of climate and nature-related risk and opportunity management, including any transition plans.

Members can use this section to demonstrate senior management's responsibilities relating to climate and nature. This might include an organisation chart with responsibilities and reporting lines clearly identified, or an articulation of how responsibilities in respect of climate and nature are assigned throughout the business and control functions as described in the ClimateWise Guidance. This section might include more detailed descriptions of specific roles and responsibilities evidenced through the member's governance documentation.

References to supporting evidence:

- Questions in the 2023 CDP climate disclosure¹⁰: Questions C1, C1.1a, C1.1b, C1.2, C1.3, C2.2, C2.2a, C-FS2.2b, C-FS2.2c, C-FS2.2d, C-FS2.2e and C3.1
- Sanlam Integrated Report 2023¹¹ : Pages 6, 10, 12, 30, 64,76
- Sanlam Sustainability Report 2023¹²: Pages 18, 62, 63, 70, 71, 76, 126, 129,134
- Sanlam Governance Report 2023¹³ : Pages 20, 21, 32, 42, 43,54
- Sanlam Climate Change Policy Statement 2023¹⁴: Pages 16
- Sanlam Sustainability Integration and Disclosure Framework 2023¹⁵: Pages 05, 06, 07, 08, 09
- Sanlam Climate Change Policy Statement 2023¹⁶: Pages 02, 04, 05, 07
- Sanlam EGS Barometer 2023¹⁷: Pages 07

¹⁰ Available at: [sanlam-cdp-submission-2023.pdf \(santam.co.za\)](https://www.sanlam.com/downloads/sustainability-reports/2023/CDP-climate-disclosure-2023.pdf)

¹¹ Available at: [Sanlam-IR-2023.pdf](https://www.sanlam.com/downloads/sustainability-reports/2023/Sanlam-IR-2023.pdf)

¹² Available at: [sustainability-report-2023.pdf \(sanlam.com\)](https://www.sanlam.com/downloads/sustainability-reports/2023/sustainability-report-2023.pdf)

¹³ Available at: [Sanlam-Governance-Report-2023.pdf](https://www.sanlam.com/downloads/sustainability-reports/2023/Sanlam-Governance-Report-2023.pdf)

¹⁴ Available at: [Climate-change-policy-statement.pdf \(sanlam.com\)](https://www.sanlam.com/downloads/sustainability-reports/2023/Climate-change-policy-statement.pdf)

¹⁵ Available at: [Sustainability-integration-and-disclosure-framework.pdf \(sanlam.com\)](https://www.sanlam.com/downloads/sustainability-reports/2023/Sustainability-integration-and-disclosure-framework.pdf)

¹⁶ Available at: <https://www.sanlam.com/downloads/sustainability-reports/2023/Climate-change-policy-statement.pdf>

¹⁷ Available at: <https://sanlamesgbarometer.co.za/report/>

Response

• Asset Owner

As an asset owner, Sanlam acknowledges the profound impact climate-related issues can have on both human society and the financial stability of our clients and communities. To address climate change comprehensively, Sanlam has designated oversight to the Social, Ethics, and Sustainability (SES) Committee, a Board sub-committee comprised primarily of independent non-executive directors. This committee is charged with recommending, monitoring, and advising on social, ethics, and sustainability issues, including climate change, that significantly affect the Group and our stakeholders.

The SES Committee ensures that the Group CEO is well-informed about ESG matters, including climate change, through direct feedback from the strategy unit team. This team reports on ESG performance, progress against ESG goals, and climate change-related aspects. The SES Committee also provides strategic insights to the Group CEO, overseeing the Group's response to ESG matters and climate-related risks and opportunities.

Progress on climate-related issues is regularly updated to the Board through quarterly feedback sessions, with stakeholders kept informed via Sanlam's Annual Reporting Suite. The SES Committee is also involved in endorsing amendments to climate resilience reports, implementing the sustainability strategy, reviewing TCFD reports, assessing climate-related risks, and publishing carbon footprint reports for the Group. Supported by the SES Committee and direct reporting to the Group CEO, Sanlam is dedicated to tackling climate change and promoting responsible environmental practices.

The Group's sustainability management team focuses on embedding sustainable value internally and communicating it externally. Each business cluster is responsible for implementing appropriate systems to measure and report on sustainability performance.

The Group Exco aids the Group Chief Executive in developing Sanlam's strategy and risk appetite, which are reviewed annually. This process includes frequent monitoring and reporting on strategy execution, with progress communicated to the Board and its committees.

Key functions in ESG and climate risk management across the Group include:

- ESG Committee: Established in 2022, this committee, with representatives from all clusters and key functions, meets quarterly to report to the Group Exco and ensure the implementation of the sustainability strategy.
- Group Sustainability Management Team: Part of the Group Market Development function and led by a Group Exco member, this team coordinates ESG matters, including climate-related risks and opportunities, and reports quarterly to the SES Committee.
- Group Risk Management Committee: Oversees the integration of climate-related risks into the enterprise risk management process.
- Sanlam Group Energy Forum: Sets targets for improving the Group's environmental performance and reports to the Business Continuity Committee.
- Facilities Management Team: Monitors environmental risks and opportunities at South African facilities and plans to expand monitoring across Africa.

Senior managers responsible for climate change include:

- Group Chief Risk Officer: Manages risk identification, evaluation, reporting, and oversight.
- Group Executive for Market Development and Sustainability: Oversees market development, reputation, social impact, and sustainability activities.
- Chief Sustainability Officer: Consolidates and reports on sustainability aspects and oversees the Group's Sustainability Management Framework.

Sanlam's Own Risk and Solvency Assessment (ORSA) integrates results from various processes within the Group's Enterprise Risk Management framework. The Group risk function manages the ORSA process, producing quarterly reports on strategic and operational risks, risk appetite, and stress testing.

Sanlam's risk management and governance structure offers a comprehensive perspective on strategic and operational risks, including ESG factors. This structure enables proactive control of future outcomes and identification of opportunities arising from risks.

The Group-wide Enterprise Risk Management process includes the identification and management of climate change risks at different organisational levels. Strategic climate change risks are considered top-down, and operational risks are addressed bottom-up, as shown in the figure below:

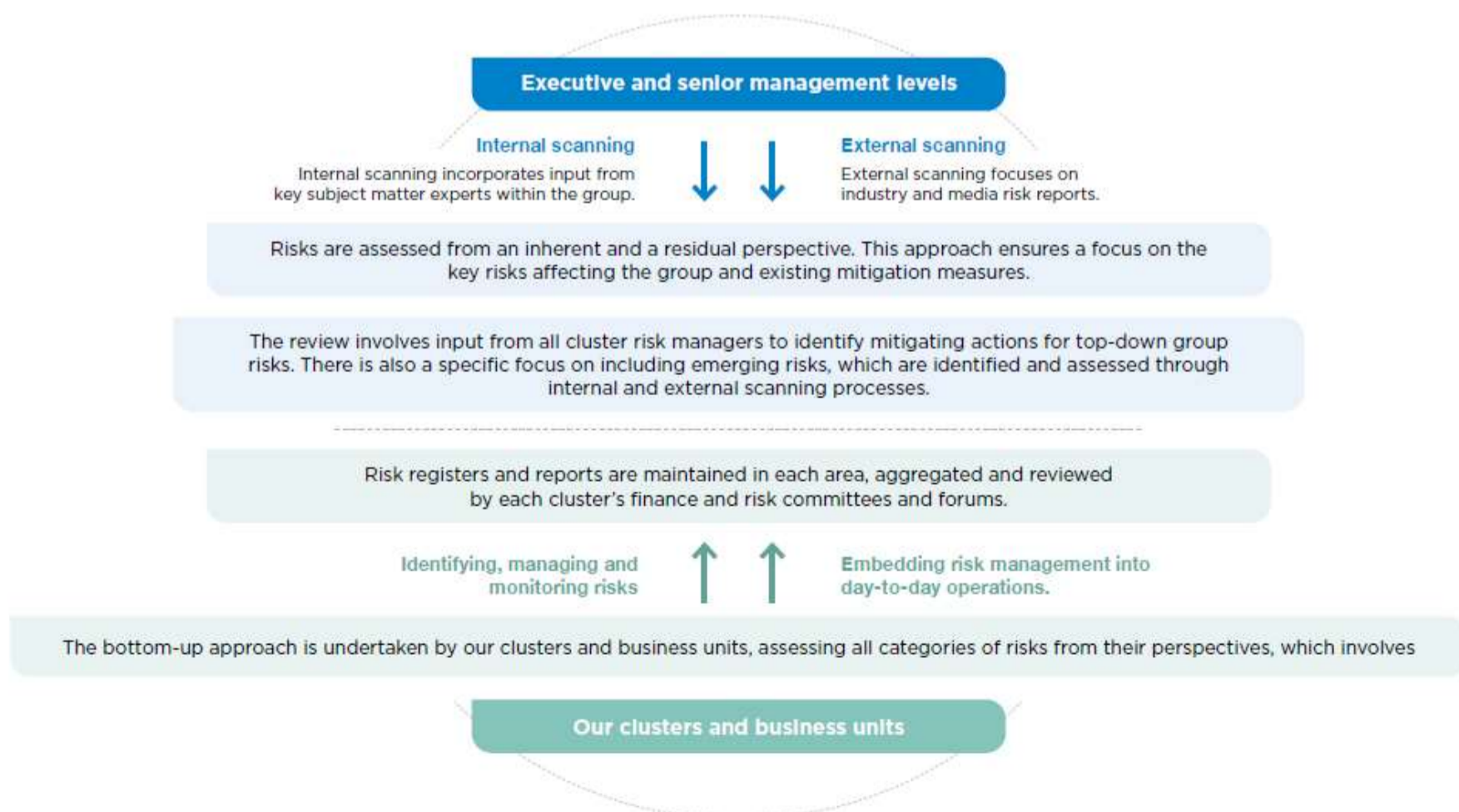


Figure 5: Sanlam Integrated report 2023, page 64

Quarterly Business Review forums provide feedback to the Sanlam Life and Limited Boards on financial, strategic, risk, and operational matters, including climate issues. Significant and emerging climate change risks are escalated to the Group level.

Sanlam emphasises emerging risks through ongoing internal and external scanning. Internal insights are gathered from key experts, while external scanning includes industry and media reports. This process helps Sanlam continually track and assess emerging risks for potential impact. Enhancing sustainability governance is crucial for Sanlam’s long-term success and resilience in the financial sector. By integrating ESG criteria into our risk assessment frameworks, we proactively identify and manage risks, including those related to climate change and regulatory changes. This approach not only strengthens our reputation and builds trust with clients, investors, and the community but also attracts socially responsible investments and fosters customer loyalty, all of which are vital for our sustained growth. The board has mandated the SES committee, which is constituted as a statutory committee, to lead in providing oversight of ESG, with the governance and risk management of our committees as shown in the following figure:

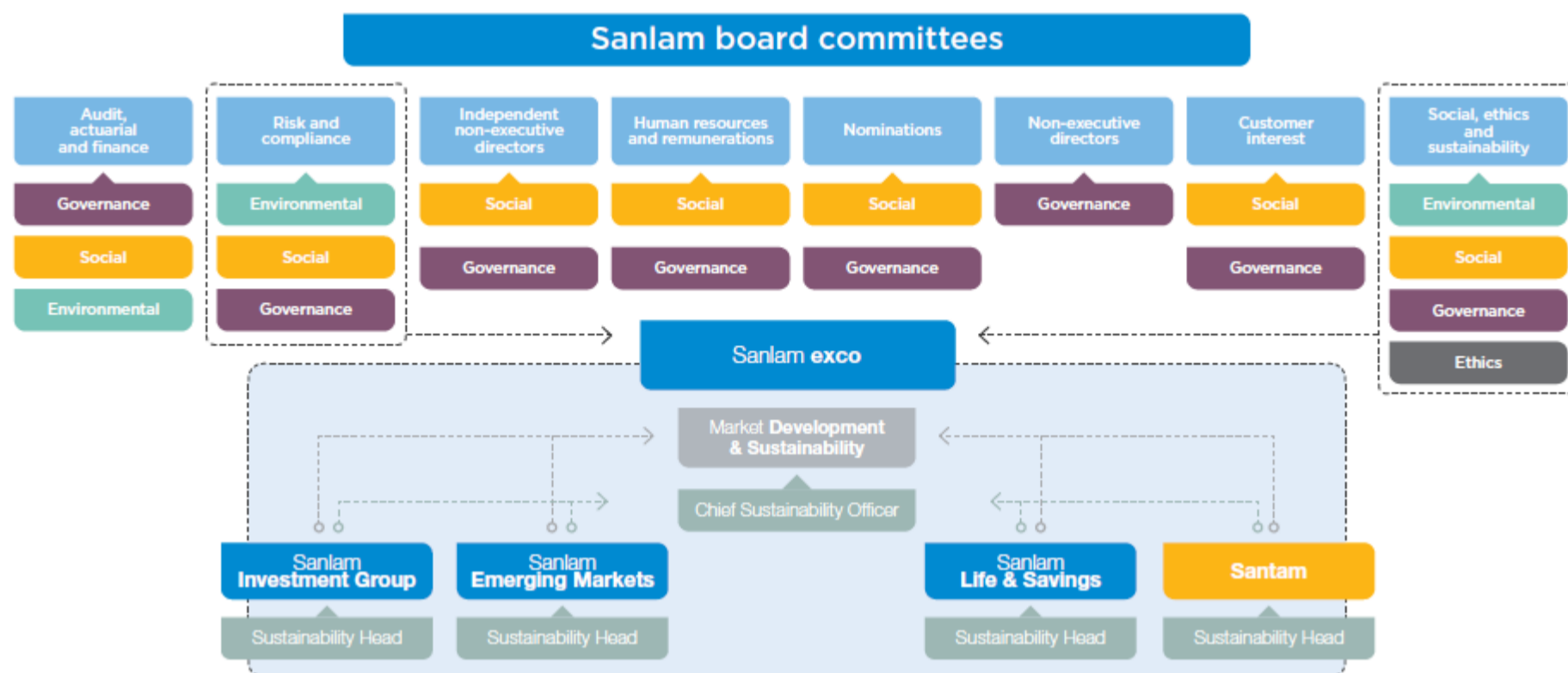


Figure 6: Sustainability integration and disclosure framework 2023, page 5¹⁸

Senior cluster managers stay informed about climate change through participation in the Group Sustainability Committee, the Group Energy Forum, and the Group Actuarial Risk Management Committee. Clusters and business units use a bottom-up approach, with risk management functions assisting in assessing key risks from an operational perspective.

Sanlam ensures that senior management holds clear responsibility for the management of climate and nature-related risks and opportunities, including the development and execution of transition plans. The table below outlines key management-level positions within Sanlam responsible for overseeing climate-related matters. These individuals provide critical support to the Board by monitoring and evaluating the execution of strategic climate-related plans, goals, and targets. Regular monitoring and reporting to the Board occur on a quarterly basis.

Name of the positions and committees	Reporting line	Responsibility	Coverage of responsibility
Group Chief executive Officer	Reports directly to the Board	Both assessing and managing climate- related risks and opportunities	Risks and opportunities related to our own operations
Chief Risk Officer	Reports directly to the board		
Chief Executive of Group Market Development & Sustainability	Reports directly to the board		
Chief Sustainability Officer	CEO reporting line		
Facility manager	Operations - COO reporting line		
Group Sustainability Management Office*	Corporate Sustainability/ CSR reporting line		
Group Energy Forum	Operations - COO reporting line		
Social, Ethics and Sustainability Committee	Reports directly to the board	Assessing climate- related risks and opportunities	Risks and opportunities related to our investing activities
Group Actuarial and Risk Management	Risk – CRO reporting line		

Climate matters are monitored through the Enterprise Risk Management (ERM) process and via the Group Sustainability Management Office. This office is tasked with addressing compliance risks related to sustainability governance. Sanlam is also obligated by the Insurance Act of 2017 and related Prudential Standards to conduct forward-looking, risk-based Own Risk and Solvency Assessments (ORSA). This ongoing process involves identifying, assessing, controlling, monitoring, and reporting the risks the Group faces, including those related to climate change. An annual report serves as documentary evidence of this process, meeting regulatory requirements. The committees involved in climate-related monitoring are:

- **Group Sustainability Committee:** Operates with the support of the Sustainability Strategy, aligning sustainability with the business strategy. The committee identifies and manages key performance indicators for non-financial matters, conducts annual reviews, and engages with various business units within the Group. This engagement helps identify existing and emerging stakeholder issues, contributing to annual performance appraisals and informing integrated and sustainability reporting.
- **Group Energy Forum:** The Group Energy Forum is responsible for monitoring energy-related resources and setting targets for the Sanlam Group’s environmental performance. This forum plays a critical role in managing the Group’s energy consumption and efficiency goals. According to the Sanlam ClimateWise Reporting 2024 document, the Group Energy Forum reports to the Business Continuity Committee, which is responsible for ensuring that Sanlam’s environmental targets are met and that the company remains on track with its sustainability goals.

¹⁸ Available at: <https://www.sanlam.com/downloads/sustainability-reports/2023/Sustainability-integration-and-disclosure-framework.pdf>

- **Group Actuarial Risk Management Committee:** The Group Actuarial Risk Management Committee coordinates the integration of climate risks into Sanlam's enterprise risk process. This committee ensures that climate-related risks are systematically identified, assessed, and managed across all business operations. This process is detailed in Sanlam's ClimateWise Reporting for 2024, where it is highlighted as a key component of the group's approach to managing climate-related risks.

By assigning clear responsibilities and ensuring regular oversight and reporting, Sanlam's senior management plays a pivotal role in managing and mitigating climate and nature-related risks and opportunities.

- **Asset Manager**

At Sanlam Investments, the management and oversight of climate change issues are coordinated at the group management and committee level. Climate-related matters are addressed by various risk, audit, and management committees within Sanlam Investments, ensuring comprehensive oversight. The management team remains informed about climate-related challenges through active participation in the group-wide Enterprise Risk Management process and involvement in key committees.

In 2023, Sanlam Investments has intensified our focus on integrating climate change considerations into our strategic and operational activities. This includes a commitment to responsible investing that aligns with the expectations of regulators and stakeholders regarding governance and risk management. The Sanlam Board and executive team are responsible for overseeing compliance with climate commitments, regularly reviewing targets to ensure adherence to sustainability goals.

Sanlam Investments is dedicated to fostering a just and equitable transition to sustainable energy, recognising the significant impacts of climate change on communities and economies, particularly in Africa. Sanlam emphasises inclusive stakeholder engagement, conducting thorough risk assessments to identify vulnerabilities and opportunities related to climate change. This proactive approach enables the development of tailored risk management strategies that enhance resilience across our investment portfolio.

Additionally, Sanlam Investments is expanding our sustainable investment initiatives, focusing on sectors such as renewable energy and green infrastructure. By prioritising climate-smart solutions, the firm aims to deliver both financial returns and positive social and environmental impacts. This commitment is reflected in our climate disclosure practices, which align with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, enhancing transparency and informing strategic decision-making.

Overall, Sanlam Investments continues to position us as a leader in responsible investing, striving to create lasting positive change in both the environment and society while empowering communities to navigate the challenges posed by climate change.

- **Insurance Companies**

At Sanlam Life and Savings and Sanlam Emerging Markets, the management and oversight of climate change issues are conducted at both the group management and respective cluster management levels. This includes dedicated risk, audit, and management committees responsible for addressing climate-related matters. The management teams of these clusters are kept informed about climate issues through their active participation in the group-wide Enterprise Risk Management process and by submitting reports to the group-level committees.

In 2023, Sanlam has strengthened our approach to integrating climate-related risks into our enterprise risk management framework. The Group Actuarial Risk Management committee plays a crucial role in coordinating this integration, ensuring that climate risks are systematically assessed and addressed across all business operations.

Management teams within Sanlam Life and Savings, Sanlam Emerging Markets, and Santam closely monitor climate change developments through their involvement in the Sanlam Group-level committees. This collaborative oversight ensures that climate risks are effectively managed and aligned with our organisation's broader sustainability objectives, reflecting Sanlam's commitment to responsible business practices amid growing regulatory expectations and stakeholder demands for transparency in climate risk management.

- **Facilities Manager**

Sanlam's facilities management team plays a crucial role in monitoring risks and opportunities associated with our physical assets. This team utilises an advanced internal IT system to continuously track essential consumption patterns, including energy, water, waste, and recycling. This ongoing monitoring allows for the identification of climate change risks and opportunities, which are promptly reported to the Group's Sustainability Management Office.

The facilities management team is dedicated to providing valuable insights into climate-related risks by measuring and reporting greenhouse gas (GHG) emissions data across all facilities. This data is critical for managing climate-related challenges effectively. By actively engaging in this process, the facilities management team ensures that Sanlam's operations align with our broader sustainability goals and commitments.

Through systematic tracking and reporting, the facilities management team not only enhances operational efficiency but also contributes to Sanlam's overall strategy for addressing climate change. This proactive approach reflects Sanlam's commitment to sustainability and responsible management of our environmental impact.

Demonstrating Continuous Improvement (planned activities)

Sanlam demonstrates continuous improvement through various initiatives and commitments aimed at enhancing our climate resilience and sustainability practices. In 2023, we published our updated Climate Change Policy Statement, which outlines our approach to integrating climate change resilience into strategic and operational activities. This statement emphasises support for Africa's just transition, addressing the importance of ensuring a smooth transition for vulnerable workers and communities while communicating Sanlam's long-term visions, quantifiable targets, and climate-related risks associated with our owned assets.

The Social, Ethics, and Sustainability Committee continues to play a pivotal role in monitoring climate-related issues, reporting to the Board every six months or more frequently. This committee reviews the Group's sustainability strategy and provides recommendations for Board approval. It oversees various ESG matters, including the implementation of the Group's sustainability strategy, setting key metrics with business clusters, and identifying and reviewing the Group's exposure and response to climate-related risks.

In 2023, Sanlam plans to enhance our ESG governance by linking 10% of Group Exco short-term incentives to ESG and culture KPIs. We are also committed to upskilling the Board and Group Exco on climate-related issues and integrating climate-related risks and opportunities into strategic Board decisions. To facilitate this, Sanlam aims to utilise live dashboards to display real-time data on energy and water consumption, further enhancing transparency and accountability in our sustainability efforts.

Additionally, Sanlam is set to announce water intensity targets and expand our sustainability initiatives beyond South Africa. Sanlam has also launched the Sanlam ESG Barometer, which measures how South African listed companies implement and embed ESG practices to create positive social and environmental impacts. This initiative reflects Sanlam's ongoing commitment to addressing climate change and enhancing our ESG practices throughout our organisation.

Sanlam continues to engage with stakeholders to advance climate and environmental agendas. We remain a member of the African Natural Capital Alliance and actively participates in developing locally relevant guidelines based on the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations. Through these continuous improvement measures, Sanlam reinforces our dedication to sustainability and responsible investing, positioning ourselves as a leader in addressing climate change challenges in the financial services sector.

Sub-Principle 1.3: Create a clear link between governance and oversight, establishing a robust governance framework and underlying policies and procedures.

Members can use this section to demonstrate how their governance and oversight functions are linked through their risk governance framework. This might include a description of the policies and procedures used to manage climate- and nature-related risks and opportunities, as described in the ClimateWise Guidance. This section might include details on the policies and procedures used to ensure the link between governance and oversight.

References to supporting evidence:

- Sanlam Sustainability Report 2023¹⁹: Pages 03, 19, 46, 47, 51, 52, 56, 58, 63, 70, 71, 75, 78, 129
- Sanlam Integrated Report 2023²⁰: Pages 28, 60, 64, 76, 79
- Sanlam Climate Change Policy Statement 2023²¹: Pages 04, 05
- Sanlam Governance Report 2023²²: Pages 05, 10, 11, 51,
- Sanlam Sustainability Integration and Disclosure Framework 2023²³: Pages 07, 08, 13, 17
- Questions in the 2023 CDP climate disclosure²⁴: Questions C2.1a, CFS14.3
- Sanlam Responsible Investing report 2023²⁵: Pages 07, 12, 14, 16, 22
- Sanlam Investment and insurance Position Statement on Fossil Fuels 2023²⁶: Pages 03, 05
- Sanlam EGS Barometer 2023²⁷: Pages 37, 61, 71, 78
- Sanlam Annual Financial Statements 2023²⁸: Pages 23, 37
- Sanlam Investment Policy Statement 2020²⁹: Page 02

Context:

Sanlam Group defines short-, medium- and long-term time horizons as follows:

Time horizon	Description
Short-term: 1-2 years	This is aligned with business plans, which focus on short term changes and actions. This also aligns with annual reduction targets and budgeting for CAPEX to implement projects.
Medium-term: 2-10 years	This horizon is used in forward-looking business plans, which include a longer-term view of operations, reduction targets and project identification, design and approval.
Long-term: 10-30	This 10-30-year horizon is used in forward looking business plans which include a longer-term view of operations, reduction targets and project design, including the allocation of capital for implementation. This aligns with more visionary strategic view of climate-related risks and opportunities.

Sanlam, a diversified financial services group, has demonstrated a strong commitment to sustainability in our operations and investment decisions. Our products are diversified across various business areas, resulting in varied impacts from climate change depending on the nature of the business. To effectively manage these risks and opportunities, Sanlam has implemented a robust governance structure that prioritises environmental, social, and governance (ESG) considerations.

Sanlam has established comprehensive human rights policies aligned with international standards, such as the International Bill of Human Rights and the International Labour Organisation's Core Conventions. These policies underscore equity, diversity, and inclusion and ensure higher standards in regions where national laws may differ from international norms.

Human Rights and Governance

The governance structure includes a Social, Ethics, and Sustainability Committee responsible for overseeing human rights policies and ethical standards. This committee integrates human rights considerations into our broader sustainability strategy, promoting an equitable and inclusive work environment.

Climate and Nature-Related Engagement

Sanlam actively engages in climate and nature-related initiatives. We integrate environmental, social, and governance (ESG) factors into our investment processes, assessing climate-related risks and opportunities to make informed decisions. Notably, Sanlam participates in initiatives like the "Every Action Counts" programme, which connects conservation and climate experts with financial institutions to scale green actions through innovation.

Sanlam's commitment to a "Just Transition," as defined by the International Labour Organisation (ILO), ensures fair and inclusive job creation while transitioning to a low-carbon economy. Partnerships with organisations such as the Dutch Development Bank (FMO) and Climate Fund Managers support the implementation of this strategy globally.

¹⁹ Available at: [sustainability-report-2023.pdf \(sanlam.com\)](https://www.sanlam.com/sustainability-report-2023.pdf)

²⁰ Available at: [Sanlam-IR-2023.pdf](https://www.sanlam.com/sanlam-ir-2023.pdf)

²¹ Available at: [Climate-change-policy-statement.pdf \(sanlam.com\)](https://www.sanlam.com/climate-change-policy-statement.pdf)

²² Available at: [Sanlam-Governance-Report-2023.pdf](https://www.sanlam.com/sanlam-governance-report-2023.pdf)

²³ Available at: [Sustainability-integration-and-disclosure-framework.pdf \(sanlam.com\)](https://www.sanlam.com/sustainability-integration-and-disclosure-framework.pdf)

²⁴ Available at: [sanlam-cdp-submission-2023.pdf \(santam.co.za\)](https://www.santam.co.za/sanlam-cdp-submission-2023.pdf)

²⁵ Available at: <https://7f9d07bc.flowpaper.com/SustainabilityReport2023/#page=1>

²⁶ Available at: <https://www.sanlam.com/downloads/sustainability-reports/2023/Investment-and-Insurance-position-statement-on-fossil-fuels.pdf>

²⁷ Available at: <https://sanlamesgbarometer.co.za/report/>

²⁸ Available at: <https://www.sanlam.com/downloads/integrated-report-and-annual-financial-statements/2023/Sanlam-AFS-2023-spreads.pdf>

²⁹ Available at: <https://www.sanlam.co.za/retirementfunds/Documents/IPS%20CRAF.pdf>

Our Board of Directors comprises eight committees, each of which incorporates ESG perspectives into their mandates. These committees investigate and make decisions that are reported in both internal and external communications, ensuring transparency and accountability. In 2022, Sanlam established an ESG Committee to enhance coordination and oversight of ESG matters across our organisation. This committee, which includes representatives from all clusters and key functions, meets quarterly and reports to the Group Executive Committee (Exco) to ensure the effective implementation of our sustainability strategy.

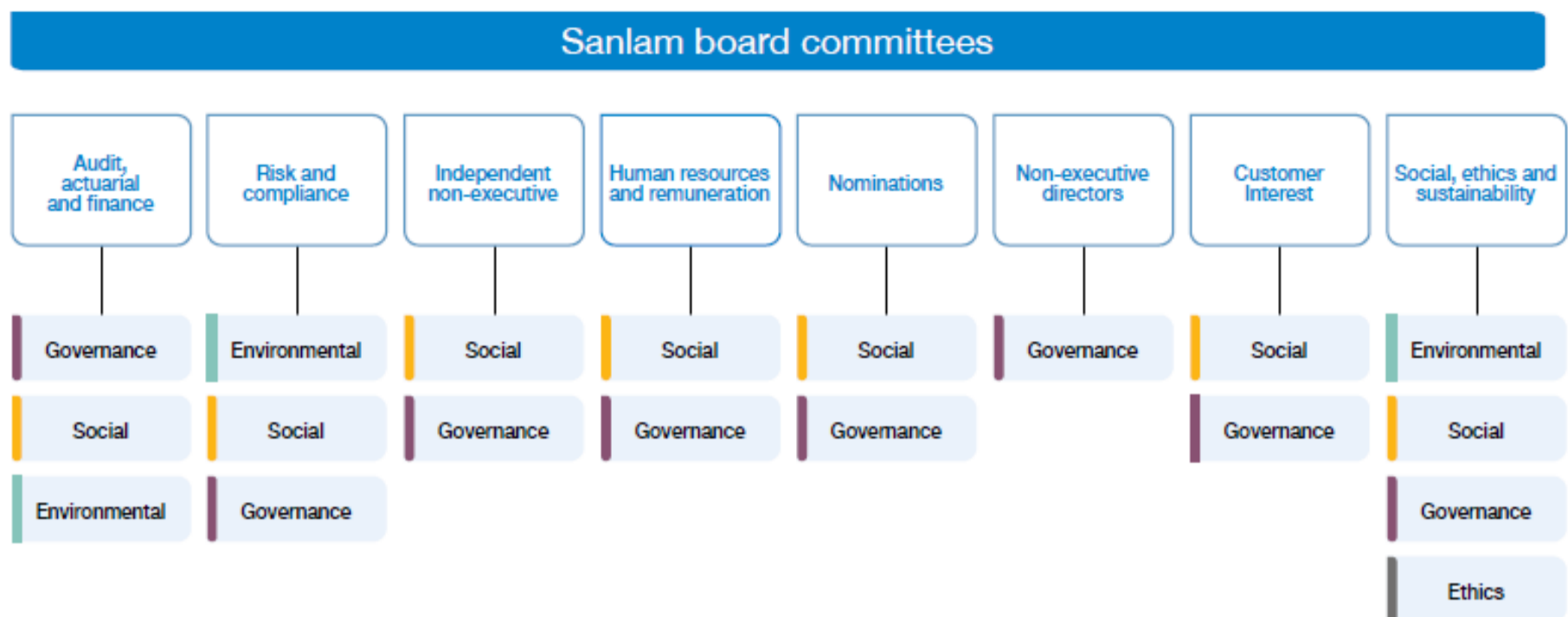


Figure 7: Sanlam Governance Report 2023, page 35³⁰

The investigations and decisions made by these committees are reported in internal and external communications. Accordingly, Sanlam considers a range of ESG and sustainability frameworks and standards in our reporting. These include:

- The Sustainability Accounting Standards Board;
- Task Force on Climate-Related Financial Disclosures (TCFD);
- United Nations Sustainable Development Goals (SDGs);
- United Nations Global Compact (UNGC).

By aligning our reporting with these widely recognised standards, we demonstrate our commitment to transparency and accountability in our sustainability efforts.

We have taken proactive steps to integrate climate-related risks into our enterprise risk management process. The Group Risk Management Committee is responsible for coordinating the input of climate-related risks into the overall risk management framework. Additionally, the Group Sustainability Management Team, which is part of the Group Development function and led by a member of the Group Exco, coordinates all ESG matters and integrates climate-related risks and opportunities into our overall strategy.

Sanlam recognises that climate and nature-related risks can have both short-term and long-term impacts on our business. Short-term risks are primarily physical and operational in nature, affecting our insurance and facility levels. These risks may include increased frequency and severity of extreme weather events, which can lead to higher claims and operational disruptions. In contrast, medium to long-term risks are largely transitional and related to the Group's owned and managed assets. These risks may include policy and legal changes, technology shifts, and market and reputational impacts associated with the transition to a low-carbon economy.

By proactively managing both short-term and long-term climate-related risks, we aim to build resilience and capitalise on opportunities that arise from the transition to a more sustainable future. Our commitment to sustainability is evident in our governance structures, reporting practices, and risk management strategies, positioning us as a leader in the financial services industry's efforts to address climate change and nature-related risks and to promote sustainable development.

The following responses are provided according to our four broad business activity categories. Short-term climate risks and opportunities are largely physical and operational in nature, and pertinent at Sanlam's insurance and facility-levels. Sanlam's medium to long-term risks and opportunities are largely transitional and related to the Group's owned and managed assets.

Response
<p>• Asset Owner</p> <p>Sanlam operates as a purpose-driven enterprise, dedicating our efforts to foster a conducive ecosystem for rapid economic revival and sustainable, inclusive economic expansion, resulting in significant social impact and guaranteeing a robust future for everyone across our value chain.</p> <p>Sanlam's purpose guides the group strategy, which includes four sustainability pillars:</p> <ul style="list-style-type: none"> - Shared value creation, - Financial inclusion, - ESG integration in asset management, value chains and ecosystems, and - Strategic partnerships. <p>Sanlam's commitment to sustainability and ESG integration suggests consideration of supply chain impacts. The group's overall dedication to responsible practices and environmental considerations extends to our supply chain. This commitment is reflected in our broader policies and governance structures that prioritise ESG factors, which would influence how we manage and evaluate our supply chain operations and practices.</p> <p>The four strategic sustainability pillars are underpinned by seven themes that are aligned to priority SDGs:</p> <ol style="list-style-type: none"> 1. Initiatives to support good health and wellbeing

³⁰ Available at: [Sanlam-Governance-Report-2023.pdf](#)

Response

2. Providing quality education through our Sanlam foundation
3. Ensuring sustainable cities and communities through various infrastructure-focused funds
4. Enabling partnership for the goals through various strategic partnerships.
5. Ensuring decent work and economic growth through our efforts to make Sanlam an employer of choice by listening closely to our employees
6. Reducing inequalities through ESD initiatives
7. Contributing to climate action through our climate-focused funds and internal efforts.

Accordingly, Sanlam Investment Group incorporates climate-related issues into investment strategies related to owned assets through adherence to the group's broad policies/guidelines including:

- Responsible investment guidelines. Sanlam places significant emphasis on assessing climate change impacts and factors as essential criteria for investment. This approach not only contributes to the well-being of the environment and the communities served by Sanlam Group's clusters by enhancing their climate resilience, but also ensures the sustainability of the group's medium to long-term strategies, ultimately benefiting the clusters themselves.
- Credit Risk Framework which has incorporated ESG principles since 2013
- Responsible lending policy for hedge funds.
- Group environmental policy (latest version published in May 2020).

The integration of group climate risks and opportunities largely lies with the Asset Manager (described below).

Medium to long-term risks:

Sanlam's strategic climate risks related to owned assets fall largely into the transitional risk category. Such risks involve the shift towards a low-carbon economy, driven by policy, market, technological, or reputational factors, which can impact the value of financial assets and give rise to various challenges. Investors are also affected by these transitional risks, as they demand more comprehensive information from companies regarding their approach to managing such risks. This has led to a growing demand for transparent disclosures that incorporate scenario analysis to assess climate-related financial risks and opportunities. Sanlam has embraced the recommendations of the TCFD as our principal method for integrating climate change considerations and assessing related risks.

Market Risks: Market preferences indicate a shift towards goods and services that contribute to global decarbonisation goals. As such, insured emissions from carbon-intensive companies pose a significant transition risk to the group. The likelihood of insured carbon-intensive assets becoming stranded increases as the world shifts towards low carbon economies where these assets devalue each year. The impacts have direct implications on Sanlam's annual financial statements and balance sheet.

Sanlam's responsible investment policy integrates sustainability across core processes, with a focus on long-term climate change and ESG risks.

The Sanlam Investment Group, through its Socially Responsible Investment (SRI) funds, provides retail and institutional clients in South Africa, the United Kingdom and elsewhere in Europe access to a comprehensive range of specialised investment management and risk management expertise. Sanlam Investment Group therefore assesses the risk of climate change, water shortages, land degradation, pollution and other ESG issues as part of our decision-making process to better understand the potential for companies to deliver their cash flows into the future.

In terms of active ownership, Sanlam Investment Group further addresses systemic issues in terms of climate for both active and passive investments through engagement and proxy voting. This ultimately improves the quality of return, and the sustainability of the market Sanlam Investment Group invests in. Sanlam Investment Group is looking to deploy R35 billion over the next 10 years via climate change projects, water initiatives and the Investors' Legacy impact range.

Furthermore, expansion into credit assets means that Sanlam is investing more in longer-term infrastructure projects, such as renewable energy, which is driven in part by market demand.

Reputation Risk: Sanlam recognises the significant impact that climate change matters can have on reputation. The impact of climate change on consumer behaviour and their preference for service providers is evident, as individuals prioritise organisations that demonstrate a commitment to climate responsibility. It is crucial for Sanlam to evaluate the ESG impact of our owned assets. The approach of asset owners to climate change can shape our relationships with stakeholders, including investors, clients, and communities. Stakeholders increasingly expect Sanlam, as an asset owner, to tackle climate-related risks, demonstrate sustainable practices, and provide relevant disclosures. Failure to meet these expectations can lead to reputational harm and loss of trust. As a listed company on the Johannesburg Stock Exchange, a signatory to the UN Global Compact, Sanlam is obligated to effectively address the challenges posed by climate change. Insufficient response to this challenge would significantly impact our reputation and brand. Difficulties in meeting customer preferences could result in a decline in revenues due to reduced demand for products and services.

In addition, failure to comply with climate change-related disclosures can result in shareholder disinvestment and harm to reputation. Reputational considerations have the potential to influence the value of financial assets and give rise to transition risks. Moreover, stakeholders increasingly demand detailed information from companies regarding their efforts to address the growing risks associated with weather events. Hence, reputational risks are an important factor that businesses must take into account.

In response to these demands, Sanlam has developed a roadmap to align with the recommendations of the TCFD. Sanlam recognises that climate risk is not merely isolated concern but a systemic risk with significant potential economic and social consequences.

Medium to long-term opportunities:

Sanlam sees opportunities within the changing landscape. One notable opportunity for lies in financing a just transition, where ESG investments actively reduce carbon emissions and improve social outcomes. As an asset owner and manager, Sanlam believes that proactive investment can drive transformative change. The provision of funds that invest in companies that have positive environmental and climate credentials is therefore a substantive climate-related opportunity for Sanlam. The primary financial impact of these funds is increased access to capital, for the development of largescale climate mitigation and adaptation infrastructure projects.

Sanlam continues to support the allocation of capital to combat climate change in emerging markets. Notable examples include the successful joint venture with Dutch Development Bank, FMO, which developed the blended finance Climate Investor One and Two funds, as well as the Sanlam Sustainable Infrastructure Fund.

The Climate Investor One (CIO) fund was the first such initiative by Climate Fund Managers, Sanlam's joint venture with the Dutch Development Bank, FMO. With the support of broad public and private sector commitment, the funds raised by Climate Investor One have been allocated to renewable energy

Response
<p>infrastructure projects, for example, a river-run-off hydro project in Uganda, an offshore wind project in India and a near-shore wind project in Vietnam. Sanlam's opportunity relates to the profits made by the fund, which is aimed at the new and emerging markets arising from efforts to decarbonise the global economy.</p> <p>Climate Investor Two (CIT) Fund delivers water, sanitation, and oceans infrastructure projects in emerging markets. Initially, the project will oversee a significant expansion of the 133 000 km² Galapagos Marine Reserve, protecting one of the most undisturbed and scientifically significant natural ecosystems on the planet.</p> <p>The Sanlam Sustainable Infrastructure Fund's purpose is to finance projects and companies across the broad spectrum of essential infrastructure sectors. The priority sectors include renewable energy (wind, solar, hydro) and water, among others.</p>
<p>• Asset Manager</p> <p>Sanlam's role as an asset manager is closely aligned with the group's sustainability strategy, which includes the same four strategic pillars and seven themes. These principles guide Sanlam's asset management activities and responsible investment approaches. In addition, the Group's asset management activities are guided by the same responsible investment approaches and policies.</p> <p>Medium to long-term risks:</p> <p>Medium to long-term risks for asset management mirror those faced by asset owners, particularly transitional risks related to the shift towards a low-carbon economy. These risks include changes in regulations, carbon pricing, and evolving market dynamics that can impact the value and performance of investments.</p> <p>Reputational risk: Reputational risks are also significant, as failure to address climate-related factors can impact stakeholder trust and demand. Sanlam's asset management activities face similar reputational risks to those articulated at the asset owner level.</p> <p>Market risk: As an asset manager, Sanlam acknowledges that the shift towards a low-carbon economy presents significant transition risks. Sanlam manages a substantial number of investments on behalf of policyholders, shareholders, and third-party clients, recognizing that some assets are exposed to both physical and transitional climate change risks. Transitional risks are becoming increasingly prevalent as the world transitions towards a low-carbon economy. These risks may include regulatory changes, carbon pricing, shifts in consumer preferences, advancements in clean technologies, and evolving market dynamics. Such transition risks can impact the value and performance of investments, particularly in carbon-intensive industries, and may result in challenges in attracting co-financiers or investors due to uncertain climate-related risks.</p> <p>The impacts of these risks include the potential for holding stranded assets, which may result in unexpected write-downs, devaluations, or liabilities due to factors like climate change, resource depletion, and evolving climate regulations. Climate-related factors can also introduce additional volatility into financial markets, leading to sudden shifts in asset prices and investor behaviour. Sanlam recognizes that failure to incorporate climate-related factors into investment strategies could result in the loss of clients, reduced demand for products, or missed investment opportunities.</p> <p>To proactively address these challenges, Sanlam Investments continues to engage actively in the Sanlam Group's efforts to assess and communicate climate-related risks associated with the group's managed assets, including investments in stocks, bonds, and other securities. The findings from these assessments are summarized in a comprehensive climate change position statement for the entire group. Additionally, Sanlam's risk management framework includes a focus on integrating climate-related risks into the overall enterprise risk management process, ensuring that the company remains resilient and responsive to the evolving landscape of climate risks and opportunities.</p> <p>Medium to long-term opportunities³¹:</p> <p>Climate change presents substantial opportunities for forward-thinking investors who opt to invest in emerging and sustainable sectors with promising growth. Companies with a strong focus on environmental, social, and governance (ESG) aspects have demonstrated the ability to outperform their competitors.</p> <p>Sanlam Investments has strategically focused on developing and expanding low-emission goods and services, leading to increased revenue streams by accessing new and emerging markets. These opportunities are often achieved through partnerships with governments and development banks. Sanlam has been actively involved in continuing and establishing environmental and climate change investment funds, which are applicable to Sanlam's asset management activities as well.</p>
<p>• Insurance Companies</p> <p>Sanlam and Santam generate revenue through our insurance activities and investments, serving clients in South Africa and selected emerging markets. In particular, Santam's comprehensive range of policies includes coverage for crop losses and catastrophe events. Our primary objective is to mitigate risk and safeguard our clients' financial well-being, ensuring that insured losses are covered by investment premiums.</p> <p>Santam Agriculture is the leading crop insurer in South Africa, specialising in named peril insurance and multi-peril crop insurance. Over the years, the demand for crop insurance has grown significantly, driven by factors such as increased commodity prices. However, increasingly, the agricultural sector is facing adverse impacts, including reduced crop yields and feedstocks, due to water scarcity caused by climate change. This could lead to financial hardships for farmers and agribusinesses, creating a greater need for crop insurance coverage. We are committed to supporting our customers in navigating these challenges and providing them with the necessary protection for their crops and livelihoods.</p> <p>Santam has continued to expand on the identification and management of risks and opportunities, which are disclosed in a stand-alone ClimateWise disclosure., at https://www.santam.co.za/media/esadyf4t/2023-santam_tcf_report.pdf</p> <p>Medium to long-term risks:</p> <p>Physical risks: Over the last four years, severe weather resulting from climate change has consistently ranked among the top 10 strategic group risks. Because of the combined effects of climate change and poor maintenance of infrastructure, insurance companies are expected to cover a wider range of risks. Sanlam notes in the 2022 Sustainability Report (page 3) that general insurance businesses are affected by increased frequency of extreme weather events. Consequently, these business activities recently recorded declines in earnings, with Santam's results in particular impact by adverse weather conditions including catastrophic floods in the KwaZulu-Natal province of South Africa in 2022.</p>

³¹ Available at: [sustainability-report-2023.pdf \(sanlam.com\)](https://www.sanlam.com/sustainability-report-2023.pdf).

Response

Devastating storms and floods pose severe financial risks to individuals, families, and insurers, threatening Sanlam's business. Even smaller events like hailstorms damage agriculture, infrastructure, housing, and production facilities, leading to increased insurance claims.

While risk mitigation measures help, complete elimination is impossible. The insurance sector assumes this risk by providing coverage against such events. In society, insurance serves as a risk manager, investor, and carrier. General insurance protects consumers and businesses financially after incidents.

Africa, especially the developing world, faces catastrophic climate change impacts. Water shortages hinder future development. Extreme weather events affect Sanlam's general insurance, leading to earnings declines, driven by adverse weather, rising claims, costs, and lower investment returns.

Traditional approaches fail to meet customer needs. A significant protection gap exists between economic and insured losses. Accordingly, the risk of increased severity and frequency of extreme weather means that Sanlam's risks relate to increased liabilities on insurance claims which largely lie within Santam.

Regarding general insurance products: Climate-related risks encompass instances like heightened severity and frequency of weather events such as droughts, floods, and fires, leading to increased insurance premiums and avoidable financial burdens for insurers. Additionally, there are potential reinsurance risks arising from the possibility of payment defaults.

Climate change also affects our business through liability claims, impacts on certain investment portfolios and changing market dynamics. Non-compliance with climate change related disclosures can lead to shareholder disinvestment and reputational damage. There is also a significant potential financial impact on the general insurance sector in terms of severe weather risks. Sanlam perceives these risks as having a potentially significant impact on insurers.

Regarding life insurance products: Climate change is anticipated to impact extreme weather events, mortality trends, environmental degradation rates, and agricultural developments. These changes could lead to elevated mortality rates and consequently affect future mortality claims. As per the Sanlam Integrated Report (page 76), life insurance earnings experienced a robust rebound due to reduced mortality claims compared to 2021, as the effects of Covid-19 waned. Nevertheless, there is a possibility increase life insurance claims in response to the effects of climate change.

Medium to long-term opportunities:

Sanlam and Santam generate revenue through our insurance activities and investments, serving clients in South Africa and selected emerging markets. In particular, Santam's comprehensive range of policies includes coverage for crop losses and catastrophe events. Our primary objective is to mitigate risk and safeguard our clients' financial well-being, ensuring that insured losses are covered by investment premiums.

Santam Agriculture is the leading crop insurer in South Africa, specialising in named peril insurance and multi-peril crop insurance. Over the years, the demand for crop insurance has grown significantly, driven by factors such as increased commodity prices. However, increasingly, the agricultural sector is facing adverse impacts, including reduced crop yields and feedstocks, due to water scarcity caused by climate change. This could lead to financial hardships for farmers and agribusinesses, creating a greater need for crop insurance coverage. We are committed to supporting our customers in navigating these challenges and providing them with the necessary protection for their crops and livelihoods.

• Facilities Manager

Operational climate change risks

Short and medium-term climate change risks:

Persistent shifts in weather patterns and extreme weather events pose significant physical risks for Sanlam Group. Among these risks, water scarcity stands out as one of the most critical threats to the global economy, particularly relevant in South Africa, where an ongoing drought situation is compounded by highly variable rainfall patterns.

The demand for freshwater is projected to surpass its supply by 2025, placing immense pressure on freshwater ecosystems. This issue is particularly acute in the Eastern and Western Cape provinces, with Nelson Mandela Bay in the Eastern Cape already experiencing critical water shortages in 2022, leading to the possibility of a dreaded scenario known as 'Day Zero' where the city's water supplies could run dry. Cape Town also faced a similar predicament in recent years. Conversely, the past two years witnessed some of the wettest seasons on record in Cape Town, resulting in floods and storm damage across the country. The analysis of ESG trends indicates an alarming increase in the severity and frequency of weather-related events worldwide, with coastal regions being more vulnerable to such occurrences. A prominent example in South Africa was the devastating KwaZulu-Natal floods in 2022.

In light of these conditions, the potential impact on Sanlam Group's business is severe, as disruptions caused by chronic weather changes and extreme events may force facilities to shut down, posing considerable challenges and risks to our operations.

Operational climate change opportunities

While there are opportunities to continue implementing resource efficiency initiatives at the respective Sanlam facilities, these opportunities are not categorised as priorities in the larger environment of potential business opportunities related to climate change impacts.

Sub-Principle 1.4: Ensure that our Board and Senior Management have the required knowledge and incentives to oversee risks and establish a culture aware of environmental issues.

Members can use this section to demonstrate how they ensure that their Board and senior management has access to knowledge (either directly for example through training, or indirectly through advice) and is incentivised in a way that encourages effective oversight of climate and nature issues. This might include a description of any training which has been undertaken.

References to supporting evidence:

- Sanlam Sustainability Report 2023³²: Pages 19, 46, 69, 70, 71, 122, 126, 133
- Sanlam Integrated Report 2023³³: Page 92, 117
- Sanlam Governance report 2023³⁴: Page 33, 35, 38, 42, 55

³² Available at: [sustainability-report-2023.pdf \(sanlam.com\)](#)

³³ Available at: [Sanlam-IR-2023.pdf](#)

³⁴ Available at: [Sanlam-Governance-Report-2023.pdf](#)

- Sanlam Climate Change Policy Statement 2023³⁵: Page 07
- Sanlam Responsible Investing report 2023³⁶:Pages 36, 41
- Sanlam Sustainability Integration and Disclosure Framework 2023³⁷: Page 11
- Questions in the 2023 CDP climate disclosure³⁸: Questions C1.1b, C1.3 C1.3a

Through structured governance mechanisms, ongoing training, and a proactive approach to compliance and regulatory engagement, Sanlam ensures that our Board and senior management are well-equipped to oversee climate and nature-related risks effectively. This strategy not only fosters a culture of environmental awareness but also aligns management incentives with sustainability objectives, thus supporting the successful implementation of climate- and nature-related activities across our organisation.

Response
<p>• Asset Owner</p> <p>The Sanlam Group Board is fundamentally responsible for overseeing risk management, including climate-related risks and opportunities. To ensure that the Board and senior management possess the necessary knowledge and incentives, Sanlam has established a robust governance framework supported by two key committees:</p> <ul style="list-style-type: none"> • Risk and Compliance Committee: This committee advises the Board on risk governance, specifically focusing on the identification, mitigation, and management of climate-related risks. It meets quarterly and provides feedback at every Board meeting, ensuring that climate issues are consistently addressed. • Social, Ethics, and Sustainability (SES) Committee: This committee monitors and advises the Board on all ESG matters, including climate-related risks and opportunities. The SES committee has expanded its role to ensure comprehensive oversight of sustainability strategies and disclosures. <p>Sanlam's compliance policy mandates adherence to applicable laws and standards across all jurisdictions, ensuring that both the Board and senior management are well-informed about regulatory expectations. The proactive engagement with regulators and industry bodies enhances the Board's understanding of emerging legislative changes, thus fostering a culture of compliance and responsiveness.</p> <p>The establishment of a robust governance framework, which includes the Risk and Compliance Committee and the SES Committee, demonstrates that Sanlam prioritises the integration of climate-related considerations at the highest levels of management. These committees are responsible for advising the Board on risk governance and monitoring ESG matters, ensuring that the Board and senior management possess the necessary knowledge and skills to manage climate-related risks effectively.</p> <p>The emphasis on training and development for staff within Sanlam Investments indicates a commitment to building the necessary competencies to handle climate-related issues. This aligns with the guidance that calls for evidence of training sessions to enhance skills and support the implementation of climate-related activities.</p>
<p>• Asset Manager</p> <p>Sanlam Investments operates under the governance framework established by the Sanlam Group, ensuring that compliance with current and emerging regulatory requirements is maintained at the Group level. This includes integrating ESG factors into investment processes, particularly concerning climate-related risks and opportunities.</p> <p>To build the necessary skills and competencies, Sanlam Investments emphasises training and development for our staff, ensuring they are equipped to manage climate-related issues effectively. The Group's commitment to responsible investment is reflected in our performance metrics, which increasingly incorporate ESG considerations, thereby aligning management incentives with sustainability objectives.</p> <p>Sanlam's integration of ESG factors into our investment processes and the performance metrics of senior management reflects efforts to build a culture that prioritises climate-related risk management. This is crucial for ensuring that environmental considerations are embedded in our operations and decision-making processes. Climate-related considerations are factored into our performance metrics of senior management, incentivising management to prioritise climate and nature-related considerations.</p>
<p>• Insurance Companies</p> <p>For Sanlam Life and Savings and Sanlam Emerging Markets, compliance with regulatory requirements, especially regarding climate change, is managed at the Group level. The Risk and Compliance Committee plays a critical role in evaluating climate risks within the insurance sector, ensuring these risks are integrated into our underwriting and investment decisions.</p> <p>The Group's governance structure ensures that the Board receives regular updates on climate and nature-related issues, facilitating informed decision-making. Additionally, the integration of climate-related considerations into the performance metrics of senior management incentivises a focus on sustainability, aligning their objectives with the broader corporate strategy.</p> <p>Sanlam's compliance policy mandates adherence to applicable laws and standards, ensuring that the Board and senior management are informed about regulatory expectations. This proactive engagement with regulators is essential for fostering a culture of compliance and responsiveness to emerging climate-related regulations. The governance structure ensures that the Board receives regular updates on climate and nature-related issues, facilitating informed decision-making. This ongoing communication is vital for maintaining awareness and responsiveness to climate risks.</p>
<p>• Facilities Manager</p> <p>The assessment of compliance with current and emerging regulatory requirements for facilities management is conducted at the Sanlam Group level. This includes ensuring that all operational aspects adhere to applicable laws and sustainability standards.</p> <p>Sanlam's commitment to sustainability extends to our facilities, where energy efficiency and environmental impact are prioritised. The Group's compliance framework ensures that facilities management practices support the overall climate strategy, contributing to regulatory compliance and environmental stewardship. This alignment with Sanlam's broader sustainability goals fosters a culture of responsibility and awareness of environmental issues throughout our organisation.</p>

Theme: Strategy

The Strategy Theme allows Members to describe their overarching strategy relating to climate and nature issues, including how they understand the potential impacts of climate and nature risks on their business plans and how they are adapting to take advantage of changes.

³⁵ Available at: [Climate-change-policy-statement.pdf \(sanlam.com\)](#)

³⁶ Available at: <https://7f9d07bc.flowpaper.com/SustainabilityReport2023/#page=1>

³⁷ Available at: [Sustainability-integration-and-disclosure-framework.pdf \(sanlam.com\)](#)

³⁸ Available at: [sanlam-cdp-submission-2023.pdf \(santam.co.za\)](#)

Sub-Principle 1.5: Describe the impacts and implications of climate- and nature-related risks and opportunities on our business model and performance, strategy and any decision-making processes.

Members can use this section to demonstrate how climate- and nature-related risks and opportunities have been incorporated into the business model, strategy and any decision-making processes. This might include a description of how scenario analysis has been considered as part of strategic planning. The ClimateWise Guidance sets out international goals/targets and frameworks which members could consider as part of strategy alignment.

References to supporting evidence:

- Sanlam Sustainability Report 2023³⁹: Pages 46, 53, 61, 65, 69, 71, 74, 75, 80, 114, 126, 128
- Sanlam Integrated Report 2023⁴⁰: pages 28, 30, 60, 62, 77, 92, 100
- Sanlam Governance report 2023⁴¹: Pages 05, 06, 42, 51, 52, 55
- Sanlam Climate Change Policy Statement 2023⁴²: Pages 04, 05, 06
- Santam Integrated Report 2023⁴³: Page 62
- Questions in the 2023 CDP climate disclosure⁴⁴: Questions C2.1 A
- Sanlam Sustainability Integration and Disclosure Framework 2023⁴⁵: Pages 06, 07
- Sanlam Responsible Investing report 2023⁴⁶: Pages 12, 13, 42, 71
- Sanlam Investment and insurance position statement on fossil fuels⁴⁷: Pages 04, 05
- Santam Integrated report 2023⁴⁸ : Pages 19, 62

Context:

Sanlam Group defines short-, medium- and long-term time horizons as follows:

Time horizon	Description
Short-term: 1-2 years	This is aligned with business plans, which focus on short term changes and actions. This also aligns with annual reduction targets and budgeting for CAPEX to implement projects.
Medium-term: 2-10 years	This horizon is used in forward-looking business plans, which include a longer-term view of operations, reduction targets and project identification, design and approval.
Long-term: 10-30	This 10-30-year horizon is used in forward looking business plans which include a longer-term view of operations, reduction targets and project design, including the allocation of capital for implementation. This aligns with more visionary strategic view of climate-related risks and opportunities.

Sanlam's 2023 annual reporting extensively addresses the integration of climate- and nature-related risks and opportunities into our business model, performance, strategy, and decision-making processes. By aligning with international frameworks and regulatory expectations, we ensure that our strategies, performance, and planning are resilient and forward-thinking, addressing both current and future climate challenges.

Sanlam Group developed an ESG committee in 2022, with the aim of improving ESG co-ordination and oversight for greater impact. All clusters and key functions are represented in the committee. The committee meets on a quarterly basis and reports to Group Exco to ensure that the sustainability strategy is implemented.

The involvement of numerous functions enables Sanlam to tackle ESG and climate risks across the Group. For example, the Group Risk Management committee co-ordinates the input of climate-related risks into the enterprise risk management process. In addition, the Group Sustainability Management team forms part of the Group Development function and is led by a member of the Group exco. This team coordinates all ESG matters across the Group, including the integration climate-related risks and opportunities into our overall strategy.

The following responses are provided according to our four broad business activity categories. Short-term climate risks and opportunities are largely physical and operational in nature, and pertinent at Sanlam's insurance and facility-levels. Sanlam's medium to long-term risks and opportunities are largely transitional and related to the Group's owned and managed assets.

Response
<p>• Asset Owner <u>Governance and Risk Management:</u></p> <p>The Sanlam Group Board holds ultimate responsibility for risk governance, ensuring a robust framework for managing climate-related risks and opportunities. The Risk and Compliance Committee plays a crucial role in advising the Board by establishing guidelines for effective risk management across our organisation. This includes identifying, mitigating, and managing climate-related risks, particularly those stemming from emerging regulations. The committee convenes quarterly and provides updates at each Board meeting. Additionally, the Social, Ethics, and Sustainability Committee oversees all ESG-related matters, ensuring that climate risks and opportunities are adequately monitored and addressed.</p> <p>Sanlam's compliance policy mandates adherence to applicable laws, codes, and standards across all jurisdictions in which it operates. Sanlam demonstrates our commitment to regulatory compliance through proactive engagement with regulators and industry bodies, anticipating legislative changes and adapting our business models accordingly. This approach allows Sanlam to remain agile in a diverse regulatory landscape, leveraging technology for improved data management and compliance with standards such as IFRS 17.</p>

³⁹ Available at: [sustainability-report-2023.pdf \(sanlam.com\)](https://www.sanlam.com/sustainability-report-2023.pdf)

⁴⁰ Available at: [Sanlam-IR-2023.pdf](https://www.sanlam.com/Sanlam-IR-2023.pdf)

⁴¹ Available at: [Sanlam-Governance-Report-2023.pdf](https://www.sanlam.com/Sanlam-Governance-Report-2023.pdf)

⁴² Available at: [Climate-change-policy-statement.pdf \(sanlam.com\)](https://www.sanlam.com/Climate-change-policy-statement.pdf)

⁴³ Available at: [santam_ir_2023.pdf](https://www.santam.co.za/media/pg5mlwlg/santam_ir_2023.pdf)

⁴⁴ Available at: [sanlam-cdp-submission-2023.pdf \(santam.co.za\)](https://www.santam.co.za/media/pg5mlwlg/santam_cdp_submission-2023.pdf)

⁴⁵ Available at: [Sustainability-integration-and-disclosure-framework.pdf \(sanlam.com\)](https://www.sanlam.com/Sustainability-integration-and-disclosure-framework.pdf)

⁴⁶ Available at: <https://7f9d07bc.flowpaper.com/SustainabilityReport2023/#page=1>

⁴⁷ Available at: [Investment-and-Insurance-position-statement-on-fossil-fuels.pdf \(sanlam.com\)](https://www.sanlam.com/Investment-and-Insurance-position-statement-on-fossil-fuels.pdf)

⁴⁸ Available at: https://www.santam.co.za/media/pg5mlwlg/santam_ir_2023.pdf

Response

Sanlam actively supports climate transition regulations and participates in projects aimed at developing transition roadmaps. Collaborating with research and industry bodies, the Group aims to stay at the forefront of best practices, positioning ourselves as a leader in adopting new standards. To enhance climate literacy within the organisation, Sanlam has developed an online course on climate-related risks and opportunities, achieving an impressive 86% completion rate among employees in 2022. These initiatives collectively underscore Sanlam's commitment to regulatory compliance and our proactive approach to addressing climate-related challenges.

Implementing effective compliance management practices is essential for mitigating compliance risks and enhancing the Group's capacity to address instances of non-compliance. Fostering a strong compliance culture at Sanlam ensures that employees understand their obligations and the protections compliance affords to the Group and our stakeholders. Regular assessments of compliance levels help identify areas for improvement, ensuring that our organisation remains aligned with evolving regulatory requirements.

Sanlam's governance and compliance structure encompasses the Group Compliance Office, business unit compliance teams, and legal departments, all of which manage compliance-related matters and uphold ethical conduct. The Group's Code of Ethical Conduct is regularly reviewed to maintain relevance across various markets. Key policies, including the Governance Policy and Compliance Policy, reinforce ethical behaviour throughout our organisation. Biennial ethical risk assessments evaluate the ethical climate and align outcomes with the Barrett Culture Surveys. The Group Compliance Officer leads the compliance function, promoting a culture of compliance and reporting to the Risk and Compliance Committee and the Board.

Investment Strategies:

In terms of investment strategies, Sanlam integrates ESG (Environmental, Social, and Governance) criteria to mitigate climate-related risks. The performance of these investments is regularly assessed against climate scenarios to ensure resilience. Investments are diversified to include green bonds and renewable energy projects, aligning with international climate goals. Strategic asset allocation involves evaluating climate risks and opportunities to ensure long-term sustainability, with decision-making processes informed by climate-related scenario analysis.

Sanlam's strategy aligns with the Paris Agreement and the EU Taxonomy, focusing on investments that support the transition to a low-carbon economy. The partnership with WWF-SA and integration of nature-based solutions, drive investment in ecological infrastructure and help improve risk management and disclosure around biodiversity issues. Our long-standing partnership with WWF South Africa enhances our reputation and brand value by showcasing our commitment to environmental stewardship. This positive association strengthens Sanlam's standing as a responsible and sustainable business, potentially attracting clients and investors who prioritise ESG criteria. Additionally, Sanlam's support for the rehabilitation and management of ecological infrastructure, as well as our water stewardship practices, contributes to stabilising and enhancing natural resources critical for various sectors. This involvement can lead to a more resilient investment portfolio by reducing exposure to environmental risks and opens up new avenues for business growth and adaptation in response to changing environmental conditions and market demands.

Investments in water stewardship and ecological infrastructure are likely to improve resource management, enhancing the efficiency and sustainability of Sanlam's operations and those of our partners. Furthermore, addressing climate and nature-related risks through partnerships helps Sanlam better manage potential disruptions related to water scarcity, biodiversity loss, and environmental degradation, thereby safeguarding long-term operational stability and performance.

Sanlam is committed to aligning its sustainability strategies with global environmental goals, enhancing strategic coherence with broader sustainability objectives and government policies. Sanlam's active engagement with stakeholders, including governments and development banks, supports sustainable development projects and positions the company as a proactive player in environmental governance. This leadership role can influence policy development and strategic priorities at both national and international levels.

The emphasis on climate resilience and ecological management in the partnership suggests that our decision-making processes are increasingly incorporating environmental considerations. This includes evaluating investment opportunities and operational practices through an ESG lens. Moreover, the multi-stakeholder approach necessitates enhanced engagement with various stakeholders, including governments, NGOs, and local communities, impacting how Sanlam prioritises and addresses stakeholder interests and concerns in our strategic planning. This ensures that biodiversity impacts are also considered in investment decisions.

Overall, Sanlam's comprehensive governance and compliance framework demonstrates a commitment to addressing climate-related risks and opportunities, ensuring that the organisation remains resilient and responsive to the evolving regulatory landscape.

• **Asset Manager**

The assessment of compliance with current and emerging regulatory requirements is undertaken at the Sanlam Group level.

ESG integration:

For asset managers, ESG integration is central to asset management practices, influencing portfolio construction and performance evaluation. Climate-related risks are assessed for each asset class, with a focus on minimising exposure to high-carbon industries.

Climate scenario analysis is used to inform investment strategies and identify opportunities in sectors poised for growth in a low-carbon economy. Decision-making includes climate risk assessments to align with international frameworks and sustainability goals. Compliance with TCFD recommendations ensures transparent reporting on climate risks. Sanlam's commitment to sustainability supports biodiversity conservation in investment decisions.

Development of climate-resilient investment products and active stewardship and voting policies to influence corporate behaviour towards better climate risk management are key practices in this area.

• **Insurance Companies**

Sanlam Life and Savings' and Sanlam Emerging Markets' assessment of compliance with current and emerging regulatory requirements rests at Sanlam Group level.

Climate integration and underwriting:

For insurance companies, climate-related risks, such as extreme weather events, are integrated into underwriting processes and pricing models. Insurance products are developed to promote resilience and adaptation to climate change impacts.

Scenario analysis is used to model the potential impacts of climate change on insurance liabilities and capital requirements. Strategic planning includes investments in green infrastructure and technologies to mitigate climate risks. Alignment with the Paris Agreement is achieved by promoting insurance solutions that support climate adaptation and mitigation, and compliance with local and international regulations on climate risk disclosure and management is maintained.

Response
Offering discounts on premiums for clients implementing sustainable practices and collaborating with governments and organisations to develop climate resilience programs are some of the example practices in this sector.
<p>• Facilities Manager</p> <p>The assessment of compliance with current and emerging regulatory requirements is undertaken at the Sanlam Group level.</p> <p><u>Sustainable Facility Management:</u></p> <p>For facilities managers, climate-related risks, such as energy efficiency and resource conservation, are integrated into facility management practices. Performance metrics include reductions in greenhouse gas emissions and improvements in building sustainability.</p> <p>Sanlam is committed to integrating sustainability into its decision-making processes, focusing on energy-efficient technologies and sustainable practices. Strategic planning includes initiatives to enhance resilience against climate impacts. Sanlam aligns its strategies with international frameworks and sustainability goals, demonstrating a commitment to responsible investment and environmental stewardship</p> <p>Implementing renewable energy solutions, such as solar panels, in managed facilities and conducting regular energy audits and sustainability assessments to identify and address climate and nature-related risks are some of the example practices in this area.</p>

Demonstrating Continuous Improvement (planned activities)

In 2023, Sanlam demonstrated continuous improvement in our approach to governance, risk management, and sustainability initiatives. We strengthened our ESG committee by incorporating additional expertise, increasing meeting frequency, and setting specific, measurable goals for climate and nature-related initiatives. This proactive management ensures that ESG issues are addressed comprehensively across our organisation. Sanlam also invests in advanced climate risk assessment tools and methodologies to evaluate climate-related vulnerabilities. This includes the development of a Climate Risk Profiling and Adaptation Tool, which is part of their Enterprise Risk Management (ERM) framework, which helps in assessing the implications of climate-related risks on business performance and informs their mitigation strategies, enhancing the accuracy of our predictions and the effectiveness of our mitigation strategies.

The scope of scenario analysis expands to cover a wider range of diverse and extreme climate scenarios. These findings are integrated into strategic planning across all business units, ensuring resilience under various future conditions. Sanlam commits to reviewing and updating our climate strategies annually, incorporating the latest scientific research and regulatory changes to maintain a forward-thinking and adaptive approach to sustainability. In terms of reporting and transparency, Sanlam provides more detailed disclosures on climate-related risks and opportunities in our annual sustainability and integrated reports. This includes specific metrics, progress against targets, and detailed case studies. We increased engagement with stakeholders through regular updates, consultations, and feedback mechanisms, ensuring transparency and incorporating stakeholder input into our climate strategies and performance evaluations.

Sanlam aims to significantly increase investments in renewable energy projects, targeting a higher percentage of our portfolio in sustainable assets by 2025. We implement energy efficiency projects across all facilities, setting clear targets for reductions in energy consumption and greenhouse gas emissions, thereby contributing to our overall sustainability goals.

To foster a culture of continuous learning, Sanlam develops ongoing training programs for employees, keeping them informed about the latest developments in climate science, regulatory changes, and best practices in sustainability. Additionally, initiatives are launched to educate clients about the importance of climate resilience and sustainable practices, providing support and resources to help them implement these practices effectively.

In 2023, Sanlam also rolled out new insurance products that specifically address climate-related risks, such as parametric insurance for extreme weather events. Sanlam introduced green financing solutions to incentivise sustainable practices among clients, offering lower interest rates for green projects or investments to promote broader adoption of sustainable practices.

Sanlam forms strategic partnerships with leading climate research institutions, non-profits, and industry groups to stay at the forefront of climate innovation and policy. Collaborative joint initiatives aim to enhance climate resilience and sustainability across the industry, driving broader changes and contributing to global sustainability goals. Through these comprehensive actions in 2023, Sanlam showcases our commitment to continuous improvement in addressing climate- and nature-related risks and opportunities, reinforcing our role as a responsible corporate citizen dedicated to sustainability and resilience.

Sub-Principle 1.6: Describe how environmental resilience plans are incorporated into business decision making, including disclosure of any material outcomes of climate risk scenarios.

Members can use this section to demonstrate how business decision making has included environmental resilience plans. This might include a description of how different climate scenarios have been considered as part of strategic planning.

References to supporting evidence:

- Sanlam Sustainability Report 2023⁴⁹: Pages 03, 52, 71, 62, 87, 129,
- Sanlam Integrated Report 2023⁵⁰: Pages 100
- Sanlam website: <https://www.sanlam.com/sustainability>.
- Questions in the 2023 CDP climate disclosure⁵¹: Questions C2.1a
- Sanlam Climate Change Policy Statement 2023⁵²: Pages 04, 05
- Sanlam investment and insurance position statement on fossil fuels 2023⁵³: Pages 04, 05,
- Sanlam Sustainability Integration and Disclosure Framework 2023⁵⁴: Pages 07, 08,
- Sanlam Responsible Investing report 2023⁵⁵: Pages 67,
- Santam Integrated Report 2023⁵⁶: Page 15

⁴⁹ Available at: [sustainability-report-2023.pdf \(sanlam.com\)](https://www.sanlam.com/sustainability-report-2023.pdf)

⁵⁰ Available at: [Sanlam-IR-2023.pdf](https://www.sanlam.com/sustainability-integrated-report-2023.pdf)

⁵¹ Available at: [sanlam-cdp-submission-2023.pdf \(santam.co.za\)](https://www.santam.co.za/cdp-submission-2023.pdf)

⁵² Available at: [Climate-change-policy-statement.pdf \(sanlam.com\)](https://www.sanlam.com/downloads/sustainability-reports/2023/Climate-change-policy-statement.pdf)

⁵³ Available at: <https://www.sanlam.com/downloads/sustainability-reports/2023/Investment-and-Insurance-position-statement-on-fossil-fuels.pdf>

⁵⁴ Available at: [Sustainability-integration-and-disclosure-framework.pdf \(sanlam.com\)](https://www.sanlam.com/downloads/sustainability-reports/2023/Sustainability-integration-and-disclosure-framework.pdf)

⁵⁵ Available at: <https://7f9d07bc.flowpaper.com/SustainabilityReport2023/#page=1>

⁵⁶ Available at: [santam_ir_2023.pdf](https://www.santam.co.za/ir-2023.pdf)

Context:

Sanlam Group defines short-, medium- and long-term time horizons as follows:

Time horizon	Description
Short-term: 1-2 years	This is aligned with business plans, which focus on short term changes and actions. This also aligns with annual reduction targets and budgeting for CAPEX to implement projects.
Medium-term: 2-10 years	This horizon is used in forward-looking business plans, which include a longer-term view of operations, reduction targets and project identification, design and approval.
Long-term: 10-30	This 10-30-year horizon is used in forward looking business plans which include a longer-term view of operations, reduction targets and project design, including the allocation of capital for implementation. This aligns with more visionary strategic view of climate-related risks and opportunities.

Sanlam has made significant strides in integrating environmental resilience plans into our business decision-making processes across our various units. This integration includes the adoption of climate-related scenario analyses to inform strategic planning and risk management, as well as the disclosure of material outcomes related to climate risks.

Response
<p>• Asset Owner The integration of formal climate-related scenario analyses into business strategy is a relatively recent development. To incorporate these analyses into our annual integrated reporting and other platforms, Sanlam Group has engaged a service provider.</p> <p>Sanlam has engaged a service provider to incorporate formal climate-related scenario analyses into our annual integrated reporting, with an emphasis on utilising qualitative and/or quantitative analysis methods. Over the next year or so, we plan to explore the adoption of climate-related scenario analysis tools, focusing on both qualitative and quantitative methods. This initiative is part of a broader strategy to assess climate-related risks and opportunities, particularly in the context of owned assets, where transitional risks associated with a shift to a low-carbon economy are increasingly recognised. Sanlam aims to quantify the impacts of these risks on our business strategy and financial planning, thereby integrating climate-related issues into long-term decision-making.</p>
<p>• Asset Manager Climate change scenario analyses will be considered at Sanlam Group level. At the asset management level, Sanlam is committed to considering climate change scenario analyses as part of our overall strategy and have initiated work in this regard. This includes leveraging insights from Santam's extensive efforts in risk management and modelling, which are reported separately to ClimateWise. The integration of climate-related factors into investment strategies is guided by responsible investment policies that prioritise sustainability and ESG criteria. Sanlam Investments aims to deploy R35 billion over the next decade into climate and nature-related projects and sustainable infrastructure, underscoring our proactive approach to managing climate risks and seizing opportunities in emerging markets.</p>
<p>• Insurance Companies Climate change scenario analyses will be considered at Sanlam Group level.</p> <p>Santam's substantial efforts will be utilised, particularly concerning the valuable insights gained from collaborative endeavours focused on sharing risk management and modelling expertise for informing business (and investment) decision-making processes. Santam's initiatives in this regard are reported separately to ClimateWise as part of a dedicated disclosure. The increasing demand for crop insurance due to climate impacts has been recognised, such as water scarcity and extreme weather events. Santam has expanded its risk management practices and continues to disclose its climate and nature-related efforts through TCFD reports. The insurance sector faces significant challenges from the rising frequency and severity of climate-related events, which have led to increased claims and financial risks. Santam's commitment to understanding and mitigating these risks is evident in our comprehensive approach to insurance coverage, ensuring that clients are protected against the financial impacts of climate change.</p>
<p>• Facilities Manager Climate change scenario analyses will be considered at Sanlam Group level. As a facilities manager, Sanlam is also considering climate change scenario analyses at the group level. We have made efforts to enhance the energy efficiency of our buildings, incorporating sustainable design principles and technologies. This includes initiatives aimed at reducing energy consumption and exploring science-aligned targets for emissions reduction. Sanlam's facilities management strategy reflects our commitment to sustainability and resilience, ensuring that operational practices align with broader climate goals.</p>

Continuous Improvement and Governance

Sanlam has made significant strides in managing the physical and transitional risks and opportunities of climate change by embracing the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The adoption of TCFD guidelines enables Sanlam to uniformly evaluate climate-related risks and opportunities across various business processes and products, considering both short-term physical risks and medium to long-term transitional risks.

Sanlam's annual sustainability report transparently discloses our performance in relation to the TCFD recommendations. We actively encourage our clients in the insurance and investment sectors to embrace the TCFD framework for reporting their climate-related risks and opportunities. As an increasing number of our clients adopt the TCFD guidelines, it enables us to align our understanding of climate risks, thereby enhancing collaborative efforts in our strategic response to these challenges. Our approach to managing climate-related risks and opportunities is guided by our four strategic sustainability pillars: shared value creation, financial inclusion, ESG integration in asset management, and strategic partnerships. These pillars are underpinned by seven themes aligned with priority Sustainable Development Goals (SDGs), including climate action.

As an asset owner, Sanlam has defined short-, medium-, and long-term time horizons for assessing climate-related risks and opportunities. Short-term risks are primarily physical and operational, while medium to long-term risks are largely transitional, focusing on the shift towards a low-carbon economy. In addition, our responsible investment guidelines, credit risk framework, and group environmental policy incorporate climate-related considerations into investment decisions.

Sanlam Investment Group is dedicated to deploying significant resources into climate change and nature-related projects, as well as sustainable infrastructure. This commitment underscores their dedication to addressing climate risks and contributing to sustainable development. Sanlam's strategic focus on sustainability and responsible investment is evident in their various initiatives and investments aimed at supporting a low-carbon economy and addressing climate-related risks.

Sanlam's insurance operations, particularly through Santam, are actively managing climate-related risks. Santam has developed comprehensive policies to address the increasing demand for crop insurance due to climate impacts such as water scarcity and extreme weather events. The company has recognised

that climate change significantly affects our claims profile and has published a TCFD report outlining our climate-related initiatives and risk management strategies.

Sanlam's commitment to managing climate-related risks and opportunities is further reinforced by the establishment of our ESG committee in 2022. The committee, which includes representation from all clusters and key functions, meets quarterly to coordinate the integration of climate-related risks into the enterprise risk management process. We have also developed an online course to improve climate change literacy among employees, with a high participation rate. Therefore, Sanlam's comprehensive approach to managing climate-related risks and opportunities, guided by the TCFD recommendations and considering scenario analysis, demonstrates our commitment to building a sustainable future. By integrating climate considerations into our governance, strategy, risk management, and performance metrics, Sanlam is well-positioned to navigate the challenges posed by climate change and contribute to a more resilient economy.

Sub-Principle 1.7: Describe the outcomes of our materiality analysis and any material climate- and nature-related risks and opportunities that affect our prospects.

Members can use this section to demonstrate how materiality analysis has been used to assess exposure to climate- and nature-related risks and opportunities. This might include describing the material nature and climate-related impacts, risks and opportunities which have been considered. The ClimateWise Guidance sets out considerations which members could consider as part of their materiality analysis.

References to supporting evidence:

- Sanlam Sustainability Report 2023⁵⁷: Pages 03, 14-30, 35, 47, 55, 65, 71, 75, 78, 79, 80
- Sanlam Integrated Report 2023⁵⁸: Pages 04, 06, 19, 20, 65, 76, 118
- Sanlam Governance report 2023⁵⁹: Page 02, 05, 10, 24, 65, 32
- Sanlam Climate Change Policy Statement 2023⁶⁰: Pages 04, 05
- Sanlam Sustainability Integration and Disclosure Framework 2023⁶¹: Pages 06, 07, 08, 17
- Sanlam Responsible Investing report 2023⁶²: Pages 16, 71

Sanlam's 2023 sustainability reporting outlines the outcomes of our materiality analysis concerning climate- and nature-related risks and opportunities, aligning with regulatory expectations and best practices. This comprehensive analysis is essential for understanding our exposure to these risks and opportunities, which are increasingly recognised as critical factors influencing long-term business viability. Sanlam employs both single and double materiality perspectives, ensuring that the analysis captures not only the financial implications of climate risks but also the broader environmental and social impacts. The materiality analysis is treated as a dynamic document, reviewed and updated periodically to reflect the evolving landscape of climate-related challenges and opportunities.

Response
<p>• Asset Owner</p> <p>As an asset owner, Sanlam is committed to integrating sustainability into our investment strategies. We recognise that climate-related risks and opportunities can significantly impact our financial performance and long-term strategy. The materiality analysis has identified various short-term, medium-term, and long-term risks associated with climate change. Short-term risks primarily manifest as physical and operational challenges, particularly affecting insurance and facility management levels. These include increased claims due to extreme weather events, which can strain resources and impact profitability. In the medium to long term, Sanlam faces transitional risks associated with the global shift towards a low-carbon economy. These risks arise from regulatory changes, market dynamics, and evolving consumer preferences, which can influence the value of financial assets. For instance, the likelihood of stranded assets increases as the demand for carbon-intensive goods diminishes. To address these challenges, Sanlam has committed to investing R35 billion over the next decade in climate change projects, including renewable energy initiatives and infrastructure development, thereby positioning ourselves as a leader in sustainable investment.</p>
<p>• Asset Manager</p> <p>Sanlam Investments plays a pivotal role in managing climate-related risks and opportunities within our organisation. The asset management strategy is guided by responsible investment principles that emphasise the integration of environmental, social, and governance (ESG) factors into decision-making processes. The materiality analysis reveals that transitional risks are particularly pertinent to the asset management sector, as investors increasingly demand transparency regarding how climate risks are managed. Sanlam Investments is actively working to align our practices with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), ensuring that it provides comprehensive disclosures on our climate and nature-related financial risks and opportunities. Moreover, Sanlam Investments has successfully launched several climate-focused funds, such as the Climate Investor One and Two funds, which mobilise significant capital for renewable energy and climate resilience projects. These initiatives not only mitigate climate risks but also create substantial growth opportunities in emerging markets. By focusing on low-emission goods and services, Sanlam Investments aims to tap into new revenue streams while contributing to global decarbonisation efforts.</p>
<p>• Insurance Companies</p> <p>Sanlam's insurance segment, particularly through Santam, faces unique climate-related challenges and opportunities. The materiality analysis highlights the increasing frequency and severity of extreme weather events as a significant risk factor. These physical risks have direct implications for the insurance business, leading to higher claims and potential declines in profitability. For example, catastrophic events such as floods and droughts have strained resources and impacted financial performance. Santam has recognised the growing demand for crop insurance and has expanded our offerings to support farmers facing climate-related challenges, thereby addressing both risk management and social responsibility.</p> <p>The insurance sector also grapples with reputational risks associated with climate change. As consumers increasingly prioritise sustainability, Sanlam must demonstrate our commitment to responsible practices to maintain stakeholder trust. This includes transparent reporting on climate-related risks and opportunities, as well as proactive engagement with clients and communities to promote resilience against climate impacts.</p>
<p>• Facilities Manager</p> <p>Sanlam recognises that climate-related risks at the facility level primarily encompass operational challenges, such as energy consumption and resource management. We have implemented measures to reduce energy usage and promote sustainable practices across our facilities, aligning with our broader ESG objectives.</p> <p>Sanlam's facility management practices are aligned with our sustainability objectives, focusing on reducing operational footprints and enhancing resource efficiency. The materiality analysis indicates that climate-related risks at the facility level primarily encompass operational challenges, such as energy consumption and resource management. By implementing measures to improve sustainability across our facilities, Sanlam not only mitigates risks but also enhances our overall environmental performance.</p>

⁵⁷ Available at: [sustainability-report-2023.pdf \(sanlam.com\)](https://www.sanlam.com/sustainability-report-2023.pdf)

⁵⁸ Available at: [Sanlam-IR-2023.pdf](https://www.sanlam.com/Sanlam-IR-2023.pdf)

⁵⁹ Available at: [Sanlam-Governance-Report-2023.pdf](https://www.sanlam.com/Sanlam-Governance-Report-2023.pdf)

⁶⁰ Available at: [Climate-change-policy-statement.pdf \(sanlam.com\)](https://www.sanlam.com/Climate-change-policy-statement.pdf)

⁶¹ Available at: [Sustainability-integration-and-disclosure-framework.pdf \(sanlam.com\)](https://www.sanlam.com/Sustainability-integration-and-disclosure-framework.pdf)

⁶² Available at: <https://7f9d07bc.flowpaper.com/SustainabilityReport2023/#page=1>

Demonstrating continuous improvement (planned activities)

Sanlam's materiality analysis is an ongoing process that evolves over time to incorporate emerging climate risks and opportunities. We revisit our materiality assessment periodically to ensure it remains relevant and responsive to the changing landscape of sustainability challenges. By defining short-term (1-2 years), medium-term (2-10 years), and long-term (10-30 years) time horizons for our materiality analysis, we can consider climate-related risks and opportunities across different time scales, aligning with our strategic objectives.

In the short term, Sanlam's materiality analysis focuses on physical and operational risks, particularly at the insurance and facility management levels. These risks include increased claims due to extreme weather events and operational disruptions. Medium to long-term risks are primarily transitional, related to the shift towards a low-carbon economy. These transitional risks involve policy changes, market dynamics, technological advancements, and reputational factors that can impact the value of financial assets. Sanlam recognises that investors increasingly demand transparency regarding how climate risks are managed, leading to a growing need for comprehensive disclosures that incorporate scenario analysis.

To ensure our materiality analysis remains current, we have aligned our practices with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). This alignment enhances our disclosures on climate-related financial risks and opportunities, meeting stakeholder expectations and demonstrating a commitment to transparent reporting. Furthermore, Sanlam established an ESG committee in 2022 to improve coordination and oversight of sustainability initiatives across the Group. This committee meets quarterly to assess progress and ensure alignment with strategic sustainability goals, facilitating the integration of emerging climate risks into the materiality analysis.

The Group Sustainability Management team, led by a member of the Group Executive Committee, coordinates all ESG matters across Sanlam, including the incorporation of climate-related risks and opportunities into the overall strategy. This collaborative approach enables Sanlam to address ESG and climate risks comprehensively across our operations. Additionally, we consider a wide range of ESG and sustainability frameworks and standards in our reporting, including:

- o Task Force on Climate-related Financial Disclosures (TCFD)
- o Global Reporting Initiative (GRI) Standards
- o International Sustainability Standards Board (ISSB)
- o Sustainability Accounting Standards Board (SASB)
- o Sustainable Finance Disclosure Regulation (SFDR)
- o Corporate Sustainability Reporting Directive (CSRD)
- o United Nations Principles for Responsible Investment (UNPRI)
- o Code for Responsible Investing in South Africa (CRISA)

Sanlam is considering internal carbon pricing as a strategic tool to guide investment decisions and operational strategies, reflecting our commitment to understanding the financial implications of carbon emissions and incentivising sustainable practices across our organisation. The materiality analysis is revisited regularly to incorporate emerging climate risks and opportunities, ensuring that Sanlam remains responsive to the evolving landscape of sustainability challenges.

Therefore, Sanlam's 2023 sustainability reporting provides a detailed overview of our materiality and double materiality analysis outcomes, highlighting our proactive approach to managing climate- and nature-related risks and opportunities. By integrating sustainability and materiality assessments into our core business strategies across asset ownership, asset management, insurance, and facility management, Sanlam is well-positioned to navigate the complexities of climate change while contributing positively to society and the environment.

Theme: Risk Management

The Risk Management Theme allows members to describe how climate and nature issues are embedded in their risk management framework, and how scenario analysis supports the effective process of risk management.

Sub-Principle 1.8: Establish appropriate processes to identify, assess and prioritise climate and nature-related impacts, risks, and opportunities.

Members can use this section to demonstrate how they identify climate- and nature-related impacts, risks and opportunities. Effective Risk Management Frameworks would also set out the assessment and prioritisation of such issues. Demonstrations of this process might include describing the risk management processes and policies in place and explaining how climate and nature risks fit into the risk management framework (e.g., as separate risks in the organisation's risk universe or as "cross-cutting" risks which have broader impacts). The ClimateWise Guidance sets out topics which members could consider.

References to supporting evidence:

- Sanlam Sustainability Report 2023⁶³: Pages 13, 50, 52,62, 63, 70, 71, 87, 112, 128, 129
- Questions in the 2023 CDP climate disclosure⁶⁴: Question C1.1b, C1.2
- Sanlam Climate Change Policy Statement 2023⁶⁵: Pages 04, 05,
- Sanlam Governance report 2023⁶⁶ : Page 02, 35, 38, 43, 39, 51
- Sanlam Integrated Report 2023⁶⁷: Page 06, 27, 30, 64,79, 114
- Sanlam Sustainability Integration and Disclosure Framework 2023⁶⁸: Pages 06, 08
- Sanlam Responsible Investing report 2023⁶⁹: Pages 12, 14, 25, 71

Sanlam's 2023 annual reporting demonstrates a comprehensive approach to establishing processes that identify, assess, and prioritise climate- and nature-related impacts, risks, and opportunities. This response integrates our strategies across various sectors, including asset ownership, asset management, insurance, and facilities management, showcasing our commitment to sustainability and responsible practices.

Response

⁶³ Available at: [sustainability-report-2023.pdf \(sanlam.com\)](https://www.sanlam.com/sustainability-report-2023.pdf)

⁶⁴ Available at: [sanlam-cdp-submission-2023.pdf \(santam.co.za\)](https://www.santam.co.za/sanlam-cdp-submission-2023.pdf)

⁶⁵ Available at: [Climate-change-policy-statement.pdf \(sanlam.com\)](https://www.sanlam.com/climate-change-policy-statement.pdf)

⁶⁶ Available at: [Sanlam-Governance-Report-2023.pdf](https://www.sanlam.com/Sanlam-Governance-Report-2023.pdf)

⁶⁷ Available at: [Sanlam-IR-2023.pdf](https://www.sanlam.com/Sanlam-IR-2023.pdf)

⁶⁸ Available at: [Sustainability-integration-and-disclosure-framework.pdf \(sanlam.com\)](https://www.sanlam.com/Sustainability-integration-and-disclosure-framework.pdf)

⁶⁹ Available at: <https://7f9d07bc.flowpaper.com/SustainabilityReport2023/#page=1>

• **Asset Owner**

Sanlam’s Own Risk and Solvency Assessment (ORSA) is a comprehensive process that integrates results from various embedded processes across the Sanlam Group and our clusters, forming a key component of the Group Enterprise Risk Management (ERM) framework. Managed by the Group risk function, the ORSA process produces a quarterly Group ORSA Update Report. This report provides in-depth assessments and analyses of the Group's strategic and operational risks, including our risk profile, appetite, stress testing, and projections for the business planning horizon. It also covers climate and nature-related risks. The report is reviewed by management and presented at Sanlam’s Risk and Compliance Committee and Board meetings.

The ORSA process is well-established and extends to the cluster level, where each cluster conducts parallel ORSA processes. These cluster-level assessments focus on strategic and operational risks, risk profiles, risk appetites, emerging risks, solvency, and stress testing with forward-looking projections. Climate change and nature-related risks are addressed at various organisational levels:

1. Strategic Climate Change Risks: Evaluated through a top-down approach.
2. Operational Climate Change Risks: Assessed using a bottom-up approach related to Sanlam's day-to-day operations.

Each cluster's finance and risk committee maintain risk registers and reports, providing feedback on financial, strategic, risk, and operational matters to the Sanlam Life and Limited Boards through Quarterly Business Review cluster forums. These forums also address sustainability issues, including climate change risks, which are escalated to the Group level when necessary. The Group places a strong emphasis on emerging risks, such as those related to climate change, which might not fit into the usual risk framework. Emerging risks are scanned quarterly, with internal scanning involving key subject matter experts and external scanning focusing on industry and media risk reports.

The Group ERM Forum leads the assessment of potential climate-related risks and opportunities. Risks are categorised into general, financial, or business-specific categories, with further sub-categories determined by business owners, stakeholders, and regulations. Sustainability risks are included in this process and prioritised based on materiality and their impact on the business.

Sanlam's risk appetite statement outlines the acceptable financial or strategic impacts of risks, with the Board playing a pivotal role in setting this statement and establishing limits for identified risk categories, including climate-related risks.

The process to identify emerging risks is illustrated below:

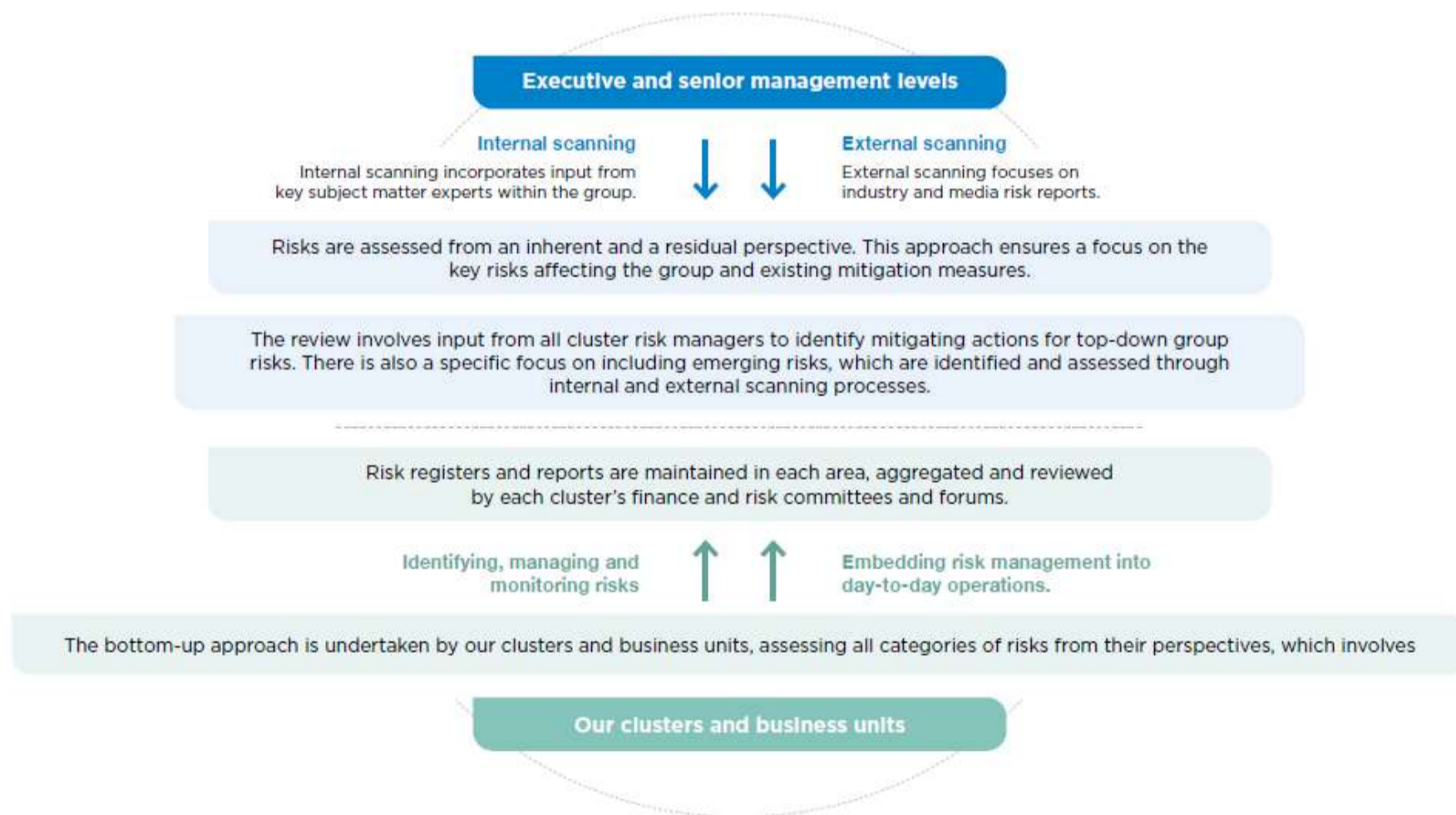


Figure 8: Process to identify emerging risks. Source Sanlam integrated Annual Report 2023, page 64

In 2023, Sanlam made significant strides in supporting climate change mitigation in emerging markets. This included building on our successful joint venture with the Dutch Development Bank, FMO, through the Climate Investor One (CI1) and Climate Investor Two (CI2) funds. The Risk and Compliance Committee integrated ESG (Environmental, Social, and Governance) principles, with a particular focus on climate change, into our risk management framework, thereby supporting responsible investing.

As an insurance provider, Sanlam Group emphasises emerging risks, such as those posed by climate change, which fall outside the usual risk framework. The Social, Ethics, and Sustainability (SES) Committee monitors Sanlam’s ESG activities and advises the Board on ESG matters, including climate-related risks and opportunities. The SES Committee’s scope has expanded to include comprehensive oversight of ESG issues, with regular updates provided to the Board. The Risk Committee assists the Board with evaluating climate risks and responsible investment.

Sustainability and climate-related concerns remain central to the Board’s agenda, with all business units and subsidiaries required to include social, ethics, and sustainability issues in their board agendas. This ensures a coordinated approach to climate risk management across our organisation.

Sanlam utilises several committees to manage climate-related risks and opportunities, including:

- Audit Committee: Oversees non-financial information and supports risk management.
- Actuarial Forum and Finance and Risk Forums: Assist with risk control.
- Chief Audit Executive: Ensures effective internal audit control and reports to the Audit Committee and Group Finance Director.
- Risk and Compliance Committee: Advises on risk, ethics management, and compliance.
- Finance Committee: Manages the Group’s combined assurance approach.

Sanlam Group is committed to sustainable insurance practices. Sustainable insurance is a strategic approach where all activities in the insurance value chain, including interactions with stakeholders, are done in a responsible and forward looking way by identifying, assessing, managing and monitoring risk and opportunities associated with environment, social and governance issues.

Sanlam Group adheres to various policies/guidelines in this regard, including:

- Responsible investment guidelines. Climate change and nature-related impacts and drivers are necessary considerations for responsible investment which not only benefits the environment and communities whom Sanlam Group's clusters serve by making them more climate-resilient, but also benefits Sanlam Group's clusters by ensuring that the Group's medium to long-term strategies are sustainable.
- Credit Risk Framework which has incorporated ESG principles since 2013.
- Responsible lending policy for hedge funds.
- Group environmental policy (latest version published in May 2020).

In 2023, Sanlam progressed on undertaking our climate change scenario analysis, which is still under assessment. The ESG Committee now oversees a broader range of ESG issues, including climate change and nature-related risks. The Sanlam Investment Group finalised our policy on climate change and fossil fuel investment, aiming to decarbonise our investment portfolio and support a just transition for vulnerable communities. Partnerships with sustainability leaders like Robeco and the proposed collaboration with Allianz are enhancing ESG integration. Sanlam also introduced a climate awareness course to educate stakeholders and appointed ESG specialists within Sanlam Life and Savings and Sanlam Emerging Markets.

Sanlam Investment Group participated in the TNFD pilot program, aiding in quantifying biodiversity and climate transition risks to integrate this data into the investment process. Sanlam is among the first cohort of companies to publicly commit to adopting the TNFD recommendations by 2025. Sanlam launched the Sanlam SANParks Rural SMME Fund, a R10 million initiative aimed at providing interest-free short-term funding to local micro enterprises that supply goods and services to SANParks, particularly in the Kruger National Park. Each qualifying micro enterprise can receive up to R1 million to fulfil purchase orders, with the program beginning in October 2023.

Within two months, the fund disbursed R2.8 million to nine micro enterprises, enabling them to scale operations and create jobs, thereby contributing to the economic development of local communities. This initiative is part of a broader strategy to support sustainable business practices and enhance the supply chain for SANParks, with the goal of fostering long-term financial sustainability for these enterprises. The program is expected to run for one year and includes development support from the enterprise development agency I Am An Entrepreneur (IAAE). Sanlam's commitment is aligned with the South African National Development Plan's vision of SMMEs as crucial drivers of economic growth and job creation in the country.

Sanlam also implemented a climate awareness course to educate stakeholders on climate-related matters. To ensure the effective incorporation of ESG considerations, Sanlam Life and Savings and Sanlam Emerging Markets appointed dedicated ESG specialists to work closely with the sustainability function.

Additionally, Sanlam introduced ESG and culture Key Performance Indicators (KPIs) in 2023, linking 10% of Group Exco's short-term incentives to these metrics. Sanlam maintains emission and water reduction targets, aiming for a 10% reduction against a 2019 baseline by 2025. Sanlam's facilities' function diligently tracks consumption patterns and changes related to electricity, water, diesel, petrol, aircon gas, and waste to effectively manage environmental impact. These initiatives demonstrate Sanlam's commitment to addressing climate-related risks and opportunities in a responsible and sustainable manner.

Sanlam's material matters are crucial factors identified by our leadership team that significantly influence the decisions of shareholders and potential long-term investors, particularly in emerging markets. These matters are integral to assessing our ability to create shared value over various time frames. The identification process is comprehensive, involving top leadership, key functions, and independent experts. It evaluates factors based on their potential impact on long-term value creation. The board approved the suite of reports for the 2023 reporting cycle, which incorporates these material matters into the integrated and sustainability reports.

A workshop facilitated by an independent expert helped distil the most relevant issues, considering Sanlam's business model, risks, opportunities, and ESG (Environmental, Social, and Governance) frameworks. The double-materiality approach emphasises both our impacts on stakeholders and external factors affecting our operations. This aligns with Sanlam's sustainability objectives, which focus on trust, financial inclusion, strategic alliances, responsible investment, and governance.

Overall, the materiality determination process is an ongoing effort that integrates stakeholder perspectives and aims to enhance decision-making and reporting efficiency, ensuring that we remain aligned with our strategic goals amid evolving market trends.

In 2023, Sanlam continued our robust commitment to supporting climate change mitigation and adaptation, enhancing our strategic efforts through several key initiatives. Sanlam made significant progress in the allocation of capital to combat climate change in emerging markets, building on the successful joint venture with Dutch Development Bank, FMO. The Climate Investor One (CI1) and Climate Investor Two (CI2) funds were operationalised, with CI1 focusing on renewable energy projects and CI2 targeting infrastructure projects, including water, sanitation, and oceanic infrastructure.

The Risk and Compliance Committee has further integrated ESG principles into our risk management framework, with a continued emphasis on climate change considerations. This integration supports Sanlam's broader strategy for responsible investing and risk management. Meanwhile, the Social, Ethics, and Sustainability (SES) Committee remains crucial in monitoring and advising on ESG matters, including climate and nature-related risks and opportunities. Its scope has expanded to include comprehensive oversight of ESG issues, and it provides regular updates to the Board. The Risk Committee also plays a vital role in assisting the Board with evaluating climate risks and responsible investment.

Sustainability, particularly climate and nature-related concerns, continues to be a central agenda item for the Board. All business units and subsidiaries are required to integrate social, ethics, and sustainability issues into their board agendas, ensuring a coordinated approach to managing climate risks across our organisation.

We are dedicated to sustainable insurance practices, adhering to policies and guidelines such as Responsible Investment Guidelines, which consider climate change and nature-related impacts for long-term sustainability; a Credit Risk Framework incorporating ESG principles since 2013; and a Responsible Lending Policy for hedge funds. The Group's Environmental Policy was last updated in May 2020.

• **Asset Manager**

Sanlam Investments is committed to sustainable and responsible investments. Sanlam Investments is a signatory to the UN Principles of Responsible Investing and subscribed to the Code for Responsible Investing in South Africa (based on the UN Principles of Responsible Investing) in 2011. As part of the investment process, Sanlam integrates sustainability considerations, including environmental, social, and governance factors, aiming to deliver risk-adjusted returns while promoting environmental sustainability.

To assess investment risks, Sanlam Investments subscribes to ESG research conducted by an external ratings provider, using public information to evaluate ESG risk. If concerns arise, engagement dialogues with companies are initiated to seek further clarity.

Sanlam Investments actively promotes environmental sustainability by encouraging companies to report on material environmental issues, monitoring their environmental management, and ensuring adherence to relevant laws and guidelines. Sanlam Investments also conducts research on investment-related environmental risks and opportunities, integrating sustainability considerations into their investment process.

In terms of active ownership, Sanlam Investments addresses systemic climate issues through engagement and proxy voting for both active and passive investments, enhancing market sustainability and returns. The escalation policy allows for engagement with companies and collaboration with other investors to address material environmental issues.

Sanlam Investments discloses our environmental sustainability efforts to clients, promotes industry best practices, and aims to manage conflicts of interests effectively.

With a clear roadmap, Sanlam Investments seeks to drive ESG incorporation, forming partnerships with like-minded organisations such as Robeco and Climate Fund Managers. Sanlam Investments plans to invest R35 billion over the next decade in climate change projects, water initiatives, and the Investors' Legacy impact range.

Moreover, Sanlam Investments recognises climate change opportunities and plans to participate in group-level climate scenario analyses to understand impacts on the business, strategy, and financial planning. This analysis will encompass climate change risks and opportunities associated with owned and managed assets, guiding the long-term business strategy.

Through these practices and commitments, Sanlam Investments ensures a comprehensive approach to identifying, assessing, and prioritising climate-related risks and opportunities, spanning various sectors, geographies, and business segments while contributing to a more sustainable future.

• Insurance Companies

Sanlam Life and Savings and Sanlam Emerging Markets also incorporate ESG factors into their credit approval processes. To incorporate ESG in decision-useful ways, Sanlam Life and Savings appointed dedicated ESG specialists. These individuals will be working closely with the sustainability function.

The aim is to entrench the consideration of environmental, sustainability and governance principles when making lending decisions. Understanding these issues and the potential impact of environmental, sustainability and governance factors on both investment strategy and the broader operating environment is therefore an integral part of good governance for Sanlam's insurance companies.

• Facilities Manager

Sanlam's facilities management team monitors risks and opportunities associated with South African facilities and intends to expand monitoring into Africa. An internal IT system monitors energy, water, waste, and recycling patterns. The facilities manager reports any identified climate change and nature-related risks or opportunities to the sustainability team. Sanlam Group measures GHG data at all our facilities, which information is reported to Sanlam management and executives responsible for managing climate-related risks within the facilities, supported by the facilities manager.

Figure 9

Sub-Principle 1.9: Put in place mechanisms to monitor and manage climate and nature-related risks and opportunities.

Members can use this section to demonstrate how climate- and nature-related risks and opportunities are monitored and managed on an ongoing basis. This might include describing the processes and policies which are used to prioritise and manage climate- and nature-related impacts, risks and opportunities supported by a range of qualitative and quantitative metrics used in monitoring. Detail in this section might include a discussion of the implications of the risk management framework, including setting risk preferences and risk appetites. The ClimateWise Guidance sets out topics which members could consider.

References to supporting evidence:

- Sanlam Sustainability Report 2023⁷⁰: Pages 46, 63, 70, 71, 78, 95, 126
- Questions in the 2023 CDP climate disclosure⁷¹: Question C1.1b, C1.2
- Sanlam Climate Change Policy Statement 2023⁷²: Pages 07, 08
- Sanlam Governance report 2023⁷³ : Page 12, 22, 23, 32, 33, 38, 39, 48, 51
- Sanlam Integrated Report 2023⁷⁴: Page 08, 19, 67, 79, 64, 89
- Sanlam investment and insurance position statement on fossil fuels 2023⁷⁵: Page 02, 05
- Sanlam Climate change resilience report 2021 ⁷⁶: Pages 15, 16
- Sanlam Responsible Investing report 2023⁷⁷: Pages 74,
- Sanlam Sustainability Integration and Disclosure Framework 2023⁷⁸: Pages 09, 10,

Sanlam is committed to climate and nature-related risk management and monitoring practices, addressing the increasing expectations outlined by regulatory frameworks including the TCFD and TNFD. Our approach integrates comprehensive processes and policies to manage and prioritise these risks and opportunities across our upstream and downstream value chains. By embedding these considerations into our strategic planning, we ensure that we remain resilient in the face of transition, physical, and liability risks while capitalising on climate and nature-related opportunities. The following sections detail our specific mechanisms and practices within different business areas, including asset ownership, asset management, insurance operations, and facilities management, showcasing our dedication to sustainability and effective risk management.

Response

• Asset Owner

Sanlam employs a comprehensive Own Risk and Solvency Assessment (ORSA) process within our Enterprise Risk Management (ERM) framework to effectively monitor and manage climate-related risks and opportunities. The ORSA process integrates various procedures at both the Group and cluster levels, culminating in the production of quarterly Group ORSA Update Reports. These reports provide assessments and analyses of the Group's strategic and operational risks, risk profiles, risk appetites, stress testing, and future projections for the business planning horizon. These comprehensive reports are

⁷⁰ Available at: [sustainability-report-2023.pdf \(sanlam.com\)](https://www.sanlam.com/sustainability-report-2023.pdf)

⁷¹ Available at: [sanlam-cdp-submission-2023.pdf \(santam.co.za\)](https://www.santam.co.za/sanlam-cdp-submission-2023.pdf)

⁷² Available at: [Climate-change-policy-statement.pdf \(sanlam.com\)](https://www.sanlam.com/climate-change-policy-statement.pdf)

⁷³ Available at: [Sanlam-Governance-Report-2023.pdf](https://www.sanlam.com/sanlam-governance-report-2023.pdf)

⁷⁴ Available at: [Sanlam-IR-2023.pdf](https://www.sanlam.com/sanlam-ir-2023.pdf)

⁷⁵ Available at: <https://www.sanlam.com/downloads/sustainability-reports/2023/Investment-and-Insurance-position-statement-on-fossil-fuels.pdf>

⁷⁶ Available at: <https://www.sanlam.com/downloads/reporting-suite/2021/Climate-Change-Resilience-Report-2021.pdf>

⁷⁷ Available at: <https://7f9d07bc.flowpaper.com/SustainabilityReport2023/#page=1>

⁷⁸ Available at: [Sustainability-integration-and-disclosure-framework.pdf \(sanlam.com\)](https://www.sanlam.com/sustainability-integration-and-disclosure-framework.pdf)

reviewed by management and presented at the Sanlam Risk and Compliance committee and Board meetings, ensuring that climate-related risks are given due consideration at the highest levels of our organisation.

At the cluster level, each division conducts parallel ORSA processes, evaluating strategic and operational climate risks through top-down and bottom-up approaches, respectively. Cluster finance and risk committees maintain risk registers and quarterly forums to address sustainability and climate change issues, which are escalated to the Group level as necessary. In 2023, Sanlam placed a particular emphasis on identifying and managing emerging risks, including those related to climate change, through quarterly scanning both internally and externally. This proactive approach involved input from key subject matter experts within the Group and a focus on industry and media risk reports.

The Group ERM Forum leads the assessment of potential climate-related risks and opportunities, categorising them into general, financial, or business-specific risks. Sustainability risks are prioritised based on their materiality and impact on the business. Sanlam's risk appetite statement, which defines the acceptable financial or strategic impact from risks, plays a critical role in this process. The Board is actively involved in setting the risk appetite statement and establishing limits for identified risk categories, including climate-related risks.

Sanlam's governance structure includes several committees dedicated to identifying, assessing, and prioritising climate-related risks and opportunities. The Audit Committee, consisting of independent non-executive directors, oversees statutory and oversight responsibilities, including non-financial information preparation. Sub-committees like the Actuarial Forum and Finance and Risk Forums further support risk management and control. The Social, Ethics, and Sustainability (SES) committee advises the Board on all ESG matters, including climate-related risks and opportunities. This comprehensive governance framework ensures that climate-related concerns are integrated into Sanlam's overall strategy and operations.

In 2023, Sanlam continued our commitment to combat climate change in emerging markets by supporting capital allocation through our joint venture with Dutch Development Bank, FMO, via the Climate Investor One and Two funds. The Risk and Compliance committee incorporated ESG principles, with a specific focus on climate change considerations, into our approach to risk management and responsible investing. This strategic decision allows Sanlam to integrate ESG principles into our risk management and investment practices, ensuring a sustainable and responsible approach to business.

An ESG committee was established to oversee environmental, social, and governance issues. The Sanlam Investment Group finalised our policy position on climate change and fossil fuel investment, aiming to decarbonise our investment portfolio. Sanlam is in the process of reviewing a climate change position statement, focusing on supporting vulnerable workers and communities in Africa through a just transition.

Sanlam introduced ESG and culture Key Performance Indicators (KPIs) in 2023, linking 10% of Group Exco's short-term incentives to these metrics. Emission and water reduction targets were set, aiming for a 10% reduction against a 2019 baseline by 2025. The facilities management team diligently tracks consumption patterns related to electricity, water, diesel, petrol, aircon gas, and waste to manage environmental impact effectively. These initiatives reflect Sanlam's commitment to addressing climate-related risks and opportunities in a responsible and sustainable manner.

• **Asset Manager**

Sanlam Investments is dedicated to sustainable and responsible investment practices. As a signatory to the UN Principles of Responsible Investing and the Code for Responsible Investing in South Africa, Sanlam Investments integrates sustainability considerations, including environmental, social, and governance (ESG) factors, into our investment process. This approach aims to deliver risk-adjusted returns while promoting environmental sustainability.

Sanlam employs an Enterprise Risk Management (ERM) process to identify, assess, and manage climate-related risks across our value chain. Key components of this framework include:

- **Risk Identification and Categorisation:** Climate-related risks are categorised into physical risks (acute and chronic), transition risks (including policy and legal, technology, market, and reputational risks), and liability risks. This categorisation allows us to tailor our risk management strategies effectively.
- **Risk Appetite and Preferences:** Sanlam has established clear risk appetite thresholds that guide decision-making processes. This includes evaluating how much risk our organisation is willing to accept in our investment and operational strategies, particularly concerning climate-related impacts.
- **Monitoring and Reporting:** We utilise both qualitative and quantitative metrics to continuously monitor climate and nature-related risks and opportunities. This includes assessing the impact of climate change on our supply chain, investment portfolios, and overall business strategy. Regular reporting mechanisms ensure that the Board and senior management are informed about financial risks associated with climate change.

Sanlam Investments addresses systemic climate issues through active ownership, including engagement and proxy voting for both active and passive investments. This approach enhances market sustainability and returns. The escalation policy allows for engagement with companies and collaboration with other investors to address material environmental issues. In 2023, Sanlam Investments disclosed our environmental sustainability efforts to clients, promoted industry best practices, and aimed to manage conflicts of interest effectively.

Sanlam Investments has a clear roadmap to drive ESG incorporation, forming partnerships with like-minded organisations such as Robeco and Climate Fund Managers. The firm plans to invest R35 billion over the next decade in climate change projects, water initiatives, and the Investors' Legacy impact range. Recognising climate change opportunities, Sanlam Investments is participating in group-level climate scenario analyses to understand the impacts on the business, strategy, and financial planning. This analysis encompasses climate change and nature-related risks and opportunities associated with owned and managed assets, guiding the long-term business strategy.

Sanlam employs various tools and instruments to manage climate-related risks, including:

- **Risk Models:** We use risk models to assess potential impacts on product development and pricing, ensuring that climate-related factors are integrated into financial decision-making processes.
- **Monitoring Resources:** Sanlam has implemented monitoring and reporting resources, such as I-Level, to collect, store, and report on ESG and impact data. This tool enables us to track our funds' social and sustainability impacts, facilitating informed decision-making.
- **Regular Internal and External Scans:** Sanlam conducts quarterly scans to identify emerging risks and assess the effectiveness of our climate risk management strategies. This proactive approach allows us to adapt to changing regulatory environments and stakeholder expectations.

Through these practices and commitments, Sanlam Investments ensures a comprehensive approach to identifying, assessing, and prioritising climate and nature-related risks and opportunities, spanning various sectors, geographies, and business segments while contributing to a more sustainable future.

• **Insurance Companies**

Sanlam Life and Savings and Sanlam Emerging Markets also incorporate ESG factors into their credit approval processes. To incorporate ESG in decision-useful ways, Sanlam Life and Savings appointed dedicated ESG specialists. These individuals will be working closely with the sustainability function.

Sanlam Life and Savings and Sanlam Emerging Markets integrate ESG factors into their credit approval processes. To incorporate ESG in decision-useful ways, Sanlam Life and Savings appointed dedicated ESG specialists in 2023. These specialists work closely with the sustainability function to embed ESG principles in lending decisions and investment strategies, ensuring good governance. The aim is to entrench the consideration of environmental,

sustainability, and governance principles when making lending decisions. Understanding these issues and the potential impact of ESG factors on both investment strategy and the broader operating environment is an integral part of good governance for Sanlam’s insurance companies.

The aim is to entrench the consideration of environmental, sustainability and governance principles when making lending decisions. Understanding these issues and the potential impact of environmental, sustainability and governance factors on both investment strategy and the broader operating environment is therefore an integral part of good governance for Sanlam’s insurance companies.

• **Facilities Manager**

Sanlam’s facilities management team monitors risks and opportunities associated with South African facilities and intends to expand monitoring into Africa. An internal IT system tracks energy, water, waste, and recycling patterns, providing crucial data for managing environmental impact. In 2023, the facilities manager reported any identified climate change risks or opportunities to the sustainability team. Sanlam Group measures greenhouse gas (GHG) data at all our facilities. This information is reported to Sanlam management and executives responsible for managing climate-related risks within the facilities, supported by the facilities manager.

Climate change risks are identified and managed at the Sanlam Group level, with the facilities manager supporting this function. The facilities team plays a critical role in ensuring that climate and nature-related risks are effectively monitored and managed, contributing to our overall sustainability efforts.

Sanlam's proactive approach to monitoring and managing climate- and nature-related risks and opportunities aligns with the expectations set forth by the TCFD and TNFD frameworks. Through detailed processes and policies, we address these risks across various business areas, ensuring a resilient and sustainable operation. By integrating ESG principles into our risk management and investment practices, we not only meet regulatory requirements but also contribute positively to environmental sustainability. Our comprehensive governance framework and dedicated committees further enhance our ability to manage these risks effectively, ensuring that climate-related concerns are embedded into our overall strategy and operations. Sanlam remains committed to a sustainable future, leveraging our expertise and resources to manage climate and nature-related risks and opportunities responsibly.

Sub-Principle 1.10: Describe how scenario analysis has been used to inform the identification, assessment and management of climate and nature-related risks.

Members can use this section to demonstrate how scenario analysis has been used to improve their understanding and management of climate and nature issues. This might include an improved understanding of the potential financial impacts, or a range of qualitative management actions that scenario analysis has suggested. The ClimateWise Guidance sets out topics which members could consider.

References to supporting evidence:

- Sanlam Sustainability Report 2023⁷⁹: page 71, 75
- Questions in the 2023 CDP climate disclosure⁸⁰: Question C1.1b, C1.2
- Sanlam Climate Change Policy Statement 2023⁸¹: Pages 04, 05, 06
- Sanlam Governance report 2023⁸² : Page 05
- Sanlam Integrated Report 2023⁸³: Page 19, 44, 60, 76

Response
<p>• Asset Owner</p> <p>The integration of formal climate-related scenario analyses into business strategy is currently being advanced with the help of a specialised service provider, aimed at incorporating these analyses into our annual integrated reporting and other platforms.</p> <p>In the coming year, Sanlam will focus on exploring and adopting climate-related scenario analysis tools, employing both qualitative and quantitative methods to refine our strategic decision-making and reporting processes.</p>
<p>• Asset Manager</p> <p>Climate change scenario analyses will be considered at Sanlam Group level.</p>
<p>• Insurance Companies</p> <p>Climate change scenario analyses will be considered at Sanlam Group level.</p> <p>Santam's substantial efforts will be utilised, particularly concerning the valuable insights gained from collaborative endeavours focused on sharing risk management and modelling expertise for informing business (and investment) decision-making processes. Santam's initiatives in this regard are reported separately to ClimateWise as part of a dedicated disclosure.</p>
<p>• Facilities Manager</p> <p>Climate change scenario analyses will be considered at Sanlam Group level.</p>

Demonstrating continuous improvement (planned activities)

In 2023, Sanlam made substantial strides in advancing our climate and ESG initiatives, building on the foundation set in 2022. We published our Climate Change Policy Statement, highlighting our commitment to managing climate risks and opportunities effectively. This report offers a comprehensive analysis of Sanlam's climate strategy and progress.

The ESG Committee, established in 2022, has been crucial in overseeing ESG activities and integrating these considerations into strategic decision-making. This year, we enhanced our governance framework by finalising ESG policies and advancing climate change scenario analysis. Our collaboration with Business Day and Intellidex also continued, refining the Sanlam ESG Barometer—a key tool for improving ESG practices in South Africa and identifying areas for performance improvement.

Sanlam has actively incorporated the Financial Stability Board’s TCFD recommendations into our strategies. We engaged specialists to conduct thorough assessments of climate-related risks and scenario analyses, which are integral to our strategic and financial planning. Our eLearning module on climate-related risks, updated with the latest analyses and TCFD guidance, achieved an 86% completion rate among employees in 2022. We are committed to expanding this training to further enhance climate change literacy within our organisation. Additionally, the Sustainable Investment Group continued our involvement with the TNFD, quantifying biodiversity and climate transition risks and integrating these insights into our investment processes to align with sustainability goals.

⁷⁹ Available at: [sustainability-report-2023.pdf \(sanlam.com\)](#)
⁸⁰ Available at: [sanlam-cdp-submission-2023.pdf \(santam.co.za\)](#)
⁸¹ Available at: [Climate-change-policy-statement.pdf \(sanlam.com\)](#)
⁸² Available at: [Sanlam-Governance-Report-2023.pdf](#)
⁸³ Available at: [Sanlam-IR-2023.pdf](#)

We are advancing our understanding of climate-related scenario analyses to assess and plan for key transitional climate risks. This analysis will evaluate the impact on both owned and managed assets, linking significant opportunities with financial performance indicators and integrating these findings into our long-term business strategies.

Our engagement with civil society and business associations remains strong, promoting climate and environmental agendas through initiatives such as the "Every Action Counts" campaign and our participation in the National Business Initiative's Just Transition Pathway for Decarbonising the Economy. Additionally, we are exploring the establishment of science-aligned targets to reduce emissions associated with our facilities, reflecting our commitment to environmental stewardship.

These efforts underscore Sanlam's dedication to integrating climate and ESG considerations into our operations and strategies, reinforcing our leadership in sustainability and responsible business practices.

Principle 2: Engaging Stakeholders

Theme: Operations

The Operations Theme allows Members to demonstrate how they are seeking to reduce the environmental impact of their own business operations.

Sub-Principle 2.1: Manage and seek to reduce the environmental impacts of the internal operations and physical assets under our control.

Members can use this section to demonstrate how they have and intend on responding to climate- and nature-related risks and opportunities from internal operations. This might include describing mitigation and adaptation actions which have been undertaken or planned. The ClimateWise Guidance sets out topics which members could consider.

References to supporting evidence:

- Sanlam Sustainability Report 2023⁸⁴: pages 08, 19, 35, 58, 63, 71, 75, 76, 91, 99, 126, 128, 131, 132, 133, 138
- Sanlam Governance report 2023⁸⁵: Page 10, 21, 51,54
- Sanlam Integrated Report 2023⁸⁶: Page 04, 19, 26, 56, 60, 76,86, 120
- Sanlam Climate Change Policy Statement 2023⁸⁷: Pages 04, 05, 06, 07
- Sanlam Investment and insurance position statement on fossil fuels⁸⁸: Pages 04,
- Sanlam's Carbon Footprint 2023⁸⁹: Page 04, 05, 06, 14, 15,
- Questions in the 2023 CDP climate disclosure⁹⁰: Question C5, C6
- Sanlam Greenhouse Gas Emissions: Verification Opinion⁹¹: pages 1-4
- Sanlam Sustainability Integration and Disclosure Framework 2023⁹²: Pages 05,09, 11, 17
- Sanlam Responsible Investing report 2023⁹³: 22, 25, 26
- Sanlam EGS Barometer 2023⁹⁴: Pages 07-11

Sanlam's demonstrates a comprehensive approach to managing and reducing the environmental impacts of our internal operations and physical assets:

Response
<p>• Asset Owner</p> <p>As an asset owner, Sanlam has implemented measures to manage and reduce the environmental impacts of our property portfolio. The Climate Change Policy Statement emphasises our commitment to integrating climate risk considerations into property management. This includes conducting regular climate risk assessments to identify vulnerabilities such as susceptibility to extreme weather events. To mitigate these risks, Sanlam has undertaken significant actions such as upgrading buildings with energy-efficient technologies and investing in renewable energy sources. Our Sustainability Report 2023 highlights key achievements, such as obtaining green building certifications and reducing energy consumption across owned properties.</p> <p>In compliance with frameworks such as the Global Reporting Initiative (GRI), the Task Force on Climate-related Financial Disclosures (TCFD), and the Sustainability Accounting Standards Board (SASB), Sanlam provides comprehensive disclosures about the environmental impacts of our assets. Our resource allocation strategy embodies our dedication to sustainability. We prioritise minimising the carbon footprint of our asset base by actively engaging with fossil fuel companies as shareholders. Through this engagement, we advocate for enhanced environmental practices, promote emission reductions, and encourage transparent disclosure of climate- and nature-related risks. The Investment and Insurance Position Statement on Fossil Fuels further details Sanlam's strategy to transition towards more sustainable investments, demonstrating our alignment with regulatory expectations.</p> <p>Sanlam's policies on asset management, as detailed in our Governance Report and Climate Change Policy Statement, address climate change mitigation and adaptation. These policies include strategies to enhance energy efficiency and minimise environmental impacts. Additionally, we are actively involved in protecting and restoring biodiversity, aligning with best practices in sustainable asset management. These policies support Sanlam's goal of managing and reducing the environmental impact of our physical assets.</p> <p>Sanlam plays a crucial role in improving data quality to inform research and analytics on climate-related issues. The Group demonstrates its commitment to providing stakeholders with reliable information by using the combined assurance process to ensure data integrity. This process includes third-party verification of its GHG emissions inventory, conducted by the sustainability assurance agency Verify CO₂. The verification confirms that the data, methodologies, and emission factors used for calculating GHG emissions are accurate and complete. Furthermore, Sanlam collaborates with AQRate to verify its broad-based black economic empowerment (B-BBEE) status, adding credibility to its sustainability efforts. The Social, Ethics, and Sustainability Committee takes responsibility for ensuring the integrity of sustainability reports and evaluating their preparation and presentation, assuring stakeholders that the reports truthfully reflect Sanlam's sustainability efforts.</p> <p>Sanlam acknowledges the increasing demand for quality ESG data, particularly related to climate change and social impact, from its shareholders and the investment community. To meet this demand, Sanlam launched the Sanlam ESG Barometer, a research project in collaboration with Business Day and Intellidex. The barometer focuses on ESG additionality and initiatives made by South African companies to improve their ESG performance. This initiative aims to actively drive transformative and measurable ESG change through proactive investments. Regarding cybersecurity risks, Sanlam takes measures to mitigate potential data breaches and protect sensitive client data. Sanlam continuously reviews and enhances cybersecurity risk controls and increases employee awareness of the latest threats. Strategic workforce planning is also implemented to ensure adequate cybersecurity personnel and expertise to counter growing cyberattacks.</p> <p>Sanlam has been a longstanding partner of WWF for over 16 years, actively supporting various conservation efforts, with a focus on freshwater initiatives in South Africa. Through our investment of over R75 million in WWF-SA, Sanlam has provided crucial funding to support water-related projects and conservation activities. The partnership's shared vision is to foster collaboration among government, civil society, and the private sector to build a sustainable future where healthy freshwater ecosystems are central to South Africa's development. Sanlam's role in this partnership involves advocating for water-related legislation, reducing its own water consumption, and participating in research and monitoring activities. The partnership's initiatives aim</p>

⁸⁴ Available at: [sustainability-report-2023.pdf \(sanlam.com\)](https://www.sanlam.com/sustainability-report-2023.pdf)

⁸⁵ Available at: [Sanlam-Governance-Report-2023.pdf](https://www.sanlam.com/Sanlam-Governance-Report-2023.pdf)

⁸⁶ Available at: [Sanlam-IR-2023.pdf](https://www.sanlam.com/Sanlam-IR-2023.pdf)

⁸⁷ Available at: [Climate-change-policy-statement.pdf \(sanlam.com\)](https://www.sanlam.com/Climate-change-policy-statement.pdf)

⁸⁸ Available at: [Investment-and-Insurance-position-statement-on-fossil-fuels.pdf \(sanlam.com\)](https://www.sanlam.com/Investment-and-Insurance-position-statement-on-fossil-fuels.pdf)

⁸⁹ Available at: [Sanlam-Carbon-Footprint-2023.pdf](https://www.sanlam.com/Sanlam-Carbon-Footprint-2023.pdf)

⁹⁰ Available at: [sanlam-cdp-submission-2023.pdf \(santam.co.za\)](https://www.santam.co.za/sanlam-cdp-submission-2023.pdf)

⁹¹ Available at: [Sanlam-2023-GHG-Verification-Statement.pdf](https://www.sanlam.com/Sanlam-2023-GHG-Verification-Statement.pdf)

⁹² Available at: [Sustainability-integration-and-disclosure-framework.pdf \(sanlam.com\)](https://www.sanlam.com/Sustainability-integration-and-disclosure-framework.pdf)

⁹³ Available at: <https://7f9d07bc.flowpaper.com/SustainabilityReport2023/#page=1>

⁹⁴ Available at: <https://sanlamesgbarometer.co.za/report/>

Response
<p>to improve freshwater quantity and quality in strategic water source areas, benefiting both ecological systems and local communities. The Sustainability Management Office at Sanlam is directly responsible for overseeing the partnership with WWF-SA, ensuring regular meetings and updates on project aspects, including data quality considerations. By actively promoting water stewardship and conservation, Sanlam's partnership with WWF-SA is making a positive impact on the environment and contributing to the well-being of communities across the country.</p> <p>Sanlam Group is still in the process of performing climate scenarios in line with the TCFD recommendations. Once this process has been completed, the outcomes will be made public. This year, Sanlam included a TCFD disclosure index table in the Sustainability Report instead of publishing a standalone climate-related report to present a more streamlined and holistic view of sustainability at Sanlam. In addition, and as discussed above under Level 1 of this sub-principle, Sanlam actively participates in the following platforms which have a strong research focus, including:</p> <ul style="list-style-type: none"> • BUSA. • Every Action Counts Coalition. • NBI's Just Transition Pathway for Decarbonising the South Economy. • UNGC and UN Principles for Sustainable Insurance. • Climate Action 100+.
<p>• Asset Manager</p> <p>As an insurer, Sanlam manages climate and nature-related risks through our insurance operations, focusing on integrating these risks into underwriting and claims management processes. The Climate Change Policy Statement and the Governance Report detail how Sanlam assesses and responds to environmental risks associated with our insurance portfolios. This includes adjusting underwriting practices to account for climate risks and implementing risk management strategies to address potential impacts.</p> <p>Sanlam's reporting on insurance operations complies with frameworks such as TCFD and IFRS S1 and S2 by providing detailed information on how climate and sustainability risks influence our insurance strategy. The Sustainability Report 2023 includes insights into how these risks are managed through policy adjustments and claims management processes. Resource allocation within the insurance sector is adjusted to address climate-related risks, including considerations for the social consequences of environmental impacts.</p> <p>Sanlam, through the Chief Sustainability Officer, is currently in the process of performing climate scenarios in line with the TCFD recommendations. Once this process has been completed, the outcomes will be made public. This analysis will enable Sanlam to delve deeper into the assessment of climate-related risks, including the quantitative analysis of carbon emissions. By doing so, Sanlam will enhance understanding of the potential impacts and align investment strategies with climate-related challenges. The eLearning module of the climate course for employees covered four topics: an introduction to climate change, understanding climate-related risks and opportunities, climate scenario analysis, and TCFD, with a completion rate of 79%</p>
<p>• Insurance Companies</p> <p>As an insurer, Sanlam manages climate and nature-related risks through its insurance operations, focusing on integrating these risks into underwriting and claims management processes. The Investment and insurance position statement on fossil fuels and the Governance Report detail how Sanlam assesses and responds to environmental risks associated with our insurance portfolios. This includes adjusting underwriting practices to account for climate risks and implementing risk management strategies to address potential impacts.</p> <p>Sanlam's reporting on insurance operations complies with frameworks such as TCFD and IFRS S1 and S2 by providing detailed information on how climate and sustainability risks influence our insurance strategy. The Sustainability Report 2023 includes insights into how these risks are managed through policy adjustments and claims management processes. Resource allocation within the insurance sector is adjusted to address climate-related risks, including considerations for the social consequences of environmental impacts.</p> <p>Sanlam plans to capitalise on the substantial efforts made by Santam, specifically in addressing data quality challenges for informing research and analytics on climate and nature-related matters. Santam's successful experiences, such as the P4RR program will serve as valuable lessons for Sanlam's own Climate Wise submission.</p> <p>The development of insurance products to support adaptation occurs at the Santam level, where such measures will have substantive impacts. Examples, include the Partnership for Risk Resilience (P4RR) Programme, which strengthens the institutional and participatory development capacity of local municipalities to proactively reduce the impact of fire and flood disaster events. Santam partners with municipalities, 82 to date, and various stakeholders to assist municipalities to be more resilient through funding and support and to reduce disaster risks caused by fire, flooding and drought, which have a consequential impact on insurance claims. The objective of P4RR is to strengthen the institutional and participatory development capacity of local municipalities to proactively reduce the impact of fire and flood disaster events. Ultimately, Santam's efforts help to contribute to climate adaptation efforts by assisting service delivery and providing support to local government infrastructure, economic development, and governance.</p> <p>Sanlam Life and Savings and Sanlam Emerging Markets development of insurance products of this nature occur at the Sanlam Group level.</p>
<p>• Facilities Manager</p> <p>In managing facilities, Sanlam focuses on reducing the environmental impacts of its operations through various sustainability initiatives. The Climate Change Policy Statement and the Sustainability Report 2023 outline Sanlam's efforts to improve facility operations, including implementing energy efficiency programs, adopting renewable energy sources, and enhancing overall facility sustainability. These initiatives aim to reduce the carbon footprint of Sanlam's facilities and align with best practices in environmental management.</p> <p>Sanlam's compliance with regulatory expectations is demonstrated through detailed reporting on facility performance, tracking energy use, GHG emissions, and progress toward environmental targets. Our performance monitoring includes an analysis of key trends and changes in facility operations, providing insights into the effectiveness of sustainability initiatives. Additionally, policies address the impact of facilities on local biodiversity and ecosystems, ensuring that operational practices minimise negative environmental impacts and contribute to overall sustainability goals.</p>

Demonstrating Continuous Improvement (planned activities)

Sanlam's risk management and governance structure provides a comprehensive perspective on strategic and operational risks, including ESG factors, enabling proactive risk management to identify opportunities arising from risks. The Group's risk management process, aligned with the Sanlam Business Philosophy, involves specific structures and roles allocated to clusters, centrally controlled. The Insurance Act of 2017 and related Prudential Standards require Sanlam to conduct a forward-looking, risk-based Own Risk and Solvency Assessment (ORSA) as part of the Group Enterprise Risk Management (ERM) framework, evaluating strategic and operational risks, including climate change risks, presented to the Sanlam Risk and Compliance committee and the Board.

Sanlam's Group-wide ERM process effectively identifies and manages climate change risks at different levels, considering both top-down strategic risks and bottom-up operational risks. Climate change risks are regularly assessed through risk registers and reports maintained by finance and risk committees in each cluster, with significant risks escalated to the Group level. Emerging climate-related risks receive special attention through regular internal and external scans.

Sustainability risks are also integrated into the risk assessment process, prioritised based on materiality and impact, and managed through the Group-wide ERM process. The Group Sustainability Management team coordinates ESG matters, including climate-related risks and opportunities, with quarterly reports submitted to the Social, Ethics, and Sustainability Committee.

To enhance internal performance, Sanlam developed an online course to improve climate change literacy within the organisation. Going forward, Sanlam plans to further enhance our approach to identifying and managing climate change risks and opportunities through the use of climate change scenario analyses, once finalised.

Sanlam's continuous improvement in addressing climate change is evident through several key initiatives. We are actively developing a Group climate change position statement and aligning with the recommendations of the TCFD. Additionally, Sanlam sought external support to understand climate-related risks and scenario analysis capabilities, leading to accelerated actions in risk management.

Sanlam's focus on maintaining emission and water reduction targets and tracking consumption patterns in facilities highlights ongoing efforts to reduce environmental impact. In 2023, we broadened our carbon footprint boundary to enhance the accuracy of our emissions reporting. We expanded the scope from 11 offices across 9 operationally controlled facilities in South Africa to 15 offices situated in 12 operationally controlled facilities, now including locations in both South Africa and the UK. This adjustment increased the coverage of our directly held subsidiaries from 80% to 85% of the Group's total footprint.

Sanlam plans to upskill the Board and Group Exco on climate-related issues, link climate risks and opportunities to strategic decisions, and expand the process of identifying, assessing, managing, and reporting climate-related risks throughout the value chain. The consideration of live dashboards and science-based targets reflects our ambitious and scientifically aligned approach to addressing climate change.

<p>• Response</p>																																			
<p>• Asset Owner/ Asset Manager/ Insurance Companies/ Facilities Manager</p> <p>In Sanlam's commitment to environmental sustainability, the Group integrates an environmental analysis of our suppliers. This includes requesting suppliers to provide evidence of their own environmental policies, quantified environmental impact, and initiatives aimed at reducing their environmental footprint, including efforts to lower greenhouse gas emissions. Sanlam prioritises the environmental awareness of the goods they purchase.</p> <p>As part of our commitment to environmental sustainability, Sanlam has undertaken to record and monitor a minimum of 80% of our Scope 3 emissions (excluding category 15 emissions), which is currently undergoing assessment). Additionally, Sanlam has set targets related to electricity consumption, water usage, travel, waste management, and investments to further enhance our environmental sustainability efforts.</p> <p>Sanlam Group and our business divisions are service organisations and “low-impact” businesses. As such, Sanlam focuses on managing our direct environmental impacts within our facilities, with respect to the services provided therein. Sanlam has therefore set specific targets to improve our environmental performance, related to reduced emissions from electricity, water, waste, and transport activities.</p> <p>Sanlam Group measures GHG data at the level of our facilities. This information is reported to Sanlam Group management and executives who are responsible for managing climate-related risks and opportunities within the facilities, supported by the facilities manager.</p>																																			
<p>Response</p>																																			
<p>• Facilities Manager</p> <p>Reporting period: Sanlam's financial year (01 January 2023 – 31 December 2023).</p> <p>Structural Change: Sanlam Trust was sold to Capital Legacy and Sanlam Life acquired a non-controlling share (26%) of the merged Capital Legacy Group which now includes the Sanlam Trust business.</p> <p>Facilities: The boundary included the following 15 offices located in 12 operationally controlled facilities representing +/- 85% of the Group's directly held subsidiaries: <u>Sanlam</u> (8 Offices) - South Africa: Head Office Campus, Houghton/Sky, Sanlynn, Sanlam Investments, Alice Lane, Glacier Place, West End Place Block D; UK: Sanlam Investments. <u>Santam</u> (7 Offices): Head Office/Admin, Auckland Park, Alice Lane, Glacier Place, West End Place Block A, Hill on Empire (Santam and MiWay)</p> <p>Methodology: GHG Protocol – Corporate Accounting and Reporting Standard. The boundary excludes Santam facilities, as emissions from Santam being reported in a separate ClimateWise submission.</p> <p>GHG consolidation approach: Operational Control Approach.</p> <table border="1"> <thead> <tr> <th>Sanlam's carbon footprint</th> <th>2022 tCO₂e</th> <th>2023 tCO₂e</th> </tr> </thead> <tbody> <tr> <td>Scope 1 (direct emissions)</td> <td>1,038</td> <td>1,536</td> </tr> <tr> <td>Scope 2 (energy indirect emissions)</td> <td>28,042</td> <td>26,084</td> </tr> <tr> <td>Scope 3 (other indirect emissions)</td> <td>18,632</td> <td>22,429</td> </tr> <tr> <td>- Purchased goods and services</td> <td>258</td> <td>216</td> </tr> <tr> <td>- Fuel-and-energy-related activities (not included in Scope 1 or 2)</td> <td>3,605</td> <td>3,814</td> </tr> <tr> <td>- Upstream transportation and distribution</td> <td>154</td> <td>205</td> </tr> <tr> <td>- Waste generated in operations</td> <td>131</td> <td>160</td> </tr> <tr> <td>- Business travel</td> <td>5,915</td> <td>9,739</td> </tr> <tr> <td>- Employee commuting</td> <td>8,568</td> <td>8,296</td> </tr> <tr> <td>Total Emissions</td> <td>47,712</td> <td>50,146</td> </tr> </tbody> </table>			Sanlam's carbon footprint	2022 tCO ₂ e	2023 tCO ₂ e	Scope 1 (direct emissions)	1,038	1,536	Scope 2 (energy indirect emissions)	28,042	26,084	Scope 3 (other indirect emissions)	18,632	22,429	- Purchased goods and services	258	216	- Fuel-and-energy-related activities (not included in Scope 1 or 2)	3,605	3,814	- Upstream transportation and distribution	154	205	- Waste generated in operations	131	160	- Business travel	5,915	9,739	- Employee commuting	8,568	8,296	Total Emissions	47,712	50,146
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• **Response**

Methodology: GHG Protocol – Corporate Accounting and Reporting Standard

GHG consolidation approach: Operational Control Approach. The boundary **includes** Santam facilities. Santam is reported at 100%.

Targets related to Sanlam’s facilities, including Santam facilities, are presented below:

Absolute targets	2022	2023	Target year: 2025
Scope 1 (tCO ₂ e)	2,821	3,169	2,152
Scope 2 (tCO ₂ e)	33,605	32,334	37,218
Total carbon footprint per year (tCO ₂ e)	59,513	63,734	39,370

In 2023, Scope 1 emissions have increased from the previous year by 12.34%. This is mostly due to the amount of mobile fuel combustion that occurred, due to unprecedented load shedding during 2023.

Currently, Scope 2 emissions are Sanlam’s largest category of emissions. Scope 2 emissions decreased slightly from 2022, by 3.78%, which is as result of the decreased amount of grid electricity consumed within 2023 compared to 2022 despite the reporting boundary including additional facilities. This decrease is not an indication of improved energy efficiency but is rather attributed to the 2.9% drop in the Eskom FY2023 CO₂ emissions factor, together with more load shedding incidents (diesel is less CO₂-intensive than coal).

Since 2014, the baseline year from which the targets were set, the Scope 3 emissions have increased tremendously. This is largely due to the increased facilities included in the reporting boundary, as well as increases in activity data under some categories. The inclusion of additional Scope 3 categories is in line with Sanlam’s Environmental Policy to continuously improve its environmental monitoring procedures in alignment with the ISO 14001 standards. For FY2023, there was a 22.4% increase in Scope 3 emissions as a result of increased business travel. Such an increase is due to the post-COVID restriction which has now allowed more employees to travel.

Scope 1 and Scope 2 GHG emissions and Scope 3 GHG emissions with performance trend and accompanying narrative.

Response

• **Facilities Manager**

GHG consolidation approach: Operational Control Approach. The boundary includes Santam facilities. Santam is reported at 100%.

The carbon footprint of Sanlam’s facilities over the last seven financial years (from 1 January to 31 December) is presented below:

tCO ₂ e	2016	2017	2018	2019	2020	2021	2022	2023
Scope 1	522	260	163	2,391	1,644	1,684	2,821	3,169
Scope 2	44,761	42,122	38,022	41,353	33,150	35,460	33,605	32,334
Scope 3	26,681	23,925	37,784	41,086	16,858	14,442	22,984	28,134

Sanlam’s direct emissions arise from the combustion of fuels as well as fugitive emissions. The Scope 1 emission levels in 2023 have increased compared to levels in 2022 by 12.34%. This is mostly due to the amount of mobile fuel combustion that occurred, which was needed due to unprecedented load shedding during 2023.

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For FY2023, there was a 22.4% increase in Scope 3 emissions mainly as a result of including additional facilities into our reporting boundary and from increased business travel.

The methodologies used to calculate GHG emissions metrics and targets for Sanlam.

Response

• **Facilities Manager**

Sanlam’s carbon footprint was conducted in line with the Greenhouse Gas Protocol’s ‘A Corporate Accounting and Reporting Standard (Revised Edition)’ and the ISO 14064:2018 (second edition) ‘Part 1: Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals.

The organisational boundary for the 2023 inventory (Scope 1, 2 and 3) includes the following Sanlam facilities:

Sanlam (8 Offices) - South Africa: Head Office Campus, Houghton/Sky, Sanlynn, Sanlam Investments, Alice Lane, Glacier Place, West End Place Block D; UK: Sanlam Investments

Santam (7 Offices): Head Office/Admin, Auckland Park, Alice Lane, Glacier Place, West End Place Block A, Hill on Empire (Santam and MiWay).

The organisational boundary for the 2023 targets includes the Sanlam and Santam facilities listed above.

All emissions are calculated by multiplying the underlying activity data (which is either monitored or calculated) with appropriate emission factors. All emissions are carbon dioxide equivalent (CO₂e) gases, as required by the GHG Protocol. Emission factors are obtained from reliable, recognised sources such as the South African Methodological Guidelines, DEFRA and IPCC.

Sub-Principle 2.2: Engage our employees on our commitment to address climate change and nature, helping them to play their role in meeting this commitment in the workplace and encouraging them to make climate and nature-informed choices outside work.

Members can use this section to demonstrate the approach taken to making employees part of the solution in addressing climate change and nature. This might include describing the training and development which has been offered to staff. The ClimateWise Guidance sets out topics which members could consider.

Sanlam engages with our employees at the asset manager and facilities levels. The engagement activities are conducted throughout the year in continued programmes of engagement aligned to material impacts, such as employment-based retirement schemes and the reduction of resources (for example paper and water) and environmental impacts (for example the benefits of recycling).

References to supporting evidence:

- Sanlam Sustainability Report 2023⁹⁵: page 13, 24, 56, 57, 68, 71, 74, 91, 126, 129, 133, 138
- Sanlam Sustainability Integration and Disclosure Framework 2023⁹⁶: Pages 08, 09, 10, 11, 17,
- Sanlam Benchmark 2023⁹⁷
- Sanlam’s Environmental Policy Document⁹⁸: Page 2
- Sanlam news and updates⁹⁹.
- Sanlam Integrated Annual Report¹⁰⁰: Page 19, 29, 79, 121
- Sanlam Climate Change Policy Statement 2023¹⁰¹: Pages 7, 8
- Robeco Press Release¹⁰².
- Sanlam Investment and insurance position statement on fossil fuels¹⁰³: Pages 2, 4, 5
- Sanlam’s ESG Barometer¹⁰⁴.
- Sanlam’s Investor Presentation 2023: Page 14
- Sanlam Governance report 2023¹⁰⁵: Pages, 21, 54
- Sanlam and Six Capitals 2021 Report “The Emerging Importance of the TCFD Framework for South African Companies and Investors”¹⁰⁶:
- Sanlam Investment Policy Statement 2020¹⁰⁷: Page 02

Response
<p>• Asset Manager</p> <p>Sanlam Investments offer Sanlam employees an employment-based retirement scheme that incorporates ESG principles, including climate change. Ongoing engagement activities are undertaken in this regard.</p> <p>For example, communications include information on how investment risks are assessed as part of the overall ESG risk of the companies the asset manager invests in. This is done through the subscription of ESG research conducted by an external ratings provider. Public information is used to assess ESG risk. If there is concern or reasons to ask for further clarity, an engagement dialogue with the company will be initiated either with the company. Water risks are assessed as part of the overall ESG assessment of a company, if deemed material to the sector. These findings are factored into our investment process.</p> <p>In addition, Sanlam Group engages with employees and other stakeholders through the annual Sanlam Benchmark Research Study, considered to be South Africa’s most comprehensive and respected retirement industry study. Sanlam views this engagement to be vital in improving member, including employee, retirement outcomes. This includes the frequency, timing, method and simplification of complex topics. In line with the result of the 2022 Sanlam Benchmark Survey, the survey indicated an increase toward climate change considerations within funds. Robeco’s climate survey also shows that one of the key findings of this year’s climate survey is biodiversity becoming a majority concern and moving towards parity with climate change. Nearly half (48%) of investors say it is important or central to their investment policy and this is projected to increase to 66% over the next two years.</p> <p>According to Sanlam’s approach to sustainability integration our philosophy and belief states that evaluating environmental, social and governance factors, assets managers can better our understanding of risks and opportunities within our investments and allow for better-informed decisions. Financial resilience is a complex metric that is determined by different factors. Sanlam’s resilience focus areas include developing responsible financial solutions and strong governance. These topics are inherent to climate change and nature-related discussions. The Managing Executive of Sanlam Corporate for Group Risk is San-Marié Crause taking on this role on 1 May 2023. The primary goal of retirement funds remains to provide members with secure future incomes. And retirement funds are well positioned to actively engage on ESG issues and set the tone for a transition to a low-carbon, climate-resilient economy.</p> <p>• Facilities Manager</p> <p>Sanlam’s approach to climate change and environmental awareness concerning our employees is encapsulated in our Environmental Policy, 2020. WE are committed to fostering a sustainable environment by instigating behavioural changes among our employees, business partners, and other stakeholders through relevant environmental training and engagement, utilising various communication channels.</p> <p>Sanlam consistently involves our employees in climate change and environmental matters, urging them to make environmentally conscious decisions and actively contribute to the company’s and the world’s efforts to reduce their environmental impact. Targeted communication initiatives, such as training and awareness activities, have proven effective in initiating behavioural changes, leading to reduced printing and increased recycling rates. Additionally, Sanlam has established guiding principles for managing waste, energy, water, and paper.</p> <p>For Facilities Management, Sanlam’s Climate Change Policy Statement outlines a targeted training program that emphasises energy efficiency, waste management, and sustainable practices. Employees are educated on minimising their environmental impact through practical guidelines and training modules. The Sustainability Report highlights our commitment to continuous education on reducing carbon footprints, effective waste management, and water conservation. Communication about these initiatives is maintained through regular updates, workshops, and internal campaigns, as detailed in the Governance Report. Various channels are used to promote environmental awareness and provide updates on sustainability goals. Incentives for adopting sustainable practices include rewards for low-carbon commuting and recycling program participation, while tools such as energy-saving calculators and waste management guidelines support these efforts. Engagement activities are further enhanced through biennial commuting surveys and an online climate course, with a 79% completion rate noted in 2023. Measurement of uptake is carried out by tracking participation rates in training and engagement activities, with progress reported in the Sustainability Report.</p>

⁹⁵ Available at: [sustainability-report-2023.pdf \(sanlam.com\)](https://www.sanlam.com/sustainability-report-2023.pdf)

⁹⁶ Available at: [Sustainability-integration-and-disclosure-framework.pdf \(sanlam.com\)](https://www.sanlam.com/sustainability-integration-and-disclosure-framework.pdf)

⁹⁷ Available at: [Benchmark 2023 | Sanlam and Benchmark 2023 Insights.pdf \(sanlam.co.za\)](https://www.sanlam.com/benchmark-2023-insights.pdf)

⁹⁸ Available at: <https://www.sanlam.com/downloads/sustainability-reports/2020/Sanlam-Group-Environmental-Policy-2020.pdf>

⁹⁹ Available at: [Introducing our new Managing Executive | Group Risk \(sanlam.co.za\)](https://www.sanlam.com/introducing-our-new-managing-executive-group-risk.pdf)

¹⁰⁰ Available at: [Sanlam-IR-2023.pdf](https://www.sanlam.com/sanlam-ir-2023.pdf)

¹⁰¹ Available at: [Climate-change-policy-statement.pdf \(sanlam.com\)](https://www.sanlam.com/climate-change-policy-statement.pdf)

¹⁰² Available at: [Robeco's climate survey shows continued net-zero commitments, biodiversity becoming a major concern, and challenges from energy markets and political pressure | Robeco Global](https://www.robeco.com/press-releases/robeco-climate-survey-shows-continued-net-zero-commitments-biodiversity-becoming-a-major-concern-and-challenges-from-energy-markets-and-political-pressure-robeco-global)

¹⁰³ Available at: [Investment-and-Insurance-position-statement-on-fossil-fuels.pdf \(sanlam.com\)](https://www.sanlam.com/investment-and-insurance-position-statement-on-fossil-fuels.pdf)

¹⁰⁴ Available at: [The Sanlam ESG Barometer Home](https://www.sanlam.com/esg-barometer)

¹⁰⁵ Available at: [Sanlam-Governance-Report-2023.pdf](https://www.sanlam.com/sanlam-governance-report-2023.pdf)

¹⁰⁶ Available at: [the emerging importance of the tcd framework for south african companies and investo.pdf \(panda.org\)](https://www.panda.org/press-releases/the-emerging-importance-of-the-tcdf-framework-for-south-african-companies-and-investors)

¹⁰⁷ Available at: <https://www.sanlam.co.za/retirementfunds/Documents/IPS%20CRAF.pdf>

Furthermore, Sanlam encourages our employees not only to make climate and environment-friendly choices at work but also in their day-to-day lives and homes. An exemplary initiative involves dealing with electronic waste, where approximately 80% of end-of-life desktops and laptops that are no longer supported by vendors are resold to employees. Purchase agreements with employees include advice and guidelines for the responsible disposal of retired equipment, empowering them to make environmentally conscious decisions.

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

Demonstrating Continuous Improvement (planned activities)

In 2023, Sanlam reaffirmed our commitment to sustainability by integrating TCFD into our annual Sustainability Report, opting against the publication of a separate climate report. This strategic decision aimed to provide stakeholders with a more cohesive and comprehensive view of our sustainability initiatives and performance. By embedding TCFD disclosures within the broader sustainability framework, Sanlam enhanced transparency regarding our climate-related governance, risk management, and strategic planning.

Our approach to engaging employees in our commitment to addressing climate change and nature is multifaceted. We recognise that our employees play a critical role in achieving our sustainability goals and we have implemented several initiatives to foster a culture of environmental responsibility both within the workplace and beyond. One of the core strategies Sanlam employs is communication and education. We are committed to raising awareness about climate change among our employees through various channels. This includes hosting online educational webinars and training sessions that equip employees with knowledge about climate change, its implications for the business, and the essential roles they can play in collective climate action. This educational approach helps to build capacity among staff, enabling them to assess, manage, and monitor environmental risks effectively.

A significant development in Sanlam's sustainability strategy was the appointment of dedicated Environmental, Social, and Governance (ESG) specialists for our Life and Savings and Emerging Markets clusters. This initiative was designed to bolster the integration of ESG considerations into decision-making processes across various business units. Additionally, the establishment of a Group-wide ESG committee, which convenes quarterly, has improved coordination and oversight of ESG initiatives, ensuring that sustainability remains a priority at the highest levels of our organisation. Sanlam has also established a dedicated group committee composed of cross-functional teams to spearhead our climate change response. This committee integrates diverse perspectives from various business clusters, ensuring that our climate strategy is comprehensive and inclusive. By fostering collaboration across departments, Sanlam enhances our ability to address climate challenges effectively.

To measure the impact of our initiatives, Sanlam has rolled out a group-wide sustainability strategic dashboard that tracks greenhouse gas (GHG) emission reduction targets. This systematic approach allows for ongoing oversight and progress tracking towards sustainability objectives, reinforcing the importance of employee engagement in achieving these goals. In terms of incentivising climate-informed choices, Sanlam is exploring various options, such as promoting low-carbon travel to work and offering additional leave for employees who engage in low-intensity travel. These initiatives not only encourage employees to make environmentally friendly decisions but also align with broader corporate sustainability objectives.

In a notable commitment to energy efficiency, we declared a target to reduce energy intensity by 10% annually for our owned buildings in South Africa. This ambitious goal is supported by various efficiency initiatives aimed at optimising energy use. Furthermore, we are in the process of setting water intensity targets and expanding our sustainability efforts to other regions where we operate, thereby broadening our environmental impact initiatives. Sanlam actively promotes engagement activities across our organisation, providing employees with opportunities to participate in environmental awareness initiatives and volunteering days. This hands-on involvement allows employees to contribute to Sanlam's sustainability efforts while fostering a sense of community and shared purpose.

To align executive performance with sustainability goals, in 2023, Sanlam started linking 10% of the short-term incentives for our Group Executive Committee to ESG and cultural key performance indicators (KPIs). This move underscores our commitment to embedding sustainability into our corporate culture and incentivising leadership to prioritise ESG considerations in our decision-making. Moreover, plans are underway to enhance the climate-related knowledge of the Board and Group Executive Committee, with a focus on linking climate-related KPIs to executive compensation.

Sanlam values employee input and encourages staff to share ideas related to sustainability. By giving our employees a voice in the process, we enhance our engagement strategy and demonstrate recognition of our contributions to climate action. Overall, Sanlam's comprehensive approach to employee engagement in climate change initiatives reflects a commitment to fostering a culture of sustainability. Through education, collaboration, incentivisation, and active participation, Sanlam empowers our employees to play a significant role in addressing climate change and making informed choices that benefit both our organisation and the environment.

Sanlam also took proactive steps to engage with broader sustainability initiatives. We joined the African Natural Capital Alliance and participated in the development of Taskforce on Nature-related Financial Disclosures (TNFD)-aligned guidelines for Africa. This engagement highlights our recognition of the interconnectedness of environmental issues and our commitment to addressing them within the context of our operations. Our efforts will also focus on significantly reducing our investment's carbon footprint, boosting investments in renewable energy, and endorsing biodiversity through the TNFD and develop a "Sanlam Blue Oceans Strategy" to drive their preservation and economic contribution. Moreover, Sanlam published a Group Investment and insurance position statement on fossil fuels, outlining our approach to underwriting fossil fuels both in South Africa and internationally. This statement reflects our awareness of the environmental implications of our investment decisions and our commitment to responsible investing.

Looking ahead, Sanlam remains dedicated to enhancing our climate and nature-related disclosures, quantifying climate risks, and developing a response plan to climate change. We are exploring the notion of science-based targets, expanding climate risk assessments across our value chain, and leveraging climate-related opportunities to further reduce our environmental impact. Through these initiatives, Sanlam aims to not only minimise our environmental footprint but also to position ourselves as a leader in sustainable finance and investment practices.

In 2023, Sanlam continued to integrate climate-related disclosures into its Sustainability Report, including a TCFD index table. This approach supports a holistic view of Sanlam's sustainability efforts, providing a more integrated perspective rather than issuing a separate report focused solely on climate matters. Key recommendations and ongoing initiatives include:

- **Enhancing Board and Executive Knowledge:** Sanlam has made strides in upskilling the Board and Group Executive Committee on climate and nature related-related issues. Training initiatives have been advanced to deepen their understanding of climate risks and opportunities, which now form a central part of strategic decision-making processes. Sanlam recognises the importance of environmental sustainability and resilience, with a comprehensive sustainability strategy with clearly defined focus areas that includes continued climate training for the Sanlam board and our employees. As part of Sanlam Sustainability's approach, the Sanlam board was given training on "Climate Pathways and a Just Transition for South Africa", the webinar was facilitated by the NBI in August 2023. The training also included a background to understanding South Africa's Climate Change and Decarbonisation Response.

- **Strategic Integration:** The company has strengthened the link between climate-related risks and opportunities with strategic decisions made by the Board. This integration is pivotal for ensuring that climate considerations are embedded into Sanlam's overarching strategic framework.
- **Scenario Assessment and Net-Zero Commitment:** Sanlam has begun comprehensive scenario assessments to evaluate long-term climate impacts and is actively working towards a net-zero emissions target. This involves formulating a detailed plan to achieve this objective, reflecting Sanlam's commitment to long-term climate goals.
- **Value Chain Scope Expansion:** The scope of climate-related risk management has been expanded to cover the entire value chain. This broader approach ensures that climate risks are identified, assessed, and managed comprehensively throughout the company's operations.
- **Science-Based Targets:** Sanlam is exploring the adoption of science-based targets for climate action. This initiative aligns with global best practices and aims to set ambitious and measurable targets for reducing carbon emissions.

Sanlam continues to implement a range of initiatives to reduce our environmental footprint, including:

- **Lighting Upgrades:** The replacement of outdated T8 fluorescent fittings with energy-efficient T5 or LED alternatives is ongoing. This upgrade contributes to reducing energy consumption across Sanlam's facilities.
- **HVAC System Improvements:** Following the successful completion of Phase 1 improvements to the main building HVAC system in 2020, Sanlam is focused on continuous enhancement to optimise system performance.
- **Solar Power Exploration:** Detailed feasibility studies for incorporating solar power into Sanlam's buildings are underway, reflecting a commitment to exploring renewable energy sources.
- **Data Centre Technology Upgrade:** Recent upgrades to the Data Centre Cooling system have resulted in significant reductions in water and electricity usage and a transition to more environmentally friendly refrigerants.
- **Travel Reduction:** Sanlam has implemented measures to reduce air and road travel through increased use of video and teleconferencing, contributing to lower carbon emissions from travel.
- **Water Conservation:** Initiatives such as the installation of rainwater harvesting systems, large water tanks, and an extended water use license for borehole systems support Sanlam's water conservation efforts.
- **Sustainable Packaging:** The company is exploring the use of recycled coffee cups, replacing polystyrene packaging, and increasing partnerships with clients who use biodegradable packaging.
- **Eco Bricks:** Sanlam is investigating the use of eco bricks to manage waste more sustainably, aiming to convert 10-20% of waste into eco bricks.

All future projects are assessed for environmental and energy reduction best standards. Sanlam remains committed to pursuing innovative and effective approaches to reduce the group's environmental impact. This includes addressing the environmental implications of the products and services offered by Sanlam, as well as refining how we engage with our clients.

Lastly, to support the integration of ESG principles into investment decision-making, Sanlam partnered with Business Day and Intellidex and launched a research project called the Sanlam ESG Barometer. The barometer aims to elevate thinking about how ESG is practised in South Africa and highlights the opportunities to improve ESG performance.

Theme: Value Chain

The Value Chain theme goes further to allow Members to demonstrate how they are seeking to reduce the environmental impact of operations throughout the insurance value chain.

Sub-Principle 2.3: Understand and disclose the sources of emissions and adverse climate and nature-related impacts on our upstream and downstream value chain that might in turn impact our business.

Members can use this section to demonstrate their understanding of their emissions footprint. This might include describing the emissions sources measured and the methodology used, as described in the ClimateWise Guidance.

References to supporting evidence:

- Sanlam Sustainability Report 2023¹⁰⁸: page 65, 71, 134
- Sanlam Sustainability Integration and Disclosure Framework 2023¹⁰⁹: Pages 07, 08, 09, 17
- Sanlam Carbon Footprint Report 2023¹¹⁰: page 8-11, 15
- Sanlam Benchmark 2023¹¹¹
- Sanlam's Environmental Policy Document¹¹²: Page 02, 07
- Sanlam news and updates¹¹³.
- Sanlam Integrated Annual Report¹¹⁴: Page 35, 80
- Sanlam Climate Change Policy Statement 2023¹¹⁵: Pages 04, 05
- Sanlam ClimateWise Response 2019¹¹⁶: page 50
- Sanlam Investment and insurance position statement on fossil fuels¹¹⁷: Pages 02, 04, 05
- Sanlam's Carbon Footprint 2023¹¹⁸: Pages 08-11
- Sanlam Governance report 2023¹¹⁹: Pages 43,

¹⁰⁸ Available at: [sustainability-report-2023.pdf \(sanlam.com\)](https://www.sanlam.com/sustainability-report-2023.pdf)

¹⁰⁹ Available at: [Sustainability-integration-and-disclosure-framework.pdf \(sanlam.com\)](https://www.sanlam.com/sustainability-integration-and-disclosure-framework.pdf)

¹¹⁰ Available at: [Sanlam-Carbon-Footprint-2023.pdf](https://www.sanlam.com/sanlam-carbon-footprint-2023.pdf)

¹¹¹ Available at: [Benchmark 2023 | Sanlam and Benchmark 2023 Insights.pdf \(sanlam.co.za\)](https://www.sanlam.com/benchmark-2023-insights.pdf)

¹¹² Available at: <https://www.sanlam.com/downloads/sustainability-reports/2020/Sanlam-Group-Environmental-Policy-2020.pdf>

¹¹³ Available at: [Introducing our new Managing Executive | Group Risk \(sanlam.co.za\)](https://www.sanlam.com/introducing-our-new-managing-executive-group-risk.pdf)

¹¹⁴ Available at: [Sanlam-IR-2023.pdf](https://www.sanlam.com/sanlam-ir-2023.pdf)

¹¹⁵ Available at: [Climate-change-policy-statement.pdf \(sanlam.com\)](https://www.sanlam.com/climate-change-policy-statement.pdf)

¹¹⁶ Available at: [Sanlam Climatewise report 2019](https://www.sanlam.com/sanlam-climatewise-report-2019.pdf)

¹¹⁷ Available at: [Investment-and-insurance-position-statement-on-fossil-fuels.pdf \(sanlam.com\)](https://www.sanlam.com/investment-and-insurance-position-statement-on-fossil-fuels.pdf)

¹¹⁸ Available at: [Sanlam-Carbon-Footprint-2023.pdf](https://www.sanlam.com/sanlam-carbon-footprint-2023.pdf)

¹¹⁹ Available at: [Sanlam-Governance-Report-2023.pdf](https://www.sanlam.com/sanlam-governance-report-2023.pdf)

Sanlam is committed to understanding and disclosing our sources of emissions and adverse climate- and nature-related impacts within our upstream and downstream value chain. This approach not only aligns with regulatory and framework expectations but also enhances transparency and accountability in our environmental impact management.

Sanlam's GHG inventory includes a comprehensive assessment of Scope 1, Scope 2, and relevant Scope 3 emissions in line with the Greenhouse Gas Protocol's 'A Corporate Accounting and Reporting Standard (Revised Edition)' and the ISO 14064:2018 (second edition) 'Part 1: Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals. This involves measuring direct emissions from owned or controlled sources, indirect emissions from purchased electricity, and significant upstream and downstream activities. By applying industry-standard methodologies, such as those from the GHG Protocol and CDP Guidance, we ensure that our emission calculations are aligned with best practices.

We evaluate the emissions sources that are material to our business, including those from our supply chain and operational activities. This process involves identifying potential impacts of transitioning to a low-carbon economy, such as changes in supplier practices or customer expectations. Additionally, we assess both physical and transition risks associated with climate change, including extreme weather events and regulatory shifts, and their implications on our business model and strategy.

Sanlam's disclosure also includes metrics for historical periods and future targets, providing insight into our progress and strategic planning. We recognise the importance of addressing data limitations and the methodologies used in our calculations, and we continuously work to refine our approach to managing emissions and engaging with stakeholders. Through proactive risk management and resilience analysis, Sanlam assesses how climate- and nature-related risks may affect our operations and value chain. This includes considering the impact of biodiversity and ecosystem-related risks and integrating these insights into our financial and strategic planning processes. Our goal is to present a holistic view of how these factors influence our ability to create long-term value and to adapt our strategies accordingly.

Sanlam's GHG inventory includes direct and indirect emissions categorised according to the GHG Protocol and ISO 14064-1:2018 standards. The following table summarises the significant emissions sources for each category:

ISO 14064:2018		GHG Protocol		Emission Sources	Inclusion in GHG Inventory
Category	Description	Category	Description		
1	Direct GHG emissions and removals	Scope 1	Energy direct emissions	Emissions that occur from sources that are controlled or owned by Sanlam such as: <ul style="list-style-type: none"> Stationary diesel combustion Mobile diesel combustion Mobile petrol combustion Stationary liquid petroleum gas (LPG) Refrigerants 	Included: As required by ISO14064-1:2018 and GHG Protocol.
2	Indirect GHG emissions from imported energy	Scope 2	Energy indirect emissions	Emissions associated with the purchase of electricity.	Included based on significance assessment:
		Scope 3, category 3	Fuel- And Energy-Related Activities	Emissions related to the production of fuels and energy purchased and consumed by Sanlam in the reporting year such as: <ul style="list-style-type: none"> Upstream emissions of purchased fuels Upstream emissions of purchased electricity Transmission and distribution losses 	
3	Indirect GHG emissions from transportation	Scope 3, category 4	Upstream Transportation and Distribution	Emissions from the transportation and distribution (freight) activities throughout the value chain: <ul style="list-style-type: none"> Air transport Rail transport Road transport 	Included based on significance assessment
		Scope 3, category 6	Business Travel	Emissions from employee business travel such as: <ul style="list-style-type: none"> Air travel Automobile travel (e.g., business travel in rental cars or employee-owned vehicles other than employee commuting to and from work) 	
		Scope 3, category 7	Employee Commuting	Emissions from employee commuting such as: <ul style="list-style-type: none"> Automobile travel Bus travel Rail travel Air travel Other modes of transportation (e.g., motorcycling, walking) 	
		Scope 3, category 9	Downstream Transportation and Distribution	Emissions from downstream transportation and distribution from transportation/storage of sold products in vehicles/facilities not owned by Sanlam, such as: <ul style="list-style-type: none"> Air transport Road transport 	
4	Indirect GHG emissions from products used by organization	Scope 3, category 1	Purchased Goods and Services	Products include both goods (tangible products) and services (intangible products) such as: <ul style="list-style-type: none"> Water Paper Stationary 	Included based on significance assessment
		Scope 3, category 2	Capital Goods	Emissions from the use of capital goods by the company, such as: <ul style="list-style-type: none"> Equipment Machinery Buildings Vehicles 	
5	Indirect GHG emissions associated with the use of products from the organization	Scope 3, category 10	Processing of Sold Products	Emissions from processing of sold intermediate products by third parties	Not applicable as Sanlam's operations are related to the provision of insurance services and finance.
		Scope 3, category 11	Use of Sold Products	Emissions from the use of goods and services sold by the company in the reporting year.	
		Scope 3, category 12	End-Of-Life Treatment of Sold Products	Emissions from the waste disposal and treatment of products sold by the reporting company such as: <ul style="list-style-type: none"> Landfilling Incineration Recycling 	
6	Indirect GHG	Scope 3,	Waste	Waste treatment activities may include:	Included based on significance

ISO 14064:2018		GHG Protocol		Emission Sources	Inclusion in GHG Inventory
Category	Description	Category	Description		
	emissions from other sources	category 5	Generated in Operations	<ul style="list-style-type: none"> Disposal in a landfill Recovery for recycling Incineration Composting (Food Waste) 	assessment
		Scope 3, category 8	Upstream Leased Assets	Operation of assets that are leased by the reporting company in the reporting year such as: <ul style="list-style-type: none"> Vehicles Equipment Generator 	Not applicable in this footprint as no leased assets were reported in this boundary of Sanlam's GHG emissions. However, this could be considered in the future.
		Scope 3, category 13	Downstream Leased Assets	Assets that are owned by the reporting company (acting as lessor) and leased to other entities in the reporting year such as: <ul style="list-style-type: none"> Vehicles Equipment Generator 	
		Scope 3, category 14	Franchises	Emissions from the operation of franchises not included in scope 1 or scope 2.	Not applicable as Sanlam does not utilise a franchise model
		Scope 3, category 15	Investments	Emissions associated with the reporting company's investments in the reporting year such as: <ul style="list-style-type: none"> Equity investments Debt investments Project finance Managed investments and client services. 	Not included at this stage. Sanlam is investigating the quantification of emissions associated with investments.

Sanlam's approach to managing our environmental impact is multi-faceted, focusing on integrating environmental considerations into procurement practices, monitoring and reporting emissions, and setting targets for improvement. The Group has committed to recording and monitoring at least 80% of our Scope 3 emissions, (excluding category 15 emissions (investments), which is currently undergoing assessment), and has established targets to manage electricity consumption, water usage, travel, waste, and investments. Sanlam's emissions reporting spans both our direct operations and facilities, reflecting our commitment to reducing its carbon footprint. Below is a detailed breakdown of Sanlam's emissions for the financial year 2023, including the methodology used for calculations and the performance trends observed across different scopes of emissions.

Response																																			
<p>• Asset Owner/ Asset Manager/ Insurance Companies/ Facilities Manager</p> <p>In Sanlam's Procurement Policy, the Group integrates an environmental analysis of our suppliers. This includes requesting suppliers to provide evidence of their own environmental policies, quantified environmental impact, and initiatives aimed at reducing their environmental footprint, including efforts to lower greenhouse gas emissions. Sanlam prioritises the environmental awareness of the goods they purchase.</p> <p>As part of our commitment to environmental sustainability, Sanlam has undertaken to record and monitor 80% of our Scope 3 emissions (excluding category 15 emissions (investments), which is currently undergoing assessment). Additionally, Sanlam have set targets related to electricity consumption, water usage, travel, waste management, and investments to further enhance our environmental sustainability efforts.</p> <p>Sanlam Group and our business divisions are service organisations and "low-impact" businesses. As such Sanlam focusses on managing our direct environmental impacts within our facilities, with respect to the services provided therein. Sanlam has therefore set specific targets to improve our environmental performance, related to reduced emissions from electricity, water, waste and transport activities.</p> <p>Sanlam Group measures GHG data at the level of our facilities. This information is reported to Sanlam Group management and executives who are responsible for managing climate-related risks and opportunities within the facilities, supported by the facilities manager.</p>																																			
Response																																			
<p>• Facilities Manager</p> <p>Reporting period: Sanlam's financial year (01 January 2023 – 31 December 2023).</p> <p>Structural Change: Sanlam Trust was sold to Capital Legacy and Sanlam Life acquired a non-controlling share (26%) of the merged Capital Legacy Group which now includes the Sanlam Trust business.</p> <p>Facilities: The boundary included the following 15 offices located in 12 operationally controlled facilities representing +/- 85% of the Group's directly held subsidiaries: <u>Sanlam</u> (8 Offices) - South Africa: Head Office Campus, Houghton/Sky, Sanlynn, Sanlam Investments, Alice Lane, Glacier Place, West End Place Block D; UK: Sanlam Investments. <u>Santam</u> (7 Offices): Head Office/Admin, Auckland Park, Alice Lane, Glacier Place, West End Place Block A, Hill on Empire (Santam and MiWay)</p> <p>Methodology: GHG Protocol – Corporate Accounting and Reporting Standard. The boundary excludes Santam facilities, despite emissions from Santam being reported in a separate ClimateWise submission.</p> <p>GHG consolidation approach: Operational Control Approach.</p> <table border="1"> <thead> <tr> <th>Sanlam's carbon footprint</th> <th>2022 tCO₂e</th> <th>2023 tCO₂e</th> </tr> </thead> <tbody> <tr> <td>Scope 1 (direct emissions)</td> <td>1,038</td> <td>1,536</td> </tr> <tr> <td>Scope 2 (energy indirect emissions)</td> <td>28,042</td> <td>26,084</td> </tr> <tr> <td>Scope 3 (other indirect emissions)</td> <td>18,632</td> <td>22,429</td> </tr> <tr> <td>- Purchased goods and services</td> <td>258</td> <td>216</td> </tr> <tr> <td>- Fuel-and-energy-related activities (not included in Scope 1 or 2)</td> <td>3,605</td> <td>3,814</td> </tr> <tr> <td>- Upstream transportation and distribution</td> <td>154</td> <td>205</td> </tr> <tr> <td>- Waste generated in operations</td> <td>131</td> <td>160</td> </tr> <tr> <td>- Business travel</td> <td>5,915</td> <td>9,739</td> </tr> <tr> <td>- Employee commuting</td> <td>8,568</td> <td>8,296</td> </tr> <tr> <td>Total Emissions</td> <td>47,712</td> <td>50,146</td> </tr> </tbody> </table>			Sanlam's carbon footprint	2022 tCO ₂ e	2023 tCO ₂ e	Scope 1 (direct emissions)	1,038	1,536	Scope 2 (energy indirect emissions)	28,042	26,084	Scope 3 (other indirect emissions)	18,632	22,429	- Purchased goods and services	258	216	- Fuel-and-energy-related activities (not included in Scope 1 or 2)	3,605	3,814	- Upstream transportation and distribution	154	205	- Waste generated in operations	131	160	- Business travel	5,915	9,739	- Employee commuting	8,568	8,296	Total Emissions	47,712	50,146
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Response

Response

• **Facilities Manager**

Reporting period: Sanlam’s financial year (01 January 2023 – 31 December 2023).

Carbon footprint calculation boundary:

Sanlam (8 Offices) - South Africa: Head Office Campus, Houghton/Sky, Sanlynn, Sanlam Investments, Alice Lane, Glacier Place, West End Place Block D; UK: Sanlam Investments.

Santam (7 Offices): Head Office/Admin, Auckland Park, Alice Lane, Glacier Place, West End Place Block A, Hill on Empire (Santam and MiWay)

Methodology: GHG Protocol – Corporate Accounting and Reporting Standard

GHG consolidation approach: Operational Control Approach. The boundary **includes** Santam facilities. Santam is reported at 100%.

Targets related to Sanlam’s facilities, including Santam facilities, are presented below:

Absolute targets	2022	2023	Target year: 2025
Scope 1 (tCO ₂ e)	2,821	3,169	2,152
Scope 2 (tCO ₂ e)	33,605	32,334	37,218
Total carbon footprint per year (tCO ₂ e)	36,426	35,503	39,370

In 2023, Scope 1 emissions have increased from the previous year by 12.34%. This is mostly due to the amount of mobile fuel combustion that occurred, due to unprecedented load shedding during 2023.

Currently, Scope 2 emissions are Sanlam’s largest category of emissions. Scope 2 emissions decreased slightly from 2022, by 3.78%, which is as result of the decreased amount of grid electricity consumed within 2023 compared to 2022 despite the reporting boundary including additional facilities. This decrease is not an indication of improved energy efficiency but is rather attributed to the 2.9% drop in the Eskom FY2023 CO₂ emissions factor, together with more load shedding incidents (diesel is less CO₂-intensive than coal).

Since 2014, the baseline year from which the targets were set, the Scope 3 emissions have increased tremendously. This is largely due to the increased facilities included in the reporting boundary, as well as increases in activity data under some categories. The inclusion of additional Scope 3 categories is in line with Sanlam’s Environmental Policy to continuously improve our environmental monitoring procedures in alignment with the ISO 14001 standards. For FY2023, there was a 22.4% increase in Scope 3 emissions as a result of increased business travel. Such an increase is due to the post-COVID restriction which has now allowed more employees to travel.

Scope 1 and Scope 2 GHG emissions and Scope 3 GHG emissions with performance trend and accompanying narrative.

Response

• **Facilities Manager**

GHG consolidation approach: Operational Control Approach. The boundary **includes** Santam facilities. Santam is reported at 100%.

The carbon footprint of Sanlam’s facilities over the last seven financial years (from 1 January to 31 December) is presented below:

	2016	2017	2018	2019	2020	2021	2022	2023
Scope 1	522	260	163	2,391	1,644	1,684	2,821	3,169
Scope 2	44,761	42,122	38,022	41,353	33,150	35,460	33,605	32,334
Scope 3	26,681	23,925	37,747	41,086	16,858	14,442	22,984	28,134
Total	71,964	66,307	75,932	84,830	51,652	51,586	59,410	63,637

Sanlam’s direct emissions arise from the combustion of fuels as well as fugitive emissions. The Scope 1 emission levels in 2023 have increased compared to levels in 2022 by 12.34%. This is mostly due to the amount of mobile fuel combustion that occurred, which was needed due to unprecedented load shedding during 2023.

Currently, Scope 2 emissions are Sanlam’s largest category of emissions. Scope 2 emissions decreased slightly from 2022, by 3.78%, which is as result of the decreased amount of grid electricity consumed within 2023 compared to 2022 despite the reporting boundary including additional facilities. This decrease is not an indication of improved energy efficiency but is rather attributed to the 2.9% drop in the Eskom FY2023 CO₂ emissions factor, together with more load shedding incidents (diesel is less CO₂-intensive than coal). For FY2023, there was a 22.4% increase in Scope 3 emissions mainly as a result of including additional facilities into our reporting boundary and from increased business travel.

The methodologies used to calculate GHG emissions metrics and targets for Sanlam.

Response

• **Facilities Manager**

Sanlam’s carbon footprint was conducted in line with the Greenhouse Gas Protocol’s ‘A Corporate Accounting and Reporting Standard (Revised Edition)’ and the ISO 14064:2018 (second edition) ‘Part 1: Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals’.

The organisational boundary for the 2023 inventory (Scope 1, 2 and 3) includes the following Sanlam facilities:

Sanlam (8 Offices) - South Africa: Head Office Campus, Houghton/Sky, Sanlynn, Sanlam Investments, Alice Lane, Glacier Place, West End Place Block D; UK: Sanlam Investments

Santam (7 Offices): Head Office/Admin, Auckland Park, Alice Lane, Glacier Place, West End Place Block A, Hill on Empire (Santam and MiWay).

The organisational boundary for the 2023 targets includes the Sanlam and Santam facilities listed above.

All emissions are calculated by multiplying the underlying activity data (which is either monitored or calculated) with appropriate emission factors. All emissions are carbon dioxide equivalent (CO₂e) gases, as required by the GHG Protocol. Emission factors are obtained from reliable, recognised sources such as the South African Methodological Guidelines, DEFRA and IPCC.

Sub-Principle 2.4: Advocate and engage across the supply chain to encourage our suppliers to improve the environmental sustainability of their products and services, and understand the implications these have on our business.

Members can use this section to demonstrate the approach to govern climate- and nature-related interactions with other entities. The ClimateWise Guidance sets out topics which members could consider.

References to supporting evidence:

- Sanlam Sustainability Report 2023¹²⁰: page 28, 29, 30, 33, 47, 71, 80, 104
- Sanlam's Procurement Policy Document¹²¹: Page 9-10
- Sanlam's Environmental Policy Document¹²²: Page 2
- Sanlam ESG Barometer¹²³: Page 38
- Sanlam Integrated Annual Report¹²⁴: Page 19, 60, 79, 83, 87
- Sanlam's Environmental Policy Document¹²⁵: Page 05
- Sanlam Investment and insurance position statement on fossil fuels¹²⁶: Page 04, 05
- Sanlam Investment Policy Statement 2020¹²⁷: Page 02, 04
- Sanlam Climate Change Policy Statement 2023¹²⁸: 02, 04, 06
- Sanlam Sustainability Integration and Disclosure Framework 2023¹²⁹: 07, 08, 09, 10, 14, 16, 17

Response
<p>• Asset Owner</p> <p>Sanlam Group's Procurement Policy emphasizes the preference for goods, products, or services that promote conservation of natural resources, environmental protection, and energy efficiency, provided it is practical and economically viable. Sanlam integrates an environmental analysis of suppliers, requesting evidence of their environmental policies, quantified environmental impact, and initiatives aimed at reducing their environmental footprint, including efforts to lower greenhouse gas emissions. Sanlam prioritizes the environmental awareness of the goods they purchase. The Group Procurement Policy is applicable company-wide and undergoes annual review and updates, except in cases where changes are prompted by Audit recommendations or significant organizational restructuring that alters roles, responsibilities, and processes.</p> <p>The Sanlam Group Environmental Policy 2020, applicable across all our operations, reinforces the Procurement Policy by extending Sanlam's influence throughout the supply chain, encouraging suppliers to adopt leading environmental practices.</p> <p>Moreover, the policy acknowledges that climate change poses significant business and global risks that could adversely affect societal stability and well-being, ultimately impacting the financial resilience and prosperity of Sanlam's clients and the communities it operates in. Therefore, Sanlam recognises the importance of integrating responsible environmental principles into our business operations, not only as an ethical imperative but as a crucial step to ensure the long-term survival and success of Sanlam, our clients, and all stakeholders. Sanlam firmly believes that a sustainable business is contingent upon a sustainable environment.</p> <p>Sanlam Corporate has embedded ESG risk assessment through our investment policy statement. Where multi-managed portfolios are concerned, the buying of securities is outsourced to external service providers who may or may not incorporate climate-related issues in their policy framework. Sanlam Corporate assesses their process and ESG integration, which feeds into the Groups risk assessment in the manager selection process. Sanlam Corporate assesses and manages climate-related risks and opportunities through Active Ownership, which is a qualitative assessment, as a key component of our ESG framework.</p> <p>It encompasses two important areas:</p> <ul style="list-style-type: none">• Engaging with companies on material ESG issues• Exercising the right to vote on behalf of clients. <p>Sanlam considers shareholder engagement as a core driver of change where investors seek to improve investee companies' practices with a specific objective in mind. When engaging with companies, the purpose is to either seek additional understanding or, where necessary, to seek change that will protect and enhance the value of investments for which we are responsible. Along with engagement activity, Sanlam considers voting to be a crucial aspect of being an active shareholder. It is an important element of the ESG framework and an opportunity to influence the company. The voting and engagement activities are closely aligned as Sanlam regularly engages with companies before and after the vote. The Group's voting process is governed by an internal proxy voting guidelines which provide the Groups preferences on governance matters and expectations for companies on sustainability themes.</p> <p>Sanlam is actively involved in industry forums and policy dialogues to shape environmental standards and regulations. Our recent advocacy efforts have focused on contributing to sustainable finance regulations and climate risk disclosure standards. The oversight of these advocacy strategies is managed by the Group's ESG Committee, which reports to the Board.</p> <p>In evaluating supplier sustainability, Sanlam employs a Procurement Policy that mandates adherence to environmental policies and certifications, such as ISO 14001. Suppliers that do not meet these sustainability standards are excluded from the supply chain.</p> <p>To ensure accountability, Sanlam conducts regular impact assessments and publishes detailed sustainability reports that align with frameworks like the Global Reporting Initiative (GRI) and the Task Force on Climate-related Financial Disclosures (TCFD). The 2023 Sustainability Report provides oversight of how these assessments have influenced our practices.</p> <p>Furthermore, Sanlam is committed to investing in low-carbon technologies and innovative climate solutions. This includes funding renewable energy projects and integrating ESG principles into our investment strategies.</p> <p>• Asset Manager</p> <p>In 2023, Sanlam continued to partnership with Robeco and the proposed partnership (subject to regulatory approval) with Allianz, which is a sustainability leader. Such partnerships enhance the alignment of Sanlam Investment Group with global best practices. Through this collaboration, Sanlam Investment</p>

¹²⁰ Available at: [sustainability-report-2023.pdf \(sanlam.com\)](https://www.sanlam.com/sustainability-report-2023.pdf)

¹²¹ Available at: <https://www.sanlam.co.za/kenya/about/Documents/Procurement%20Policy%20Sanlam.pdf>

¹²² Available at: <https://www.sanlam.com/downloads/sustainability-reports/2020/Sanlam-Group-Environmental-Policy-2020.pdf>

¹²³ Available at: <https://sanlamesgbarometer.co.za/report/>

¹²⁴ Available at: [Sanlam-IR-2023.pdf](https://www.sanlam.com/downloads/sustainability-reports/2020/Sanlam-IR-2023.pdf)

¹²⁵ Available at: <https://www.sanlam.com/downloads/sustainability-reports/2020/Sanlam-Group-Environmental-Policy-2020.pdf>

¹²⁶ Available at: [investment-and-insurance-position-statement-on-fossil-fuels.pdf \(sanlam.com\)](https://www.sanlam.com/downloads/sustainability-reports/2020/Sanlam-Group-Environmental-Policy-2020.pdf)

¹²⁷ Available at: <https://www.sanlam.co.za/retirementfunds/Documents/IPS%20CRAF.pdf>

¹²⁸ Available at: [Climate-change-policy-statement.pdf \(sanlam.com\)](https://www.sanlam.com/climate-change-policy-statement.pdf)

¹²⁹ Available at: [Sustainability-integration-and-disclosure-framework.pdf \(sanlam.com\)](https://www.sanlam.com/sustainability-integration-and-disclosure-framework.pdf)

Group gains valuable access to Robeco's platform, research, and expertise. Evaluating ESG factors assists Sanlam's asset management division better understand the climate risks and opportunities in our investments. This facilitates the rapid development of SIG's workforce and the integration of sustainable investing practices into our investment processes. In 2022, Sanlam Investment and our partner Robeco facilitated 22 in-house and 206 engagements respectively. We voted on about 3,454 resolutions, 352 (10%) of which we voted against, primarily due to remuneration practices (40%), director re-election/ appointment (34%) and access to capital (18%).

Sanlam Investments is required to meet the requirements of the group level Environmental and Procurement Policies.

• **Insurance Companies**

Sanlam Life and Savings and Sanlam Emerging Markets are required to meet the requirements of the group level Environmental and Procurement Policies. These policies guide their operations and supply chain management, ensuring alignment with Sanlam's sustainability goals.

• **Facilities Manager**

The facilities manager is required to meet the requirements of the group level Environmental and Procurement Policies, ensuring alignment with Sanlam's overall environmental sustainability objectives.

Demonstrating Continuous Improvement (planned activities)

Enhancing Governance and Advocacy

Sanlam plans to significantly strengthen our policy advocacy efforts by engaging more actively in industry working groups and coalitions focused on sustainability. This enhanced involvement will aim to influence stricter environmental regulations and more rigorous industry standards. Additionally, Sanlam will expand our stakeholder engagement by hosting more frequent forums and consultations with suppliers, industry experts, and regulators. These engagements are intended to gather valuable feedback on sustainability practices and facilitate the sharing of best practices. Sanlam will continue to transparently publish detailed reports on our policy positions, advocacy activities, and our impacts on the supply chain.

Strengthening Supply Chain Management

In terms of supply chain management, Sanlam intends to update our procurement policies to include more stringent environmental criteria and require additional certifications from suppliers. This revision will integrate new standards related to biodiversity and ecosystem preservation. To ensure compliance with these updated criteria, Sanlam plans to increase the frequency and scope of supplier audits, providing more rigorous checks on suppliers' environmental performance. Furthermore, we will develop a supplier improvement programme aimed at supporting suppliers in enhancing their environmental practices. This program will offer training, resources, and support to suppliers that are struggling to meet sustainability requirements.

Advancing Impact Assessment and Reporting

Sanlam plans to implement more comprehensive impact assessment tools to better evaluate the environmental and social impacts of our supply chain activities. These advanced tools will provide deeper insights into areas needing improvement. We will also commit to producing annual sustainability impact reports that detail the outcomes of our supply chain sustainability efforts, including progress towards specific goals and any challenges encountered. Additionally, Sanlam will establish feedback mechanisms to gather input from stakeholders, including suppliers and affected communities, on the effectiveness of our sustainability practices and impact assessments.

Supporting Economy-Wide Transition

To support the transition to a low-carbon economy, Sanlam aims to increase our investments in low-carbon technologies and projects. This will involve identifying new opportunities in emerging green technologies and expanding funding for innovative climate solutions. We also plan to further integrate ESG principles into our investment and procurement decision-making processes by developing more detailed ESG criteria and rigorously evaluating the environmental performance of potential investments. Additionally, Sanlam will continue to promote research and development initiatives focused on advancing climate solutions, particularly in hard-to-abate sectors, by collaborating with research institutions and funding cutting-edge projects.

Theme: Innovate & Advocate

The Innovate & Advocate Theme allows Members to showcase important research and engagement in public debate that uses their unique position and understanding of insurance and risk management to have a broader impact.

Sub-Principle 2.5: Support and undertake research and development to inform current business strategies, develop new products, and help support and incentivise our customers and stakeholders, including affected communities, in adapting to and mitigating climate and nature-related issues.

Members can use this section to demonstrate the research and development activities which have been undertaken or funded during the year. This might include describing the objectives and priorities of research and development or take into account how the Member is considering using emerging technology. The ClimateWise Guidance sets out topics which members could consider.

References to supporting evidence:

- Sanlam Sustainability Report 2023¹³⁰: pages 13, 56-58, 87, 135
- Sanlam Governance report 2023¹³¹: Page 08, 21, 62
- Sanlam Responsible Investing report 2023¹³²: page 14, 21, 71
- Sanlam Integrated Report 2023¹³³: Page 03, 19, 54
- Sanlam Sustainability Integration and Disclosure Framework 2023¹³⁴: Pages 18

¹³⁰ Available at: [sustainability-report-2023.pdf \(sanlam.com\)](https://www.sanlam.com/sustainability-report-2023.pdf)

¹³¹ Available at: [Sanlam-Governance-Report-2023.pdf](https://www.sanlam.com/Sanlam-Governance-Report-2023.pdf)

¹³² Available at: <https://7f9d07bc.flowpaper.com/SustainabilityReport2023/#page=1>

¹³³ Available at: [Sanlam-IR-2023.pdf](https://www.sanlam.com/Sanlam-IR-2023.pdf)

¹³⁴ Available at: [Sustainability-integration-and-disclosure-framework.pdf \(sanlam.com\)](https://www.sanlam.com/Sustainability-integration-and-disclosure-framework.pdf)

- Sanlam Financial Confidence Index 2024¹³⁵
- Sanlam Climate Change Policy Statement 2023¹³⁶: 04-06
- Sanlam Investment and insurance position statement on fossil fuels¹³⁷: 02, 05

Response

• Asset Owner

Sanlam Group is dedicated to investing in sustainable businesses that drive innovation for climate mitigation and adaptation. This commitment is reflected in various research and development (R&D) initiatives that support strategic business goals and the creation of new products. Our approach to climate and nature-related challenges is grounded in the "Just Transition" framework. This approach acknowledges the unique climate transition challenges faced by African countries, which, despite contributing only 3.8% of global greenhouse gas emissions, are particularly vulnerable due to their low adaptive capacity and complex socio-economic issues such as high unemployment, inequality, and poverty.

Aligned with the climate change position of the Group of 77 developing countries, Sanlam focuses on balancing climate action with positive social impacts. Key areas of focus include job creation, resilient infrastructure, food and water security, financial education, and environmental stewardship. To advance the "Just Transition" framework, Sanlam has formed essential partnerships with organisations like FMO, the Dutch development bank, through the Climate Fund Managers (CFM). With CFM, Sanlam develops and deploys innovative investment vehicles aimed at achieving net-zero carbon emissions and enhancing economic and social resilience in developing markets worldwide.

Significant global initiatives include Climate Investor One, which supports clean-energy projects in Africa and Asia, and Climate Investor Two, which targets water, ocean, and sanitation infrastructure projects in emerging markets. Both funds utilise rigorous impact measurement frameworks to ensure meaningful, sustainable outcomes.

In South Africa, Sanlam enhances climate action through partnerships such as the Sanlam Sustainable Infrastructure Fund and the Sanlam Foundation. These collaborations fund essential infrastructure projects, including the Bokpoort Concentrated Solar Power (CSP) plant, which generates electricity and contributes to regional job creation and economic development. Additionally, Sanlam partners with CFM on projects like the Damen containerised ballast water treatment system, which mitigates the environmental impact of ballast water discharge from marine vessels, protecting marine ecosystems and coastal environments.

Sanlam is dedicated to developing insurance products and sustainable investments that address climate change while promoting social and economic development. Leveraging our historical data, expertise, and extensive network, Sanlam aims to lead the just energy transition in Africa, driving inclusion, innovation, and long-term growth for a sustainable future.

Sanlam Group also engages in various industry associations and initiatives, including:

- Business Unity South Africa (BUSA): Conducts research on climate change impacts on the South African business environment and society.
- Every Action Counts Coalition: Aims to leverage technology and partnerships to enhance global green awareness and action, with Sanlam and Santam joining in 2022 to connect experts with digital platforms and financial institutions.
- National Business Initiative (NBI) Just Transition Pathway: Focuses on decarbonising the South African economy, with Sanlam's Group Chief Executive championing the initiative.
- United Nations Global Compact (UNGC): Encourages alignment with ten principles in human rights, labour, environment, and anti-corruption.
- United Nations Environment Programme's Principles for Sustainable Insurance: Guides the insurance industry towards sustainable practices.
- Climate Action 100+: An investor-led initiative to ensure major corporate greenhouse gas emitters take necessary climate action.

Sanlam enhances data quality for climate-related research and analytics through a combined assurance process, including third-party verification of our GHG emissions inventory by Verify CO₂. This process ensures data accuracy and completeness. Collaboration with AQRate also verifies our broad-based black economic empowerment (B-BBEE) status, adding credibility to our sustainability efforts.

The Social, Ethics, and Sustainability Committee ensures the integrity of sustainability reports and presentation. To address increasing demands for ESG data, Sanlam launched the ESG Barometer, in collaboration with Business Day and Intellidex, focusing on ESG performance improvements by South African companies. In addition, our longstanding partnership with WWF supports freshwater conservation in South Africa, with over R75 million invested in water-related projects. This partnership promotes water stewardship and collaboration among government, civil society, and the private sector to build sustainable freshwater ecosystems.

We are also performing climate scenarios in line with TCFD recommendations. The results will be published to provide a comprehensive view of sustainability. Sanlam's engagement in various platforms, including BUSA, Every Action Counts Coalition, NBI's Just Transition Pathway, UNGC, UN Principles for Sustainable Insurance, and Climate Action 100+, underscores our commitment to sustainable and climate- and nature-related activities.

• Asset Manager

Sanlam Investments is responsible for managing Sanlam Group's investments. Sanlam (through the auspices of the mandate delegated to the Sanlam Investment Group) subscribes to the Code for Responsible Investing in South Africa, which encourages institutional investors and service providers to integrate ESG issues into their investment decisions. Sanlam Investments manages the various funds discussed above at the asset owner level, which enable the financing of renewable energy, water and other related mitigation and adaptation projects.

• Insurance Companies

The development of insurance products to support innovation for climate mitigation and adaptation for Sanlam Life and Savings and Sanlam Emerging Markets occurs at the Sanlam Group level.

The development of insurance products to support adaptation occurs at the Santam level (discussed in a separate ClimateWise disclosure), where such measures will have substantive impacts. Examples include the Partnership for Risk Resilience (P4RR) Programme, which strengthens the institutional and participatory development capacity of local municipalities to proactively reduce the impact of fire and flood disaster events. Santam partners with municipalities, 82 to date, and various stakeholders to assist municipalities to be more resilient through funding and support and to reduce disaster risks caused by fire, flooding, and drought, which have a consequential impact on insurance claims. The objective of P4RR is to strengthen the institutional and participatory development capacity of local municipalities to proactively reduce the impact of fire and flood disaster events. Ultimately, Santam's efforts help to contribute to climate adaptation efforts by assisting service delivery and providing support to local government infrastructure, economic development, and governance.

¹³⁵ Available at: [Sanlam's 2024 Financial Confidence Index](#)

¹³⁶ Available at: [Climate-change-policy-statement.pdf \(sanlam.com\)](#)

¹³⁷ Available at: [Investment-and-Insurance-position-statement-on-fossil-fuels.pdf \(sanlam.com\)](#)

Response
Sanlam Life and Savings and Sanlam Emerging Markets benefit from new climate-focused insurance products, which may increase disposable income levels and mitigate risks associated with non-payment of premiums or debt servicing. By offering climate-resilient insurance solutions, Sanlam's insurance companies strengthen their value proposition and support clients in managing climate-related risks.
<ul style="list-style-type: none"> • Facilities Manager Not applicable at this level. The information pertains to investment strategies and insurance products rather than specific research and development activities relevant to facilities management.

Demonstrating Continuous Improvement (planned activities)

In 2023, Sanlam has placed a strong emphasis on continuous learning and leadership development for our employees. Recognising that a knowledgeable and skilled workforce is essential for driving innovation and adapting to changing market conditions, we have initiated a series of development programs. These programs are designed to enhance employee capabilities and align their skills with the evolving demands of the business landscape. With these initiatives, Sanlam is proactively investing in its human capital to foster a culture of growth and adaptability, ultimately strengthening our competitive position in the market.

Sanlam has also demonstrated our commitment to sustainable development through the publication of our 2023 Group Sustainability Report, providing a comprehensive overview of our sustainability initiatives, showcasing our efforts to integrate environmental, social, and governance (ESG) principles into our business strategies. By transparently communicating our sustainability goals and performance, Sanlam not only holds ourselves accountable but also sets a benchmark for industry practices.

A significant aspect of Sanlam's continuous improvement strategy is our commitment to research, exemplified by the anticipated launch of the 2024 Financial Confidence Index. This index serves as a tool to gauge the financial confidence of South Africa's adult population, providing insights into their financial behaviours and attitudes. The 2024 Financial Confidence Index was developed in collaboration with research partner Africa Response, which surveyed 1,610 individuals to assess three key components: Financial Self-determination, Financial Resilience, and Financial Wellbeing. This research highlights the importance of financial education and the need for accessible resources to empower individuals, particularly among younger generations like Gen Z, who exhibit higher levels of financial self-determination and resilience compared to older demographic.

By establishing a reliable benchmark for measuring financial confidence, Sanlam seeks to empower individuals to make informed financial decisions, enhance their financial well-being, and foster a more resilient society. The insights gained from this research will not only inform Sanlam's product offerings but also guide our engagement strategies with customers, ensuring that we remain responsive to their needs.

Despite facing challenging economic conditions, Sanlam has reported a strong operating performance for the quarter ended 31 March 2023. This resilience is indicative of our business model and strategic initiatives that have enabled us to navigate uncertainties effectively. By focusing on operational efficiency and customer-centric solutions, Sanlam has managed to sustain our growth trajectory, demonstrating our ability to adapt and thrive in a dynamic environment. This performance not only reflects the effectiveness of our current strategies but also underscores the importance of continuous improvement in achieving long-term success.

In addition to the Financial Confidence Index, Sanlam has unveiled a study that explores the underlying factors influencing financial confidence in South Africa. This research aims to define financial confidence as the assurance individuals have in their ability to manage their financial lives effectively. By understanding the nuances of financial confidence, Sanlam can better tailor our products and services to meet the specific needs of our customers. This proactive approach not only enhances customer satisfaction but also positions Sanlam as a thought leader in the financial services sector, committed to addressing the challenges faced by our clientele.

Through these multifaceted initiatives, Sanlam is clearly demonstrating our commitment to continuous improvement in 2023. By investing in employee development, enhancing sustainability reporting, conducting impactful research, achieving strong operational performance, and exploring critical financial confidence factors, we are not only adapting to current challenges but also paving the way for future growth. This holistic approach ensures that Sanlam remains a leader in the financial services industry while actively contributing to the well-being of our customers and the broader community.

Sanlam's focus on maintaining emission and water reduction targets and tracking consumption patterns in facilities highlights ongoing efforts to reduce environmental impact. We plan to upskill the Board and Group Exco on climate-related issues, link climate risks and opportunities to strategic decisions, and expand the process of identifying, assessing, managing, and reporting climate-related risks throughout the value chain. The consideration of live dashboards and science-based targets reflects our ambitious and scientifically aligned approach to addressing climate change.

Sub-Principle 2.6: Promote and actively engage in public debate on climate- and nature-related issues and the need for action by publicly communicating our beliefs and strategy on climate and nature related issues and providing support and tools to our customers/clients so that they can assess their levels of risk.

Members can use this section to demonstrate how they are communicating their climate- and nature-related risks to customers and the public. This might include information on the Member's approach to advocacy and public debate, and evidence that the member has responded to consultations that support the insurance industry or wider, and /or describing the support and tools which have been provided to prevent, mitigate and manage these risks, as described in the ClimateWise Guidance.

References to supporting evidence:

- Questions in the 2022 CDP climate disclosure¹³⁸: C2.2a, C3.3, C-FS14.0, C-FS14.3, C-FS2.2c,
- Sanlam Climate Change Policy Statement 2023¹³⁹: Page 8
- Sanlam ESG Barometer 2023¹⁴⁰: Pages 4, 7, 11, 16, 24, 81
- Sanlam's Investment and Insurance Position Statement 2023: Page 04
- Sanlam's Responsible Investing Report 2023¹⁴¹: Page 54
- Sanlam Sustainability Report 2023¹⁴²: pages 4, 36, 89-93
- Sanlam Integrated Annual Report 2023¹⁴³: Pages 21

¹³⁸ Available at: [sanlam-cdp-submission-2023.pdf \(sanlam.co.za\)](https://www.sanlam.com/downloads/sustainability-reports/2023/CDP-climate-disclosure-2023.pdf)

¹³⁹ Available at: <https://www.sanlam.com/downloads/sustainability-reports/2023/Climate-change-policy-statement.pdf>

¹⁴⁰ Available at: <https://sanlamesgbarometer.co.za/report/>

¹⁴¹ Available at: [Responsible-Investing-Report-2023.pdf \(sanlamintelligence.co.za\)](https://www.sanlam.com/downloads/sustainability-reports/2023/Responsible-Investing-Report-2023.pdf)

¹⁴² Available at: [sustainability-report-2023.pdf \(sanlam.com\)](https://www.sanlam.com/downloads/sustainability-reports/2023/Sustainability-Report-2023.pdf)

¹⁴³ Available at: [Sanlam-IR-2023.pdf](https://www.sanlam.com/downloads/sustainability-reports/2023/Sanlam-IR-2023.pdf)

Sanlam has implemented various strategies and initiatives to communicate its beliefs, provide tools for risk assessment, and support our clients in addressing climate and nature-related challenges.

Response
<p>• Asset Owner</p> <p>Sanlam actively engages in public debate on climate and nature-related issues through partnerships with international initiatives. As an asset owner, Sanlam supports platforms like the United Nations Principles for Responsible Investment (UN PRI) and the Task Force on Climate-related Financial Disclosures (TCFD). These engagements highlight Sanlam’s commitment to promoting sustainability at a global level.</p> <p>Sanlam's beliefs and strategies regarding climate-and nature related risks, showcasing our proactive approach to engaging with stakeholders and the public on these critical issues, are outline in our 2023 Group Sustainability Report, emphasising our commitment to sustainability and climate action. For instance, Sanlam has integrated climate and nature-related risk assessments into our overall business strategy, highlighting specific actions taken to mitigate these risks, such as investing in renewable energy projects and reducing our carbon footprint across operations.</p> <p>Engagement with Different Client Types</p> <p><u>Individuals</u></p> <p>Sanlam provides tailored insurance and investment products that consider climate risks. For example, we offer climate-smart insurance solutions that are accessible and affordable, particularly for vulnerable communities. This approach not only helps individuals manage risks associated with climate change but also promotes financial inclusion.</p> <p><u>Businesses</u></p> <p>For corporate clients, Sanlam emphasises the integration of ESG factors into investment decisions. We conduct thorough risk assessments to identify vulnerabilities and opportunities related to climate change, thereby helping businesses develop strategies that enhance resilience against climate and nature-related impacts. This includes offering de-risking solutions to facilitate investments in climate mitigation projects.</p> <p>In March 2023, Sanlam Investments launched the ESG Barometer in collaboration with Intellidex. This initiative aims to enhance transparency in ESG practices among JSE-listed companies. The ESG Barometer provides a comprehensive assessment of ESG performance, allowing companies to communicate their contributions more effectively to investors and the public. The launch included a series of workshops and webinars designed to educate businesses on best practices in ESG reporting, thereby fostering a more informed public debate on sustainability issues.</p> <p><u>Contribution to Best-Practice Guidance and Research</u></p> <p>Sanlam is committed to providing best-practice guidance on managing climate-related risks. We engage in cross-party research initiatives, such as the Sanlam ESG Barometer, which examines how companies can enhance their environmental and social outcomes through effective ESG integration. This research not only informs internal strategies but also supports the broader financial services sector in understanding and addressing climate challenges.</p> <p><u>Customer Support and Tools</u></p> <p>The 2023 Responsible Investing Report reflects Sanlam's commitment to addressing climate-related risks through responsible investment practices. This report provides an in-depth analysis of how we integrate ESG factors into our investment decisions. For example, it describes their investment in green bonds and other sustainable financial instruments aimed at reducing carbon emissions. Additionally, case studies of specific investments that have led to measurable environmental benefits were conducted, offering clients valuable insights into the impact of their investments.</p> <p>Sanlam has also hosted a series of webinars and published numerous articles aimed at educating customers about climate risks and the importance of sustainable practices. These resources serve as tools for clients to understand and mitigate their climate-related risks. Topics covered in these webinars include the financial implications of climate change, strategies for sustainable investing, and the role of individual actions in contributing to broader climate goals. By providing these educational resources, Sanlam empowers our clients to make informed decisions that align with our sustainability objectives.</p> <p><u>Advocacy and Governance</u></p> <p>Sanlam's governance structure includes a dedicated board sub-committee for social, ethics, and sustainability, responsible for overseeing climate and nature-related initiatives. This sub-committee ensures that Sanlam’s advocacy efforts are aligned with their broader strategy on climate and nature-related issues. The activities of this sub-committee include regular reviews of climate risk management policies and the implementation of sustainability initiatives across the company.</p> <p>We actively engage with regulators and stakeholders to anticipate and respond to legislative changes regarding climate and nature-related risks. This proactive approach not only addresses regulatory expectations but also contributes to public discourse on climate action and sustainability. For example, in 2023, Sanlam participated in several public consultations on new climate-related regulations, such as the newly implemented Climate Change Act in South Africa and collaborated with industry bodies to develop best practice guidelines for managing climate risks.</p> <p>The sustainability portal Sustainability overview Sanlam serves as a platform to communicate Sanlam’s beliefs and strategy on climate-related issues to customers. It includes links to various topics, such as Sanlam’s response to climate change, videos of C-suite officers addressing stakeholder requests, downloadable content like reports and press releases, and non-financial performance indicators Sanlam uses to track environmental performance. This commitment to transparent and relevant stakeholder reporting is further enhanced through personal interactions and feedback, and Sanlam’s choice of an online interactive portal helps reduce paper usage and the group's carbon footprint.</p> <p>Sanlam Group also communicates the organisation’s beliefs and strategy on climate-related issues with shareholders and clients through other platforms, such as the annual integrated reports (available at Investor Relations Financial reporting archive Sanlam) and other media. Examples include:</p> <ul style="list-style-type: none"> • Media releases • Environmental, social and governance reporting in public platforms such as the CDP (formerly known as the Carbon Disclosure Project and ClimateWise). • Social media platforms, such as Facebook, Instagram, twitter/X, Sanlam’s website, and YouTube • Mobile App facilitating seamless communication. • Annual results • Annual reporting suite • Webcast recording.

Sanlam values client satisfaction and continually strives to enhance offerings and services based on feedback received. To assess client satisfaction, Sanlam employs a variety of feedback mechanisms across different clusters and businesses rather than relying on a single tool. These mechanisms include voice of client surveys, brand surveys, and client and intermediary experience tracking studies at various touchpoints. In addition, interactions with clients adhere to the regulatory framework set by the Financial Sector Conduct Authority (FSCA), ensuring compliance with the TCF (Treating Customers Fairly) principles. Sanlam's overall client satisfaction score of 84% (2022: 85%) in South Africa.

By leveraging online platforms extensively, Sanlam ensures that both existing clients and interested parties can access the information they seek. Sanlam regularly updates the information available online, ensuring clients have access to the latest and most relevant data. We further aim to leverage technology to enhance customer engagement and service delivery. We have implemented a WhatsApp service that allows clients to manage transactions digitally, including claims processing, which streamlines communication and improves accessibility for clients facing climate-related challenges.

Sanlam Investments has developed a comprehensive value-enhanced ESG engagement framework that goes beyond traditional risk mitigation to unlock value in investee companies and promote sustainable business practices. The framework emphasises achieving robust, measurable outcomes aligned with international frameworks like the UN SDGs and the National Development Plan 2030.

To ensure transparency and accountability, Sanlam Investments has instituted a reporting system accessible to internal stakeholders, with plans to make it available to external stakeholders in the future. The engagement reporting, aligned with recognised frameworks, is complemented by a central database for quarterly reports. Internal tools like the Engagement Reporting tool have been designed to provide internal stakeholders with pertinent and timely engagement information. Sanlam Investments showcases its commitment to openness and disclosure through the use of internal tools for efficient reporting. The in-house engagement tool serves as a comprehensive platform for storing and visualising stewardship data, allowing users to navigate and filter data based on various criteria such as dates, sectors, and asset classes. Users can also download engagement write-ups in PDF format for a tangible record of the dialogue conducted.

Sanlam actively participates in various research projects, further detailed in Sub-principle 2.5 above, aimed at increasing climate change knowledge and awareness among shareholders and customers.

• **Asset Manager**

Communications take place at both the Sanlam Group and Sanlam Insurance levels. This strategy proves effective as Sanlam Investments primarily serves as the investment manager for assets owned by Sanlam Group. Sanlam Group, in turn, serves as the point of contact for our clients who avail themselves of services across various business divisions. Therefore, communications are efficiently channelled through Sanlam Group or the respective insurance companies to reach their intended audiences.

• **Insurance companies**

Sanlam Life and Saving's and Sanlam Emerging Market's engagement activities to influence policy on climate mitigation and adaptation are undertaken at the Sanlam Group level.

Sanlam Life and Savings' and Sanlam Emerging Markets' disclosures are undertaken at the Sanlam Group level. These are ongoing disclosures which Santam will continue to make in the future.

• **Facilities Manager**

Ongoing engagement activities to influence policy on climate mitigation and adaptation are undertaken at the Sanlam Group level.

Sub-Principle 2.7: Where appropriate, work with policy makers and share our research with scientists, society, business, governments and NGOs in order to advance a common interest.

Members can use this section to demonstrate how they have engaged with collaborate initiatives on climate- and nature-related research, disclosure and action. This might include describing the initiative, the activities engaged in and how this is aligned to the business strategy, and can include involvement in ClimateWise beyond the requirements of membership (e.g., by contributing to a working party).

References to supporting evidence:

- Questions in the 2022 CDP climate disclosure¹⁴⁴: C1.1b, C-FS3.6c, C12, FW-FS1.1b
- National Treasury's "Financing a Sustainable Economy: Technical Paper 2021"¹⁴⁵: Whole document.
- Sanlam Sustainability Report 2023¹⁴⁶: pages 13, 52, 128
- Sanlam Sustainability Integration and Disclosure Framework 2023¹⁴⁷: Pages 6-9
- Sanlam Integrated Annual Report 2023: Pages 21, 118,

Response

• **Asset Owner**

Sanlam recognises the importance of a multi-stakeholder approach and partnerships in tackling climate change. As an active participant in various industry bodies, Sanlam engages with government and civil society to drive Climate Change action and support the transition to a low-carbon economy in a just manner. Some of the organisations that Sanlam are affiliated with include Business Unity South Africa, the Presidential Climate Change Commission, Business Leadership South Africa, National Business Initiative (NBI), Business for South Africa, and the Partnership for Risk and Resilience. In 2023, Sanlam continued its engagement efforts by participating in the South African business delegation at COP28 in the United Arab Emirates as a member of NBI. The Group's engagement activities go beyond influence, as Sanlam responds to climate change through membership and participation in sectoral committees.

Associations like Business Unity South Africa and the National Business Initiative conduct research on climate change matters that impact the South African business environment and society. Sanlam collaborates with governments on socioeconomic development, policy positions, and governance discussions. Sanlam rejoined the United Nations Global Compact (UNGC) in 2022 and collaborated with Santam to connect nature conservation and climate change experts with digital platforms, financial institutions, and consumer goods firms.

Through Sanlam's corporate memberships, engagement with key stakeholders, including decision-makers in government and the private sector, on areas of mutual interest, such as transformation, proposed legislation, and climate change is conducted. These engagements enable Sanlam to influence climate change policy, as demonstrated by the involvement in the formulation of a consolidated climate change vision for South Africa through the Just Transition Working Group, spearheaded by Business Unity South Africa and the National Business Initiative. Sanlam collaborates with governments on socioeconomic development, policy positions, and governance discussions, as well as with Robeco, to scale engagement efforts and address strategic climate themes. To protect South Africa's natural water sources and biodiversity, Sanlam partners with WWF-SA on freshwater and marine projects, offering strategic advice,

¹⁴⁴ Available at: [sanlam-cdp-submission-2023.pdf \(santam.co.za\)](http://sanlam-cdp-submission-2023.pdf (santam.co.za))

¹⁴⁵ Available at: (http://www.treasury.gov.za/comm_media/press/2021/2021101501%20Financing%20a%20Sustainable%20Economy.pdf)

¹⁴⁶ Available at: [sustainability-report-2023.pdf \(sanlam.com\)](http://sustainability-report-2023.pdf (sanlam.com))

¹⁴⁷ Available at: [Sustainability-integration-and-disclosure-framework.pdf \(sanlam.com\)](http://Sustainability-integration-and-disclosure-framework.pdf (sanlam.com))

joint research and support into water issues affecting both the business and society. The Sanlam Foundation and sustainability team also contribute to promoting water stewardship and empowering local governments to integrate freshwater protection into their policies and plans.

Sanlam's active engagement with various stakeholders and commitment to climate-related initiatives demonstrates our dedication to addressing climate change and promoting sustainable practices within the insurance industry and beyond.

Sanlam has supported or undertaken research during the reporting year (1 January 2023 to 31 December 2023) in conjunction with the following parties.

- Climate Fund Managers
- WWF
- BUSA
- Every Action Counts Coalition, Sanlam and Santam joined the initiative to connect nature conservation and climate change experts with leading digital platforms, financial institutions and consumer goods firms in 2022.
- NBI's Just Transition Pathway for Decarbonising the South Economy. Our Group Chief Executive is a champion for the NBI's Climate Pathways and a Just Transition for South Africa project.
- To support the integration of ESG additionality into investment decision-making, Sanlam partnered with Business Day and Intellidex launched a research project called the Sanlam ESG Barometer (more in asset management).

The research studies undertaken in this context will play a significant role in supporting the increasing endeavours of stakeholders to devise novel climate mitigation and adaptation measures while enhancing their involvement in climate change initiatives. Furthermore, the efforts to enhance transparency and disclosures will aid investors in evaluating risks, enhancing the stability of the financial sector, and promoting the overall sustainability of reporting institutions.

Sanlam has demonstrated efforts to promote knowledge sharing within the industry through collaborative research initiatives. For instance, Sanlam partnered with Business Day and Intellidex to launch the "Sanlam ESG Barometer" research project, which focuses on ESG additionality and showcases initiatives undertaken by South African companies to enhance their ESG performance. The findings and case studies from this research are intended to be used to develop best practice principles. The inaugural report, which was launched in March 2023, aims to demonstrate the potential for ESG additionality to yield more significant impacts than traditional passive ESG strategies and advocates for capital allocation towards South Africa. This indicates proactive efforts by Sanlam to share research findings and engage stakeholders within the industry to promote sustainable practices and ESG integration in investment decision-making.

Sanlam acknowledges the various issues arising from climate change, with a particular focus on water stress, which is a significant concern for South Africa. In response to this challenge, Sanlam has placed a high priority on engaging in water-related activities through a longstanding partnership with WWF-SA, spanning over 15 years and to date, Sanlam has invested over R75 million in WWF-SA, specifically contributing to water-related projects and conservation activities.

Sanlam's involvement in water-related matters began in 2019 during the development of the Climate Investor Two Fund, in collaboration with partners from the Climate Investor One Fund, including the Development Bank of the Netherlands. Climate Investor Two was officially launched in January 2020 and achieved a conditional first close of USD 675 million by November 2021. By the end of 2022, total commitments reached USD 855 million, and as of November 2, 2023, CI2 secured a third close with commitments totalling USD 875 million. The fund aims for a final close of USD 1 billion by March 2024¹⁴⁸.

In 2021, WWF-SA established several funded water source partnerships aimed at co-developing a model for 10 strategic water source areas. Sanlam's funding plays a crucial role in supporting WWF's pursuit of its 2025 freshwater-focused outcome, which aims to improve freshwater quantity and quality in strategic water source areas for ecological systems and communities. Additionally, Sanlam's contributions foster the convergence of finance and sustainability, further reinforcing the commitment to address water-related challenges in South Africa. In 2023, Sanlam Group Sustainability co-funded WWF-SA's water security efforts, supporting a total of 84 projects. By mid-year, 13 projects focused on water stewardship and best practices had been implemented and expanded across four scarce water source areas. Additionally, collective governance in seven scarce water source areas was strengthened through multi-stakeholder partnerships, with 33 projects on track according to the 2023 work plan.

Sanlam Group continues to demonstrate leadership positions and strong collaboration efforts in the engagement on climate- and nature-related research, disclosure and action with policy makers and share our research with scientists, society, business, governments and NGOs in order to advance a common interest. These include participation and engagements with:

- Code for Responsible Investing in South Africa: Sanlam has been a signatory since it came into effect in February 2012.
- UN PRI: Sanlam was the first South African private sector asset owner to become a signatory.
- FTSE4GOOD: Sanlam is a constituent company in the FTSE4GOOD Index Series.
- FTSE/JSE Responsible Investment Index: Sanlam is part of the FTSE/JSE Top 40 Index
- Every Action Counts Coalition: Sanlam and Santam joined the initiative to connect nature conservation and climate change experts with leading digital platforms, financial institutions and consumer goods firms in 2022.
- NBI: Our Group Chief Executive is a champion for the NBI's Climate Pathways and a Just Transition for South Africa project.
- UNGC: Sanlam rejoined the UNGC in 2022 and set out our adherence to the 10 UNGC Principles in our Sustainability Report of 2023
- UN Principles for Sustainable Insurance: Santam is the founding signatory of the United Nations Environment Programme's Principles for Sustainable Insurance.

• Asset Manager

Ongoing engagement activities, working with policy makers and sharing our research with scientists, society, business, governments and NGOs in order to advance a common interest, is typically undertaken at the Sanlam Group level.

Sanlam Investments is actively developing climate-focused investment criteria through research, analysis, and expert engagement. This will enable them to identify and support companies and sectors prioritising sustainable practices aligned with global climate goals. In 2023, we continued engaging with investee entities to drive necessary changes to protect and enhance investment value. Sanlam Investments maintains a systematic approach to track and record engagement progress, taking an active stance on sustainability and governance issues impacting long-term financial performance. Our engagement strategy involves constructive dialogues with boards and management, either directly or in collaboration with other investors. Partnering with Robeco allows us to scale engagement efforts and focus on strategic themes to drive positive change and improve practices through engagement programs. The prioritisation of engagements to achieve impact, aligned with material issues, is conducted at the Sanlam Group level.

• Insurance companies

Sanlam Life and Saving's and Sanlam Emerging Market's engagement activities to influence policy on climate mitigation and adaptation are undertaken at the Sanlam Group level.

¹⁴⁸ Available at: [Funds – Climate Fund Managers](#) and [Climate Action With Climate Fund Managers & Sanlam \(sanlaminvestments.com\)](#)

Notably, Sanlam also extends its efforts to the renewable energy sector through underwriting managers, providing insurance cover for various renewable energy projects in Africa. Additionally, we participate in committees like the Association for Savings and Investment South Africa, Business Leadership South Africa, and the South African Insurance Association, where climate change policy matters increasingly feature on the work agendas

- **Facilities Manager**

Ongoing engagement activities to influence policy on climate mitigation and adaptation are undertaken at the Sanlam Group level.

Demonstrating Continuous Improvement (planned activities)

In 2023, Sanlam demonstrated continuous improvement in our engagement with policymakers and other stakeholders to advance common interests through several key initiatives.

- We expanded our collaborative efforts by partnering with Dutch company Invest International BV, the Development Bank of Southern Africa, the Industrial Development Corporation of South Africa, and other strategic partners to establish the SA-H2 fund. This fund aims to develop green hydrogen infrastructure in South Africa, showcasing Sanlam's commitment to advancing climate solutions through innovative blended finance.
- We also played a significant role in influencing policy with the Climate Investor Two fund's landmark debt-for-climate conversion, which supports the conservation of the Galapagos Islands. This initiative not only addresses a critical environmental need but also reflects Sanlam's proactive involvement in large-scale conservation efforts.
- Sanlam further demonstrated our dedication to transparency and research by launching the Sanlam ESG Barometer in collaboration with Business Day and Intellidex. This project focuses on ESG additionality and aims to set best practice principles based on insights into South African companies' ESG performance, thus promoting transparency and influencing industry practices.
- We maintained active membership and engagement with key industry organisations, including the UNGC, TCFD, and the “Every Action Counts” Coalition. Our continued participation in these groups reflects our ongoing commitment to collaborative efforts and adherence to best practices in climate-related risk and opportunity reporting.
- Our involvement in global events like COP28 and its support for water security projects with WWF-SA illustrate its commitment to engaging with diverse stakeholders to address both local and global environmental and climate issues.

Principle 3: Enabling Transition

Theme: Investments

The Investments Theme asks member-types who have an investment portfolio, whether that is managed internally or externally, to describe risks and opportunities on the investment portfolio, and also the impact that investments have on the climate and nature.

The responses in this chapter are provided at the asset owner and management levels within Sanlam, as these are the clusters responsible for investment decisions and the management of investments.

Sub-Principle 3.1: Integrate consideration of climate and nature related risks and opportunities into investment strategies and decision making.

Members can use this section to demonstrate how climate and nature related risks influence investment strategies. Members can describe how regulatory requirements can both encourage (e.g., through green investments) and constrain (e.g., through a requirement to match assets to liabilities) these strategies and, beyond this, the actions they are taking to understand how climate and nature risks might impact their investment portfolio in the future. Members may be able to demonstrate how they are carrying out research or modelling, and using those ideas in practice in investment decision making.

Describe the implications of climate- and nature related risks on investments, and the impact of investment activities on the environment, nature, and ecosystems.

References to supporting evidence:

- Sanlam Sustainability Report 2023¹⁴⁹: Pages 7-19
- Sanlam ESG Barometer 2023¹⁵⁰: Pages 9-11, 13
- Sanlam Responsible Investing Report 2023¹⁵¹: Pages 9-18, 53-56, 67-68

Response from asset owner and manager level
<p>The growing pressure on financial service providers to address climate change has led to regulatory requirements for insurers to integrate climate risks into their risk management frameworks. Investors now consider ESG factors when making investment decisions, while clients seek to support responsible businesses. Accordingly, Sanlam's sustainable investment philosophy focuses on integrating ESG factors into investment decisions, leveraging data and technology for informed choices, and actively engaging with companies to promote sustainable practices. Their approach includes comprehensive impact measurement, reporting, and developing innovative impact products, all underpinned by strong governance and stewardship.</p>
<p>Regulatory requirements and frameworks</p> <p>Sanlam adheres to various climate and sustainability-related regulatory requirements and frameworks. These include:</p> <ul style="list-style-type: none">• Regulation 43 of the Companies Act (as amended): The Social, Ethics, and Sustainability (SES) committee of the Board performs its duties in terms of the requirements outlined in King IV™ and also adheres to the Johannesburg Stock Exchange (JSE) Listings Requirements.• Sanlam provides disclosures according to various ESG Reporting Frameworks, including:<ul style="list-style-type: none">○ Task Force on Climate-related Financial Disclosures (TCFD)○ Global Reporting Initiative (GRI) Standards○ International Sustainability Standards Board (ISSB)○ Sustainability Accounting Standards Board (SASB)○ Sustainable Finance Disclosure Regulation (SFDR)○ Corporate Sustainability Reporting Directive (CSRD)○ United Nations Principles for Responsible Investment (UNPRI)○ Code for Responsible Investing in South Africa (CRISA)• Insurance Act and Prudential Governance and Operational Standards for Insurers and Insurance Groups: These standards guide Sanlam's sustainability practices and disclosures.• International Labour Organization (ILO) Guidelines: Sanlam's commitment to social responsibility includes adhering to ILO guidelines for a just transition towards environmentally sustainable economies.• The Equator Principles: This risk management framework is used for determining, assessing, and managing environmental and social risk in project finance.• The Green Bond Principles: These voluntary guidelines promote transparency and disclosure in the green bond market, relevant for financing sustainable energy projects.• International Finance Corporation (IFC) Environmental & Social Performance Standards: These standards inform Sanlam's screening approach for infrastructure investments.• United Nations Sustainable Development Goals (SDGs): Particularly those related to affordable and clean energy (Goal 7), responsible consumption and production (Goal 12), and climate action (Goal 13). <p>These regulatory requirements and frameworks align Sanlam's sustainability and climate-related practices with established international standards and guidelines to ensure responsible and transparent operations.</p>
<p>Implications of climate change and nature-related risks on Sanlam's investment portfolio (financial materiality)</p> <p>Sanlam's approach as an asset owner involves a strategic integration of climate risk assessments, balanced investment strategies, ESG integration, product innovation, and adherence to ethical investment guidelines. In particular, ESG integration and active stewardship are central to Sanlam's strategy. The company integrates ESG factors into its investment processes, considering the materiality of these factors in impacting business models, revenue growth, margins, required capital, and risks. This holistic approach ensures that ESG risks and opportunities are thoroughly assessed and managed. Active stewardship and engagement with investee companies are crucial, encouraging better ESG practices and disclosures to drive positive environmental and</p>

¹⁴⁹ Available at: [sustainability-report-2023.pdf \(sanlam.com\)](https://www.sanlam.com/~/media/Sanlam/Investors/Reports/Sustainability-Report-2023.pdf)

¹⁵⁰ Available at: <https://sanlamesgbarometer.co.za/report/>

¹⁵¹ Available at: <https://www.sanlamintelligence.co.za/institutional/wp-content/uploads/Responsible-Investing-Report-2023.pdf>

social outcomes. This comprehensive framework ensures that the implications of climate change and nature-related risks are effectively assessed and managed, focusing on financial materiality and long-term value creation for our investment portfolio.

Sanlam's Responsible Investing Report 2023 comprehensively addresses the implications of climate change and nature-related risks on Sanlam's investment portfolio, focusing on financial materiality. In summary, we acknowledge that climate change dramatically impacts the insurance industry, increasing the frequency and severity of extreme weather events like flooding, hailstorms, and fires. These events result in higher claims and reinsurance costs, affecting profitability and requiring robust risk management strategies. To mitigate these risks, Sanlam highlights the importance of better underwriting risk assessments, cost control, and business diversification. For instance, Santam, a local short-term insurer, implements detailed risk assessments and strategic cost control to remain profitable despite increased climate-related claims. Further information is available in the stand-alone Santam ClimateWise report.

Active ownership and engagement with investee companies are crucial for Sanlam. The company uses its influence to encourage better climate-related disclosures, risk management, and alignment with the TCFD framework. Sanlam adopts a holistic approach to integrating ESG risks into its investment processes, considering material ESG factors that could significantly impact a company's business model, revenue growth, margins, required capital, and risk.

Recognising the socio-economic challenges in South Africa, Sanlam emphasises a just transition that balances the move away from fossil fuels with minimising social impacts such as job losses. This approach ensures that the transition to a low-carbon economy is equitable and supports broader social stability. Additionally, Sanlam is in the process of using scenario analysis to understand potential future outcomes and risks related to climate change and other environmental factors. This helps in strategic planning and ensuring that the investment portfolio is resilient to physical and transitional risks associated with climate change.

These points illustrate Sanlam's commitment to assessing and managing the financial materiality of climate change and nature-related risks in its investment portfolio.

Impacts of Sanlam's investments on the environment, including climate change, nature and biodiversity (impact materiality)

We recognise that our operating context plays a pivotal role in shaping our sustainability material matters. These matters are the critical issues within the sustainability sphere that have a significant impact on our business operations, performance, reputation, and stakeholder interests, spanning across generations. In our process of integrating sustainability into our business and our investments, we consider the climate resilience of our investments and their capability to manage these risks. Given the vulnerability of many regions to climate-related risks such as extreme weather events, droughts, and flooding, addressing climate resilience is crucial. This includes assessing climate risks in insurance underwriting and investment decisions and providing innovative insurance products for climate-related risks.

In terms of the impacts that our investments have on the environment, the following are some of the aspects we consider to be material in terms of climate change, nature and biodiversity:

- **Climate Risk Assessment:** We conduct thorough climate risk assessments and screenings to understand the potential impacts of our investments on climate change.
- **Biodiversity and Ecosystem Services:** Sanlam recognises the dependence of many economies on natural resources and biodiversity. Incorporating biodiversity considerations into risk assessments and investment decisions helps protect ecosystems, support local livelihoods, and ensure long-term sustainability.
- **Environmental Pollution:** Addressing pollution is essential to protect ecosystems and human health, contributing to a healthier planet.
- **Sustainable investment:** Promoting sustainable finance practices by considering ESG factors in investment decisions can support responsible economic growth and long-term value creation.

Notable highlights of Sanlam's approach to impact investing include the Alien Fuel Group's initiative, which converts wood waste and alien vegetation into solid biomass, reducing methane gas emissions and contributing to environmental conservation. Additionally, the Property Impact Fund aims to create sustainable urban environments through affordable housing and retail opportunities, aligning with Sustainable Development Goals (SDGs) related to sustainable cities and communities.

Sanlam has extensive screening and assessment criteria that consider company-specific operating context and sector and country-specific ESG risk databases to screen companies in different sectors. These criteria are outlined comprehensively in our 2023 Sustainability Report and summarised below in this report. Broadly, the screening criteria are grouped in various categories across key sectors, ranging from climate risks; biodiversity risks; environmental risks; risks to protected areas; reputational risks, among others.

This approach aligns our decisions with environmental sustainability and economic and social equity. Furthermore, these points illustrate Sanlam's commitment to assessing and managing the environmental impacts of its investments, ensuring that they align with broader sustainability goals and contribute positively to climate change mitigation, nature conservation, and biodiversity protection.

Research and modelling

Sanlam uses various research and modelling approaches, with a view to assessing the key aspects listed above. Research and modelling are accordingly key strategies for achieving long-term sustainable impact and financial returns. For example, Sanlam makes extensive use of third-party data providers such as Sustainalytics, MSCI, and FTSE Russell. These models incorporate a wide range of data sources, from World Bank statistics to satellite imagery and social media analysis, to evaluate ESG factors related to our investments. In addition, Sanlam uses a wide variety of publicly available and proprietary information, as well as in-house studies, discussed in the following table. The outcomes are used to inform Sanlam's investment decision making. For example, the research and models are incorporated into tools like the MSCI ESG Fund Ratings Methodology, which provide for active stewardship and proxy voting to ensure that investments align with our ESG objectives.

Describe the research activity and capability in place, to enable Sanlam to understand and manage the implications of climate- and nature-related risks on investments, and the impact of investment activity on the environment, nature, and ecosystems

Response from asset owner and manager level

At Sanlam Investments, we believe that by integrating ESG factors into our investments, we can make better informed decisions and improve investment returns for our clients, while creating a positive social and environmental impact. Sanlam employs a comprehensive approach to inform its portfolio analysis and assessment of environmental impacts using a variety of publicly available and proprietary information, research, models, classification taxonomies, tools, methodologies, definitions, ratings from internal and external providers, and scenario analysis. The following are examples of some key activities and capabilities:

Publicly Available Information: Sanlam leverages publicly available data from global databases and reports, such as those provided by the World Bank, United Nations, and other reputable sources. These data sources help in understanding broader economic, social, and environmental trends that can impact investment decisions.

Proprietary Information: Sanlam integrates proprietary data collected from its own operations, investments, and market research. This includes detailed analyses and insights generated internally to better understand the specific impacts and performance of its investments.

Research and Models: Sanlam conducts and uses extensive research to drive its ESG investment strategies. This research includes in-house studies and collaborations with external research organisations. By harnessing technology, we ensure that data-scrubbing techniques are employed to integrate both quantitative and qualitative data seamlessly into our research and portfolio construction systems. We utilise various financial and ESG models to evaluate the potential risks and opportunities of investments. These models incorporate diverse data inputs, including financial metrics, ESG scores, and scenario analyses.

Classification Taxonomies: Sanlam adheres to classification taxonomies such as the Sustainable Development Goals (SDGs) and other ESG frameworks to categorise and evaluate its investments. These taxonomies help in aligning investment strategies with global sustainability standards.

Tools and Methodologies: Sanlam uses a range of tools and methodologies for portfolio analysis, including ESG integration tools that incorporate ESG factors into investment analysis; risk assessment models that assess the financial and non-financial risks associated with investments; impact measurement tools that measure the social and environmental impacts of investments, such as carbon footprint calculators and biodiversity impact assessments.

Ratings from Internal or External Providers: Such as Sustainalytics, MSCI, and FTSE Russell. These ratings help in assessing the ESG performance of investee companies and guide investment decisions.

Scoring systems: The use of both internal and external scoring systems is a cornerstone of our approach. By combining the strengths of these methodologies, we maximise the effectiveness of our sustainability assessments.

Partnerships: We actively collaborate with NGOs, research institutions and local organisations to support climate-related research, data collection and community engagement.

Scenario Analysis: Sanlam is in the process of employing scenario analysis to understand potential future outcomes and risks related to climate change and other environmental factors. This will involve modelling different scenarios to evaluate the resilience and performance of investments under various conditions, helping in strategic planning and risk management.

Practical examples of integrating consideration of climate- and nature-related risks and opportunities into investment strategies and decision-making.

Response from asset owner and manager level

Investment Decisions and Portfolio Construction:

Sanlam integrates ESG factors, including climate and nature-related risks, into investment decisions. The output of resilience analysis is used to construct and manage portfolios, ensuring they are resilient to environmental risks. This involves assessing the financial materiality of ESG risks that influence the long-term value of investee companies and integrating these insights into the valuation process. Furthermore, Sanlam uses ESG data and scenario analysis to inform strategic asset allocation and asset selection. This ensures that investments align with sustainability goals and that portfolios are structured to manage and mitigate environmental risks over the investment time horizon. The incorporation of ESG factors helps balance risk and return profiles, ensuring long-term financial performance and resilience.

The Sanlam Living Planet Fund exemplifies how Sanlam integrates climate and nature-related risks and opportunities into its investment strategies and decision-making processes. Managed by Sanlam Investments Multi-Manager on behalf of the World Wide Fund for Nature (WWF), the fund is designed to address climate change threats while protecting wildlife and natural habitats.

The fund is a South African multi-asset, high-equity fund that complies with Regulation-28, aiming to provide returns of 5% above inflation over a rolling five-year period. By diversifying across industries, asset classes, and geographic regions, the fund minimises risk and enhances sustainability. A significant achievement is the reduction of the fund's carbon footprint, achieving 46% lower emissions than its benchmark with a target of 50% lower. This includes both Scope 1 and Scope 2 emissions, demonstrating a commitment to substantial carbon reduction through careful investment selection and management.

An annual ESG and proxy voting survey with managers includes specific questions about carbon emissions, ensuring that investments align with the fund's sustainability goals and that managers are accountable for ESG performance. The fund's impact investing approach focuses on reducing carbon emissions and supporting sustainable initiatives, with investments in green bonds, clean energy, and sustainable infrastructure.

Despite initial concerns that integrating ESG factors might compromise financial returns, the fund has demonstrated strong performance. As of June 2023, it delivered an annual return of 10.21% over five years, compared to the category average of 7.49%. This performance underscores that sustainability and financial returns can coexist.

Selecting External Fund Managers and Fiduciary Managers:

By leveraging the expertise of specialised independent investment managers, a multi-manager's approach to ESG investing enables broader diversification, access to specialised knowledge and active engagement with investee companies.

When selecting external fund managers, Sanlam evaluates their ability to incorporate climate and nature-related factors into their investment processes. This includes assessing the managers' ESG integration practices, their alignment with Sanlam's sustainability objectives, and their commitment to responsible investing principles. Sanlam uses specific criteria to assess the quality of ESG incorporation by external fund managers. This includes evaluating the managers' ESG policies, their use of ESG data and analytics, their engagement and stewardship practices, and their reporting on ESG performance.

We emphasise active ownership and engagement with our investee companies and encourage investment managers to exercise their shareholder rights, vote on ESG related resolutions and engage in dialogue with company management. Through active engagement, Sanlam aims to influence corporate behaviour, improve disclosure practices and drive positive change in companies' ESG practices and performance.

Oversight and Accountability:

Sanlam maintains robust oversight and accountability mechanisms to ensure that climate and nature-related ESG factors are adequately incorporated by external fund managers. This includes regular monitoring and evaluation of the managers' ESG integration practices and performance against predefined criteria. Sanlam's governance structures involve senior leadership oversight to ensure that ESG commitments are upheld across all investment activities.

Using these Insights in Investment Decision-Making:

Sanlam engages with investee companies to improve their ESG practices and disclosures. This active ownership approach helps drive better environmental and social outcomes, aligning investments with broader sustainability goals. Additionally, Sanlam develops and offers innovative impact products that align with ESG goals. These products are designed to meet specific sustainability objectives, providing clients with options that support positive environmental and social impacts. Sanlam continuously improves its ESG integration processes by leveraging the latest research, data, and technological advancements. This ongoing learning process helps refine investment strategies and ensures that they remain aligned with evolving sustainability standards and best practices.

Sub-Principle 3.2: Take action to manage the implications of climate and nature related risks and opportunities on, and of, our investments.

Members can use this section to demonstrate actions they are taking to minimise the negative influence, or better have a positive influence, through their investments. Members should describe the levels available to them to manage the impact of investments, and the outcomes of any actions taken (such as the effectiveness of policies, engagement activity, divestment, carbon pricing schemes, and also taking into account opportunities in product development and how this may influence the portfolio in the future.

References to supporting evidence:

- Sanlam Sustainability Report 2023¹⁵²: Pages 7-18
- Sanlam ESG Barometer 2023, pages 9-11
- Sanlam Responsible Investing Report 2023¹⁵³: Pages 9-18, 53-56, 61, 67-68, 71-74
- Sanlam Investment Policy Statement 2020¹⁵⁴: Page 02

Describe the levers available to manage climate-related financial risks and opportunities in respect of investments, as well as the impact of investment activity on the environment, in line with the concept of double materiality.

Response from asset owner and manager level

Sanlam employs a variety of levers to manage both the financial materiality of climate- and nature-related risks and the impact materiality of its investments on the environment. These levers include diversification, ESG integration, active ownership, impact investing, carbon reduction targets, biodiversity conservation initiatives, and robust reporting practices. These strategies help Sanlam navigate the complexities of sustainable investing while achieving long-term financial and environmental goals.

The following summarises Sanlam's approaches to managing climate-related financial risks and opportunities in respect of investments and the environment.

Managing Climate- and Nature-Related Risks and Opportunities (Financial Materiality)

Sanlam effectively manages market risk through diversification, spreading its investment portfolios across various industries, asset classes, and geographic regions to mitigate market risk and enhance resilience against climate-related impacts. Scenario analysis is employed to understand potential future outcomes and risks related to climate change, informing strategic asset allocation and investment decisions. To manage credit risk, Sanlam integrates ESG factors into its credit risk assessments, evaluating the financial materiality of climate and nature-related risks on the creditworthiness of investee companies. Active ownership and engagement with companies help improve their ESG practices and disclosures, thereby managing credit risks associated with poor environmental performance.

Liquidity risk is managed through prudent asset allocation, ensuring a mix of liquid and less liquid assets in the portfolio while investing in sustainable projects. Continuous monitoring of the liquidity profiles of investments, particularly those in sectors susceptible to climate risks, further mitigates liquidity risk. In terms of concentration risk management, Sanlam adheres to Regulation-28 for diversification, reducing concentration risks by limiting exposure to any single asset class or sector. Impact investing in a broad range of sustainable initiatives, including renewable energy and green infrastructure, also helps spread risk across different sectors. These comprehensive strategies enable Sanlam to navigate the complexities of climate- and nature-related risks while maintaining financial stability and resilience.

Managing the Impact of Investments on the Environment (Impact Materiality)

Sanlam actively manages the environmental impact of its investments by setting and achieving significant carbon reduction targets, such as the 46% lower emissions benchmark for the Sanlam Living Planet Fund. Furthermore, Sanlam prioritises investments in renewable energy, clean technologies, and sustainable infrastructure to reduce the carbon footprint of its investment portfolio. Biodiversity and nature conservation are also key focus areas, with initiatives like the Alien Fuel Group and Property Impact Fund working to reduce methane emissions, conserve biodiversity, and promote sustainable urban environments. Partnerships with organisations like WWF leverage their expertise and guidelines for environmental conservation.

¹⁵² Available at: [sustainability-report-2023.pdf \(sanlam.com\)](https://www.sanlam.com/sustainability-report-2023.pdf)

¹⁵³ Available at: <https://www.sanlamintelligence.co.za/institutional/wp-content/uploads/Responsible-Investing-Report-2023.pdf>

¹⁵⁴ Available at: <https://www.sanlam.co.za/retirementfunds/Documents/IPS%20CRAF.pdf>

Active stewardship and engagement with investee companies are central to our strategy. Sanlam engages with these companies to improve their environmental practices and reduce their negative impacts on nature and biodiversity. Annual ESG and proxy voting surveys ensure alignment with sustainability goals and hold managers accountable for ESG performance. Holistic ESG integration is embedded into all investment decisions to comprehensively assess and mitigate environmental impacts. Detailed reporting on ESG performance and impact, aligned with frameworks like TCFD and SDGs, ensures transparency and accountability. Through these strategies, Sanlam demonstrates a strong commitment to managing the environmental impact of its investments, contributing positively to climate change mitigation, nature conservation, and biodiversity protection.

Key levers used to assess the double materiality aspects above (i.e. consideration of both financial and non-financial impacts) include:

- **Climate Risk Assessment and Disclosure:** We conduct thorough climate risk assessments to understand the potential impacts of climate change on our investment portfolios. This includes evaluating the physical and transitional risks associated with climate change and disclosing these risks and opportunities in line with the TCFD recommendations, which will in future be replaced by reporting in line with IFRS S2. These disclosures foster transparency and enable informed decision-making by investors and stakeholders
- **Balanced Investment Strategies:** Sanlam aligns its investments with principles of a just and equitable transition by balancing investments in fossil fuel-related assets with those in sustainable and low-carbon alternatives. This strategy supports investments in renewable energy, clean technologies, and sustainable infrastructure, ensuring the resilience and sustainability of our investment portfolio.

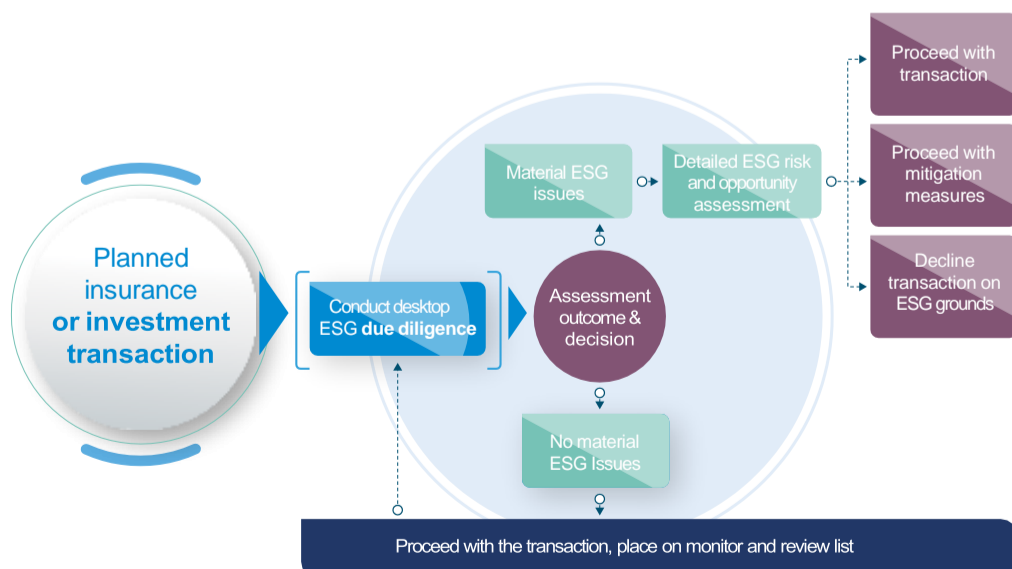
Understanding the impact of investment activities on the environment, nature, and ecosystems requires systems thinking. For instance, in the South African market, the primary objective of eliminating poverty aligns with SDG 8: Decent Work and Economic Growth, while the global ESG debate focuses on SDG 13: Climate Action. This contrast highlights the dual but often competing strategies of maximising returns while minimising harm. Implementing these strategies requires assessing the current performance of investee companies, yet what is often missing is an analysis of how companies are evolving. Sanlam believes this gap in ESG investment practices fails to consider how investments can drive change.

Accordingly, Sanlam advocates for actively steering capital to support the transition of companies towards more sustainable futures, which is crucial for South Africa’s economic transition requiring substantial investment. Screening out risks or down-weighting regions and companies performing poorly on standard ESG metrics will not attract the necessary investment for transition. This would paradoxically slow broader ESG goals, such as climate change mitigation, which could be achieved more swiftly if companies were funded to reduce emissions. The same arguments apply to social goals.

We term this approach “ESG additionality,” focusing on increasing the overall stock of ESG benefits rather than merely improving a portfolio’s relative ESG compliance by excluding certain exposures. For example, a fund focused on ESG additionality may include issuers currently poor in ESG performance but actively directing capital to finance their transition. Such a fund should be evaluated over time by assessing the shifting ESG characteristics of its investments. It should report tangible outcomes like “CO₂ emissions reduced” rather than only comparing its performance to a market aggregate and claiming lower CO₂ exposure.

- **ESG Integration:** ESG factors are integrated into the investment analysis and decision-making process. Sanlam assesses companies based on their ESG performance alongside traditional financial metrics. This integration helps identify and mitigate potential risks, including those related to climate change and biodiversity loss, that could affect the financial performance of our investments. Sanlam also actively engages with companies to improve their ESG practices, which is a key component of this strategy.
- **Product Innovation:** As part of our commitment to managing climate-related risks, we develop and offer innovative financial products. These products are designed to address the risks associated with climate change, such as extreme weather events and other environmental disruptions. By encouraging the adoption of climate-friendly technologies and practices through incentives and discounts, Sanlam helps protect and enhance the value of its investment portfolio.
- **Sustainability Material Matters:** The assessment of sustainability material matters is crucial for Sanlam. These matters, which include climate resilience, biodiversity, and ecosystem services, significantly impact the financial performance and stability of Sanlam’s investments. By integrating these considerations into their investment strategy, Sanlam ensures that its portfolio is robust against environmental risks and aligned with long-term sustainability goals.
- **Ethical Investment Guidelines:** Sanlam adheres to clear ethical investment guidelines that prioritise sustainable and responsible practices. These guidelines consider environmental and social factors, ensuring that investments are not only financially sound but also ethically responsible. Active engagement with companies to improve their ESG practices is a key component of this strategy.

The Sanlam Sustainability Referral Process is designed to pinpoint potential sustainability risks and opportunities within investment and insurance transactions. This involves a meticulous screening of companies on an individual transaction basis, followed by a referral for a comprehensive sustainability assessment. This process provides for a proactive strategy that integrates data analysis, stakeholder engagement, and an understanding of the impact context to inform sound investment and insurance decisions.



Examples of how action is being taken and resulting outcomes

Response from asset owner and manager level

While we recognise that “the work is never done”, we appreciate recognition by our peers for the development of our sustainable investing approach. Notably in 2023, the Sanlam Investments team was recognised with the Sustainable Asset Manager Award that we received from 27Four Investment Managers. We also garnered the 2023 Best Alternative Fund Investment Team in Africa Award presented by Capital Finance International. Both these awards are testament to the fact that sustainability is at the heart of our DNA, including a firm commitment to delivering best-in-class ESG practices.

Policies in place to manage climate- and nature-related risks and opportunities within the organisation’s investment portfolio

Sanlam has several policies and practices in place to manage climate- and nature-related risks and opportunities within its investment portfolio. These policies include a responsible investment policy, climate mitigation and adaptation strategies, and asset diversification to avoid excessive risk accumulation.

Responsible Investment Policy: Sanlam’s responsible investment policy integrates ESG factors into its investment processes. This policy ensures that ESG considerations are embedded in investment analysis and decision-making, promoting long-term sustainability and responsible business practices.

Climate Mitigation and Adaptation: Sanlam has strategies for both climate mitigation and adaptation to address the risks posed by climate change. Sanlam keenly prioritises investments in renewable energy projects, clean technologies, and sustainable infrastructure to support the transition to a low-carbon economy.

For example, the projected impact of our climate finance business, Climate Fund Managers, through their innovative blended finance vehicle, **Climate Investor One**, is the generation of 718,000 megawatt hours of electricity per year, 812,800 tonnes of carbon dioxide equivalent per year being avoided. The Climate Investor One fund currently has a number of projects in the pipeline, including a US\$102 million opportunity to invest in a renewable energy technology platform, **Release by Scatec**, a provider of pre-assembled, modular, re-deployable solar PV and battery solutions. The Release solution addresses the shortcomings (complex agreements, long lead times to deliver and construct projects, uncompetitive tariffs and unaffordable, counterparty risk and short-term investment horizons) of traditional ground mount solar PV solutions and commercial offerings to meet the power generation needs of African power utilities and mining operations and to reduce their reliance on diesel and HFO-fuelled generation solutions. By 2039, following a deployment of 110 MWp PV and 25 MWh BESS per annum, the platform will produce 2,534 GWh of power a year, while avoiding approximately 1,487,398 tonnes of CO₂ equivalent greenhouse gas emissions per year.

In addition, the **SDG Namibia One Fund** is a €1-billion blended financing vehicle for green hydrogen investment in Namibia. The fund was created through a partnership between the Environmental Investment Fund of Namibia (owned by the Namibian government), Sanlam’s Climate Fund Managers and Invest International from the Netherlands. With this fund, the Namibian government will be empowered to take control of their transition to a green economy and will be able to make strategic decisions about investing in green projects. This fund contributes to the development of the country in terms of economic growth, job creation and the use of green hydrogen.

Sanlam also provides for other climate-related funds, such as the **Climate Investor Two** which focuses on water, oceans and sanitation (including waste and wastewater), as well as the protection of coastal ecosystems. Other funds with strong climate focusses include the **Sanlam Living Planet Fund**, which is managed by Sanlam Investments Multi-Manager on behalf of the WWF. This fund focuses on addressing climate change threats while protecting wildlife and natural habitats, aiming for a 46% lower carbon footprint compared to its benchmark. In addition, Sanlam’s **Property Impact Fund** aims to create sustainable urban environments through affordable housing and retail opportunities, aligning with the SDGs for sustainable cities and communities. Finally, the **Sustainable Infrastructure Fund** focuses on investing in infrastructure projects that are sustainable and have a positive environmental impact. These projects include renewable energy, waste management, water infrastructure, and sustainable transportation, contributing to a low-carbon economy.

In addition to funds, Sanlam also invests in **green bonds** to fund projects with positive environmental and climate benefits, such as renewable energy projects, energy efficiency improvements, and sustainable infrastructure development.

Furthermore, Sanlam's investment activities extend to the waste to energy sectors, including supporting initiatives like **Bio2Watt Energy Holdings**. Bio2Watt is a leading South African biogas company that converts organic waste into renewable energy. Sanlam's investment in Bio2Watt exemplifies its commitment to sustainable energy solutions by transforming waste into electricity, thereby reducing methane emissions and contributing to environmental conservation and the circular economy. This investment aligns with Sanlam's broader strategy of promoting renewable energy and sustainable infrastructure projects across Africa.

Diversification of Assets: Sanlam employs diversification strategies to avoid excessive accumulation of risk in our investment portfolio. These strategies include asset class diversification, with investing across various asset classes, including equities, fixed income, and alternative investments, to spread risk and enhance portfolio resilience. In addition, we focus on geographic diversification, where we invest in different geographic regions to mitigate regional risks and capture global opportunities. Finally, we further focus on sector diversification, where we seek to balance investments across different sectors, including those less exposed to climate risks, to reduce the impact of sector-specific risks.

Active Stewardship and Engagement: Sanlam practices active stewardship by engaging with investee companies to improve their ESG practices and disclosures. This engagement includes proxy voting, namely exercising voting rights to influence company policies and practices on climate and nature-related issues, as well as collaborative engagements where we participate in collaborative initiatives with other investors and organisations to promote better ESG practices across industries. Through its engagement efforts, Sanlam has achieved several positive outcomes. Companies have adopted more robust climate strategies, improved transparency in their ESG reporting, and implemented policies that align with international sustainability standards. These outcomes not only enhance the long-term value of Sanlam’s investments but also contribute to broader societal and environmental benefits.

Screening processes and criteria used to manage its exposure to climate- and nature-related risks and opportunities.

Sanlam uses extensive screening and assessment criteria that consider company-specific operating context and sector and country-specific ESG risk databases to screen companies in different sectors. By way of example, Sanlam evaluates the following ESG risk categories:

- **Assessment of investments in the agriculture, fisheries and forestry sector:** Conversion of food crops to energy crops; Inappropriate use of pesticides, fertilisers, insecticides, or other chemicals (including neonicotinoids); Site clearing using fire or located on marginal, fragile soils; Water resource depletion and pollution; Soil erosion and degradation; Impact on local biodiversity, Climate change contribution including reduction in carbon sequestration, among various others.
- **Assessment of investments in infrastructure sector:** Biodiversity risks; Environmental risks; Risks to protected areas; Reputational risks, among others
- **Assessment of investments in mining sector:** Biodiversity risks; Environmental risks; Risks to protected areas; Reputational risks, among others. Sanlam also has Exclusions for coal-related mining activities, including country-specific and client contexts aligned with the Paris Agreement, focusing on supply chain impacts, job creation, skills transition, and community effects, as well as mandatory annual ESG risk and opportunity assessments for new coal underwriting and investments to ensure a climate-resilient portfolio.
- **Assessment of investments in oil and gas sector:** Biodiversity risks; Environmental risks; Risks to protected areas; Reputational risks, among others

Notably, the financing and underwriting of fossil fuels is a key focus in our ESG due diligence. Guided by the principles of a just and equitable energy transition, Sanlam manages risks and opportunities in the fossil fuel sector by considering climate change risks, the specific circumstances of each country and client, and broader economic and social impacts. This includes:

- The social and economic impacts of moving away from fossil fuels;
- The development of sustainable energy sources;
- Supporting affected communities and workers for an equitable transition.

Divestments: Sanlam limits exposures through a combination of immediate and gradual divestment strategies. Immediate divestment is applied in cases of significant ESG risks, while gradual divestment allows for engagement and potential improvement in ESG practices. This balanced approach ensures that Sanlam's investment portfolio remains resilient and aligned with its sustainability goals.

Monitoring and Reporting: Sanlam maintains robust monitoring and reporting mechanisms to track the performance of its investments against ESG criteria. This includes conducting regular ESG assessments of investee companies to ensure alignment with Sanlam's sustainability goals. In addition, we provide a suite of detailed reports on ESG performance and impact, aligned with frameworks such as the TCFD and the SDGs.

Demonstrating Continuous Improvement (planned activities)

Sanlam's roadmap for 2024 focuses on enhancing its sustainability practices and responsible investing strategies. The five key items in this roadmap include:

1. **Strengthening ESG Integration:** Sanlam aims to further integrate ESG factors into all investment processes, ensuring that sustainability considerations are deeply embedded in decision-making and portfolio management.
2. **Enhancing Climate Risk Management:** We plan to improve our climate risk assessment capabilities, incorporating advanced scenario analysis and stress testing to better understand and mitigate climate-related risks.
3. **Expanding Impact Investments:** Sanlam intends to increase its investments in projects and initiatives that generate measurable positive social and environmental impacts, aligning with global sustainability goals.
4. **Promoting Active Stewardship:** We will continue to engage with investee companies to enhance their ESG performance, using proxy voting and collaborative engagements to drive positive change.
5. **Improving Transparency and Reporting:** Sanlam is committed to providing more comprehensive and transparent reporting on our ESG activities and outcomes, ensuring stakeholders are well-informed about its sustainability efforts and impacts.

These initiatives demonstrate Sanlam's dedication to advancing sustainability and responsible investment practices, contributing to a more sustainable future.

Theme: Underwriting

The Investments Theme asks member-types who have an insurance portfolio to describe risks and opportunities in underwriting, and also the impact that their insurance products have on the climate and nature.

Sub-Principle 3.3: Develop and use models to incorporate climate- and nature-related issues and describe how the outputs of the models inform our underwriting decisions.

Members can use this section to demonstrate their identification and assessment of insurance-related risks from climate and nature, and how modelling is used to better understand those risks. This may also include brief descriptions of how climate and nature risks are taken into account in pricing, client selection, cedant selection, or the development of new products.

References to supporting evidence:

- Sanlam Sustainability Report 2023¹⁵⁵: pages 66, 71, 75
- Questions in the 2022 CDP climate disclosure¹⁵⁶: Question C1.1b, C1.2
- Sanlam Sustainability Integration and Disclosure Framework 2023¹⁵⁷: Pages 7, 9, 10, 12, 14, 16, 17
- Sanlam Governance report 2023¹⁵⁸: Page 38,
- Sanlam Sustainable Investments Report 2023¹⁵⁹: page 13,18, 40
- Sanlam Integrated Report 2023¹⁶⁰: Page 4, 5, 7, 25, 37, 50, 76, 77, 108, 111, 112, 119,
- Sanlam investment and insurance position statement on fossil fuels 2023¹⁶¹: Pages 2-5

Response from asset owner and manager level

Sanlam adopts a forward-looking, just, and responsible approach to strategic decisions related to investment and underwriting in the fossil fuels sector and value chain. For over a century, we have built a reputation for being trusted and reliable partners, ensuring our clients live with confidence. We understand that our actions today will impact the ability of future generations to prosper and benefit from functioning natural and social resources. Thus, integrating sustainability in our investment and underwriting strategy and decision-making is at the core of ensuring future generations can prosper.

Our Approach to Responsible Investment and Underwriting

We recognise that taking action on climate change is crucial to limit global temperature increases to below 1.5°C, in accordance with the goals of the Paris Agreement and the Intergovernmental Panel on Climate Change's Sixth Assessment's Shared Socioeconomic Pathway 1 (SSP-1) Recommendations, complemented by more ambitious Nationally Determined Contributions (NDCs). However, a strict exclusionary policy in responsible investment and insurance aimed at transitioning to a low-carbon economy could inadvertently lead to socioeconomic issues, potentially exacerbating energy insecurity and poverty among the most vulnerable in our society.

Sanlam adopts a 'just and equitable energy transition' principle in its approach to fossil fuel investments and insurance. Particularly in Africa, where energy poverty is significantly higher compared to other regions, recent oil and gas discoveries in the north, west, and eastern parts of the continent are viewed

¹⁵⁵ Available at: [sustainability-report-2023.pdf \(sanlam.com\)](https://www.sanlam.com/downloads/sustainability-reports/2023/Sustainability-report-2023.pdf)

¹⁵⁶ Available at: [sanlam-cdp-submission-2023.pdf \(santam.co.za\)](https://www.sanlam.com/downloads/sustainability-reports/2023/sanlam-cdp-submission-2023.pdf)

¹⁵⁷ Available at: [Sustainability-integration-and-disclosure-framework.pdf \(sanlam.com\)](https://www.sanlam.com/downloads/sustainability-reports/2023/Sustainability-integration-and-disclosure-framework.pdf)

¹⁵⁸ Available at: [Sanlam-Governance-Report-2023.pdf](https://www.sanlam.com/downloads/sustainability-reports/2023/Sanlam-Governance-Report-2023.pdf)

¹⁵⁹ Available at: [Responsible-Investing-Report-2023.pdf \(sanlamintelligence.co.za\)](https://www.sanlam.com/downloads/sustainability-reports/2023/Responsible-Investing-Report-2023.pdf)

¹⁶⁰ Available at: [Sanlam-IR-2023.pdf](https://www.sanlam.com/downloads/sustainability-reports/2023/Sanlam-IR-2023.pdf)

¹⁶¹ Available at: <https://www.sanlam.com/downloads/sustainability-reports/2023/Investment-and-Insurance-position-statement-on-fossil-fuels.pdf>

as opportunities to address energy shortages and stimulate economic development. These discoveries are seen as essential for driving economic growth and alleviating energy poverty.

Sanlam's strategy for a just and equitable energy transition involves collaborating with stakeholders to assist their shift from the current fossil fuel-based energy systems to renewable energy sources. This approach aims to ensure that both the transition process and the final outcome effectively tackle socioeconomic challenges. Our approach to fossil fuel investment and insurance cannot ignore these realities confronting fossil fuel-rich countries. However, we are also responsible for mitigating the physical and transitional risks of climate change to ensure our business is resilient. As we engage with our clients in the fossil fuel sector, we stress the need to expedite ESG integration in their strategic and operational activities to mitigate the risk of stranded assets.

Our Commitment to Sustainable Practices

As an asset owner and manager, Sanlam is committed to integrating climate- and nature-related risks into our investment and underwriting processes. In 2023, we have developed and utilised advanced models to assess these risks, ensuring that our decisions are informed by comprehensive data and aligned with regulatory expectations.

To effectively identify and assess climate-related risks, Sanlam employs a comprehensive Group Enterprise Risk Management (ERM) framework that encompasses both physical and transitional risks associated with climate change, as previously detailed in Sub-Principle 1.8. We conduct thorough assessments to identify vulnerabilities within our investment portfolios and insurance operations, focusing on extreme weather events and regulatory changes that may impact our business. Our approach considers short-, medium-, and long-term time horizons, which allows us to develop a holistic understanding of climate risks across various sectors and geographies. Additionally, we engage with a diverse range of stakeholders, including local communities, climate experts, and industry peers, to gather insights that enhance our understanding of climate impacts and inform our risk management strategies.

Central to our strategy is the development and use of advanced probabilistic and catastrophe models that integrate climate- and nature-related issues into our financial assessments. These models leverage new and emerging datasets to evaluate potential climate impacts on our portfolios, enabling us to forecast risks more accurately. By employing a range of variables and assumptions that reflect the complexities of climate-related risks, we can better understand the uncertainties associated with these risks. This analytical framework is crucial for making informed decisions regarding pricing and risk exposure, ultimately supporting our goal of sustainable investment. To improve our underwriting precision, our underwriters utilise thorough data analysis and risk modelling supported by Geographic Information Systems and geocoding techniques, which helps us identify location-specific risk factors. By pinpointing high-risk areas, we can accurately refine our premium pricing and work to de-risk vulnerable locations. Additionally, this enables us to identify trends in risk and adapt our underwriting strategies to maintain a resilient and responsive framework.

The outputs generated from our modelling efforts play a vital role in shaping our underwriting strategies. For instance, we incorporate climate-related risks into our pricing models, ensuring that premiums accurately reflect the underlying risk associated with potential climate change impacts. This approach not only enhances our financial resilience but also promotes responsible underwriting practices. Furthermore, we conduct thorough assessments of potential clients and cedants, particularly in high-risk sectors, to evaluate their environmental risk profiles. This assessment includes analysing their capacity and commitment to managing these risks effectively, which informs our decisions regarding client and cedant selection. Additionally, insights gained from our modelling efforts drive the development of innovative insurance products that support low-carbon initiatives and sustainable practices, such as coverage for renewable energy projects and nature-based solutions.

Sanlam's practices are aligned with the IFRS S2 V17 framework, which emphasises the need for insurers to systematically identify and assess climate-related risks. We are committed to transparency and regularly disclose our progress in implementing sustainable investment practices, ensuring that our stakeholders are informed of our efforts and achievements in this critical area. By adhering to these regulatory expectations, we not only enhance our credibility but also contribute to the broader movement towards sustainability in the insurance and investment sectors.

Despite the significant strides we have made in integrating climate risks into our operations, we acknowledge that challenges remain, particularly in data availability and the complexity of climate risk modelling. To address these challenges, we recognise the need for continuous improvement in our modelling techniques and risk assessment frameworks. This ongoing effort will enable us to adapt to the evolving landscape of climate-related risks and ensure that our underwriting decisions remain robust and forward-looking. Sanlam is therefore dedicated to a proactive approach in managing climate- and nature-related risks at the asset owner and manager level. By developing and utilising sophisticated models, we ensure that our underwriting decisions are informed, sustainable, and aligned with both regulatory expectations and our commitment to responsible investment practices. Our focus on integrating these critical issues into our operations not only enhances our resilience but also positions us as a leader in the insurance industry's response to climate change. This response provides a detailed and comprehensive overview of Sanlam's approach to integrating climate and nature-related risks into its operations, emphasising the importance of data-driven decision-making and stakeholder engagement.

Sub-Principle 3.4: Incorporate clauses in our insurance policies' terms and conditions that incentivise the reduction of exposure to climate and nature-related issues of the insured structures through pricing of policies.

Members can use this section to demonstrate how they are developing and/or selling insurance products that incentivise policyholder behaviour to minimise climate and nature impact. This may be through specific products or clauses in existing products and extend to engagement with larger policyholders to establish environmental performance targets.

References to supporting evidence:

- Sanlam Sustainability Report 2023¹⁶²: page 2, 4, 5, 59, 74
- Sanlam's Procurement Policy Document¹⁶³: Page 9
- Questions in the 2023 CDP climate disclosure¹⁶⁴: Question C2.3a; C3.3, FW-FS2.3a

¹⁶² Available at: [sustainability-report-2023.pdf \(sanlam.com\)](https://www.sanlam.co.za/kenya/about/Documents/Sustainability%20Report%202023.pdf)

¹⁶³ Available at: <https://www.sanlam.co.za/kenya/about/Documents/Procurement%20Policy%20Sanlam.pdf>

¹⁶⁴ Available at: [sanlam-cdp-submission-2023.pdf \(sanlam.co.za\)](https://www.sanlam.co.za/kenya/about/Documents/CDP%20Climate%20Disclosure%202023.pdf)

- Sanlam's Environmental Policy Document¹⁶⁵: Page 2
- Sanlam Sustainability Integration and Disclosure Framework 2023¹⁶⁶: page 7
- Sanlam Responsible Investing Report 2023: Pages 17, 55
- Sanlam investment and insurance position statement on fossil fuels 2023¹⁶⁷: Pages 4-6

Response from asset owner and manager level

Incorporation of Climate-Related Clauses

Sanlam is committed to integrating climate and nature-related considerations into our insurance policies as part of our broader sustainability strategy. We aim to develop and offer insurance products that address the risks associated with climate change, such as extreme weather events and other environmental disruptions. We also encourage the adoption of climate-friendly technologies and practices through incentives and discounts. These measures are designed to incentivize policyholders to reduce their exposure to such risks. For instance, Sanlam adjusts policy pricing and terms based on various factors related to sustainability and climate resilience, offering more favourable terms for properties that use sustainable building materials, enhance weather resiliency, or comply with stringent building codes that address climate risks. Furthermore, before a policy is written or renewed, a detailed risk assessment of the geographical area is undertaken to determine if the premium increases and whether the co-payments are sufficient to protect the underwriting risk.

Incentives for Sustainable Practices:

Sanlam's insurance policies include incentives aimed at promoting sustainable practices among policyholders. These incentives are reflected in the pricing structure of the policies, such as adjustments to premiums or deductibles based on the environmental performance of insured properties. For example, properties that are built using sustainable materials or that are designed to withstand extreme weather conditions may benefit from reduced premiums. Similarly, Sanlam encourages policyholders to develop and implement sustainable transition strategies and may offer incentives for meeting specific environmental performance targets, such as reductions in carbon emissions or improvements in energy efficiency.

Sanlam's Risk Mitigation and Performance Targets

Engagement with Policyholders

Sanlam actively engages with our policyholders to mitigate environmental risks. As detailed in our Responsible Investing Report (2023), this engagement often involves collaborating with clients to develop strategies for managing and reducing climate and nature-related risks. Sanlam works with policyholders to set meaningful environmental performance targets and provides support in achieving these targets. This approach is intended to align insurance policies with broader sustainability goals and encourage policyholders to adopt practices that reduce their environmental impact.

Development of Sustainable Transition Strategies

In addition to incentivising specific environmental practices, Sanlam emphasises the importance of developing sustainable transition strategies. This involves working with policyholders to create and implement plans that facilitate a transition towards more sustainable operations. Our insurance policies may include conditions that require policyholders to adhere to these strategies and meet performance targets over time. By setting and achieving these targets, policyholders can benefit from more favourable insurance terms and contribute to broader environmental sustainability goals.

Sanlam's commitment to addressing climate-related risks is reflected in our adherence to the TCFD recommendations. Our TCFD reporting outlines how climate-related risks and opportunities are integrated into our governance and strategy. Our approach includes assessing the impact of climate-related factors on our insurance portfolios and incorporating these considerations into our underwriting and pricing models. This ensures that climate-related risks are managed effectively and transparently within our operations.

We are also engaging with the Taskforce on Nature-related Financial Disclosures (TNFD), focusing on nature-related risks and their impact on insurance products. Our TNFD journey includes enhancing disclosures related to nature-related risks and integrating these considerations into our insurance policies and practices. Sanlam is among the first cohort of companies to publicly commit to adopting the TNFD recommendations by 2025. By addressing nature-related risks, we aim to further align their insurance products with sustainability goals and contribute to the broader efforts to mitigate environmental impacts.

¹⁶⁵ Available at: <https://www.sanlam.com/downloads/sustainability-reports/2020/Sanlam-Group-Environmental-Policy-2020.pdf>

¹⁶⁶ Available at: [Sustainability-integration-and-disclosure-framework.pdf \(sanlam.com\)](https://www.sanlam.com/downloads/sustainability-reports/2023/Sustainability-integration-and-disclosure-framework.pdf)

¹⁶⁷ Available at: <https://www.sanlam.com/downloads/sustainability-reports/2023/Investment-and-Insurance-position-statement-on-fossil-fuels.pdf>

Principle 4: Disclosing Effectively

Theme: Measure & Monitor

The Measure & Monitor Theme allows the member to showcase the qualitative and quantitative metrics used to understand, quantify, manage and monitor climate- and nature-related issues. Members were consulted on their preference for a specific section and were broadly split on the choice between weaving metrics throughout the report or having all metrics within a separate section, and we would like to take this opportunity to remind members that this template is non-mandatory and members are not required to have a section setting out their metrics if they prefer to use these throughout the narrative.

Response	Description
<ul style="list-style-type: none"> Asset Owner 	<ul style="list-style-type: none"> Sanlam acts as an asset owner by holding and managing a diverse portfolio of investments on behalf of its policyholders and investors. This includes real estate, equities, bonds, and other financial instruments.
<ul style="list-style-type: none"> Asset Manager 	<ul style="list-style-type: none"> Sanlam Investments is the asset management division that manages investments on behalf of clients, including institutions, individual investors, and corporate entities. They provide investment products and services to achieve financial goals.
<ul style="list-style-type: none"> Insurance Companies 	<ul style="list-style-type: none"> Sanlam Life Insurance Ltd. and other subsidiaries provide life insurance, general insurance, and health insurance products. These companies underwrite risks and offer insurance solutions to individuals and businesses.
<ul style="list-style-type: none"> Facilities Manager 	<ul style="list-style-type: none"> Sanlam's facilities management involves overseeing the physical premises and infrastructure of its offices and other operational sites. This includes property management, maintenance, and ensuring efficient and safe work environments.

Sub-Principle 4.1: Measure and disclose the impacts and potential impacts on our business of material climate- and nature-related risks and opportunities, including the results of the resilience analysis.

Members can use this section to demonstrate how they have used a range of quantitative and qualitative information to consider any material climate- and nature-related risks and opportunities. The ClimateWise Guidance sets out metrics which members could consider.

References to supporting evidence:

- Sanlam Sustainability Report 2023¹⁶⁸: pages 13, 15, 19, 27, 38, 39, 52, 74, 90, 114, 128-133
- Questions in the 2022 CDP climate disclosure¹⁶⁹: Question C2.2a, C-FS2.2c, C-FS2.2e, C3.2, C3.3, C3.4
- Sanlam ESG Barometer: Pages 56, 71
- Sanlam Climate Change Policy Statement 2023¹⁷⁰: pages 4-6
- Sanlam Integrated Report 2023¹⁷¹: Page 72, 77, 92
- Sanlam investment and insurance position statement on fossil fuels 2023¹⁷²: Pages 6
- Sanlam Investment Policy Statement 2020¹⁷³: Page 02
- Sanlam Sustainability Integration and Disclosure Framework 2023¹⁷⁴: Pages 4, 8-10

Response
<p>Asset Owner</p> <ul style="list-style-type: none"> GHG Emissions Inventory: <ul style="list-style-type: none"> Measurement and Reporting: Sanlam systematically measures and reports Scope 1, Scope 2, and Scope 3 GHG emissions associated with the assets we own. Our emissions data is collected from all relevant business units, including our insurance, investment, and asset management operations. The data is compiled and reviewed annually to ensure accuracy and completeness, following global best practices and standards. <p>In the past year, Sanlam has refined its data collection process to improve the granularity and accuracy of emissions reporting. This includes the implementation of advanced monitoring tools and closer collaboration with our operational teams to ensure that emissions data is captured comprehensively across all assets. We have also enhanced our data validation procedures to ensure the reliability of the reported figures.</p> <p>This emissions data forms the foundation of our annual Carbon Footprint Report, which is publicly disclosed and provides stakeholders with a transparent view of our environmental impact. The report highlights year-on-year changes in emissions, identifies key drivers behind these changes, and outlines the steps we are taking to manage and reduce our GHG footprint.</p> Integration into Decision-Making: Sanlam takes a proactive approach to integrating emissions data into our investment decision-making and risk management processes. This integration is a key component of our strategy to manage climate-related risks and capitalise on opportunities that arise from the transition to a low-carbon economy. Here's how this integration is operationalised across different aspects of our business: <ol style="list-style-type: none"> Risk Assessment and Management <ul style="list-style-type: none"> Climate Risk Analysis: We are implementing a system whereby the emission profile of investments is used to assess the potential impact of climate-related risks on our portfolio. This system includes analysis of the carbon intensity of our investments to identify assets that may be vulnerable to regulatory changes, physical climate risks, or shifts in market demand. For instance, investments in sectors with high carbon footprints are scrutinised for their long-term viability under scenarios aligned with the Paris Agreement. Scenario Planning and Stress Testing: We incorporate emissions data into our scenario analysis, modelling the financial implications of different climate scenarios on our portfolio. This includes evaluating the resilience of our assets under various carbon pricing models, transition pathways, and physical climate impacts. Stress testing helps us understand potential losses and prepare mitigation strategies in advance. Regulatory Compliance and Alignment: Emissions data informs our compliance with evolving climate-related regulations and reporting requirements. We ensure that our portfolio is aligned with international standards, such as the Task Force on Climate-related Financial Disclosures (TCFD) and is prepared for future regulatory shifts that may impact carbon-intensive assets. Investment Strategy Development

¹⁶⁸ Available at: [sustainability-report-2023.pdf \(sanlam.com\)](https://www.sanlam.com/sustainability-report-2023.pdf)

¹⁶⁹ Available at: [sanlam-cdp-submission-2023.pdf \(santam.co.za\)](https://www.sanlam.co.za/sanlam-cdp-submission-2023.pdf)

¹⁷⁰ Available at: [Climate-change-policy-statement.pdf \(sanlam.com\)](https://www.sanlam.com/climate-change-policy-statement.pdf)

¹⁷¹ Available at: [Sanlam-IR-2023.pdf](https://www.sanlam.com/sanlam-ir-2023.pdf)

¹⁷² Available at: <https://www.sanlam.com/downloads/sustainability-reports/2023/Investment-and-Insurance-position-statement-on-fossil-fuels.pdf>

¹⁷³ Available at: <https://www.sanlam.co.za/retirementfunds/Documents/IPS%20CRAF.pdf>

¹⁷⁴ Available at: [Sustainability-integration-and-disclosure-framework.pdf \(sanlam.com\)](https://www.sanlam.com/sustainability-integration-and-disclosure-framework.pdf)

Response

- Sustainable Investment Criteria: We have developed criteria for sustainable investments that prioritise low-carbon and climate-resilient assets. These efforts are reflected in the following ways:
 - Responsible Investment Guidelines: Sanlam Investments has integrated responsible investment principles into its core investment processes. These guidelines emphasise the importance of considering climate change impacts and drivers, which are critical for assessing the sustainability of investments and ensuring alignment with global climate goals.
 - Sustainable Infrastructure Fund: Sanlam has launched the Sustainable Infrastructure Fund, which specifically targets investments in renewable energy, water, and other sectors that contribute to a low-carbon economy. The fund applies strict ESG criteria, ensuring that investments align with the group's sustainability objectives.
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 - Climate Investor One and Two Funds: These funds, developed in partnership with the Dutch Development Bank FMO, focus on financing renewable energy and climate-resilient infrastructure projects in emerging markets. These initiatives demonstrate Sanlam's commitment to directing capital towards low-carbon solutions and building resilience against climate risks.
 - Policy and Strategy: Sanlam's investment strategies are guided by a comprehensive Climate Change Policy Statement and a roadmap for decarbonisation, indicating a clear prioritisation of climate-resilient assets and a focus on long-term sustainability.
- 3. **Portfolio Decarbonisation:** Sanlam is committed to a comprehensive portfolio decarbonisation strategy, leveraging emissions data to guide and implement this process. Our approach to decarbonisation is multifaceted, encompassing the following key elements:
 - Setting Specific Decarbonisation Targets
 - Carbon Intensity Reduction Goals: Sanlam is deeply committed to contributing to the global transition to a low-carbon economy, and a core component of this commitment is our clear and measurable targets for reducing the carbon intensity of our investment portfolio.
 - Paris Agreement Alignment: Our carbon intensity reduction goals are strategically aligned with the objectives of the Paris Agreement, which seeks to limit global warming to well below 2°C above pre-industrial levels, and to pursue efforts to limit the increase to 1.5°C. By setting targets that are consistent with these international goals, Sanlam is ensuring that its portfolio is resilient in the face of climate change and is positioned to thrive in a low-carbon future.
 - Science-Based Targets: We adopt a science-based approach in setting our carbon intensity reduction targets. This ensures that our goals are not only ambitious but also grounded in the latest climate science, helping us to align our investments with pathways that support the decarbonisation of the global economy.
 - Medium- to Long-Term Targets:
 - Specific Reduction Goals: Sanlam has set specific, quantifiable targets for reducing the carbon intensity of our portfolio by 2030. These targets are designed to incrementally reduce emissions over time, with clear milestones set at regular intervals. For example, we may target a specific percentage reduction in carbon intensity every few years, ensuring steady progress towards our 2030 goal.
 - Sectoral Targets: Recognising that different sectors have varying capacities and timelines for decarbonisation, we have developed sector-specific targets within our overall portfolio. This approach allows us to tailor our strategies to the unique challenges and opportunities within each sector, ensuring that our targets are both realistic and impactful.
 - Beyond 2030: While our current focus is on 2030, we are also laying the groundwork for even more ambitious goals beyond this timeframe. This forward-looking approach ensures that we remain aligned with long-term global climate objectives, such as achieving net-zero emissions by 2050.
 - Science-Based Targets:
 - Our decarbonisation targets are informed by science-based methodologies, ensuring that our reduction goals are in line with the latest climate science. We regularly review and adjust these targets to reflect changes in market conditions, regulatory environments, and technological advancements.
 - **Implementation and Monitoring**
 - Integration into Investment Processes: These reduction goals are integrated into our investment decision-making processes. We actively assess the carbon intensity of potential investments and prioritise those that contribute to our overall decarbonisation targets. This includes incorporating carbon intensity metrics into our due diligence and portfolio management practices.
 - ESG Integration: Sanlam incorporates ESG factors, including carbon intensity metrics, into its investment analysis and decision-making processes. This helps in identifying and mitigating potential risks, including those related to climate change and carbon emissions.
 - Responsible Investment Policy: Sanlam's responsible investment approach is deeply rooted in integrating sustainability into their core investment processes. This includes the consideration of ESG aspects in both potential and owned assets, aligning with the company's broader sustainability goals.
 - Active Ownership and Engagement: Sanlam also engages in active ownership practices, such as proxy voting and direct engagement with investee companies, to influence their behaviour towards reducing carbon emissions and enhancing sustainability practices. This engagement is part of their overall strategy to reduce the carbon intensity of their investment portfolio.
 - Use of Metrics and Tools: The company employs various tools and metrics, such as ESG ratings and carbon intensity assessments, to guide investment decisions and ensure that their portfolio aligns with decarbonisation targets.
 - Annual Monitoring and Reporting: Progress towards these targets is monitored on an annual basis, with detailed reporting provided in our sustainability and financial reports. We use this data to assess our trajectory and make any necessary adjustments to ensure we stay on course. This ongoing monitoring process allows us to be agile and responsive to changes in the market, regulatory environment, or technological advancements. Sanlam regularly monitors its progress towards various sustainability targets, including those related to carbon intensity reduction and environmental impact. This monitoring is part of a structured approach to ensure adherence to targets and commitments. The data is gathered and analysed annually, and the results are included in their Sustainability Report and Integrated Report. These reports provide insights into the effectiveness of their strategies, including adjustments made to stay aligned with their long-term sustainability goals.
 - Sanlam emphasises the importance of agility and responsiveness in adapting to changing conditions. This is crucial for ensuring that our strategies remain effective amid evolving market dynamics, regulatory shifts, and technological advancements. Sanlam explicitly recognises the need for adaptability in a dynamic business environment. Our commitment to agility is evident in their strategy to leverage digital transformation, drive innovation across operations, and continuously refine business practices to maintain a competitive edge. Additionally, Sanlam's focus on sustainability, risk management, and proactive engagement with regulators underscores their dedication to staying responsive and strategically agile.
 - Third-Party Verification: To ensure the credibility and accuracy of our carbon intensity reduction efforts, we engage independent third-party experts to verify our emissions data and assess the progress we are making towards our targets. This rigorous verification process involves a comprehensive review of our data collection methods, calculations, and reporting practices. By doing so, we provide assurance to our stakeholders that our reported outcomes are not only accurate but also meet the highest standards of transparency and reliability. This independent verification strengthens the trust of our investors, clients, and regulatory bodies in our commitment to sustainability and reinforces the integrity of our climate-related initiatives.
 - **Driving Broader Impact**

Response
<ul style="list-style-type: none"> - As part of our decarbonisation strategy, we actively engage with the companies in which we invest to encourage them to adopt similar carbon reduction goals. This engagement is a key component of our responsible investment strategy, aiming to influence investee companies towards better ESG practices and alignment with sustainability targets. By fostering these relationships, we not only support our own decarbonisation goals but also contribute to broader market shifts towards sustainability. Our engagement activities are systematically tracked and aligned with material climate-related issues, ensuring they have a meaningful impact. We often collaborate with partners, such as Robeco, to amplify our efforts and scale our impact. Through transparent reporting and a strong commitment to active ownership, we reinforce our dedication to promoting sustainable practices across our investment portfolio. - Collaboration with Peers and Industry Initiatives: We actively participate in industry initiatives and collaborate with other investors to drive systemic change in the financial sector. By sharing our experiences and learning from others, we aim to enhance the overall effectiveness of carbon intensity reduction strategies across the industry. ○ Ongoing Monitoring and Reporting <ul style="list-style-type: none"> - Emissions Data Integration: We integrate emissions data into our investment management systems. This data-driven approach enables us to track progress towards our decarbonisation targets and make informed decisions about portfolio adjustments. - Regular Reviews and Adjustments: Our portfolio decarbonisation strategy is dynamic and adaptive. We conduct regular reviews of our progress towards decarbonisation goals, using the latest emissions data to assess whether we are on track to meet our targets. If necessary, we make adjustments to our strategy, including rebalancing our portfolio to favour lower-emission assets. - Identifying and Divesting from High-Emission Assets - Carbon Footprint Analysis: We conduct thorough analyses of the carbon footprints of our existing assets, identifying those that contribute significantly to our overall emissions. High-emission assets, particularly those in sectors such as fossil fuels, heavy industry, and traditional energy, are evaluated for their long-term viability and alignment with our decarbonisation goals. - Divestment Strategy: For assets that do not meet our decarbonisation criteria or show limited potential for transition to lower emissions, we consider strategic divestment. This divestment process is carefully managed to minimise financial risk while aligning our portfolio with our sustainability objectives. We prioritise divesting from companies that are not committed to reducing their carbon footprints or adapting to a low-carbon future. ○ Reallocating Capital to Low-Emission and Carbon-Neutral Alternatives <ul style="list-style-type: none"> - Investment in Renewable Energy and Clean Technologies: A significant part of our portfolio decarbonisation involves reallocating capital to investments in renewable energy, clean technologies, and other low-emission sectors. This includes increasing our exposure to wind, solar, and other renewable energy projects, as well as investing in companies that are leaders in energy efficiency and sustainability. - Supporting Carbon-Neutral and Climate-Positive Initiatives: Beyond reducing emissions, we also actively seek opportunities to invest in carbon-neutral or climate-positive projects. These may include investments in reforestation, carbon capture and storage technologies, and other initiatives that actively remove carbon from the atmosphere or contribute positively to climate resilience. - Impact Investment: Our decarbonisation strategy also involves increasing our allocation to impact investments, which are specifically designed to generate positive environmental outcomes alongside financial returns. These investments often target innovative solutions that address climate change, such as sustainable agriculture, green infrastructure, and circular economy projects. ○ Engagement and Collaboration <ul style="list-style-type: none"> - Active Engagement with Investee Companies: We engage with the companies in which we invest, encouraging them to adopt more sustainable practices and reduce their own emissions. This engagement is a key part of our decarbonisation strategy, as it helps drive change within the companies themselves, contributing to broader market transformation. - Collaboration with Industry Peers: We collaborate with other investors, industry groups, and initiatives focused on portfolio decarbonisation. This collaboration helps us stay at the forefront of best practices, share knowledge, and amplify our impact in driving the global transition to a low-carbon economy. - Impact Investment and Engagement: Emissions data also guides our impact investment strategies, where we seek to generate positive environmental outcomes alongside financial returns. We actively engage with companies in our portfolio to encourage them to reduce their emissions, adopt cleaner technologies, and improve their climate disclosures. This engagement is a critical tool in driving broader market transformation towards sustainability. ● Integration with Corporate Governance <ul style="list-style-type: none"> ○ Board-Level Oversight: The integration of emissions data into decision-making is overseen by our Board and relevant committees, such as the Social, Ethics, and Sustainability Committee. This ensures that climate-related risks and opportunities are considered at the highest level of decision-making within our organisation. ○ Executive Compensation and Performance Metrics: We have linked executive compensation to the achievement of sustainability goals, including emissions reduction targets. This alignment ensures that our leadership is incentivised to prioritise climate considerations in their decision-making processes. ○ 4. Continuous Improvement and Innovation ○ Data-Driven Insights: We continuously enhance our data collection and analysis capabilities, leveraging advanced tools and technologies to gain deeper insights into the emissions profiles of our assets. This allows us to make more informed decisions and adapt our strategies as new information becomes available. ○ Innovation and R&D Investment: Recognising the importance of innovation in addressing climate challenges, we allocate resources to research and development (R&D) initiatives that explore new ways to reduce emissions and enhance the sustainability of our investments. This includes exploring emerging technologies, such as carbon capture and storage, and integrating them into our portfolio where feasible. ○ By embedding emissions data into our investment decision-making and risk management frameworks, Sanlam ensures that we are not only mitigating climate-related risks but also positioning ourselves to seize new opportunities in the evolving market landscape. This integrated approach supports our commitment to sustainability and enhances the resilience of our portfolio against future climate-related challenges.. ● Carbon Intensity of Investments: <ul style="list-style-type: none"> ○ Assessment of Carbon Intensity: We assess the carbon intensity of our investment portfolios by evaluating the greenhouse gas emissions relative to the financial value of our investments. This helps us understand the carbon exposure associated with the assets we own and manage. ○ Strategies for Management and Reduction: Strategies are developed to manage and reduce carbon exposure in our investment portfolios. This includes engaging with portfolio companies to enhance their sustainability practices, investing in low-carbon opportunities, and adjusting our investment strategy to align with climate goals and reduce carbon intensity. ● Scenario Analysis and Resilience Testing: <ul style="list-style-type: none"> ○ Scenario Analyses: We conduct scenario analyses to evaluate the impact of various climate change scenarios on the assets we own. This helps us understand potential financial impacts and vulnerabilities associated with different climate conditions. ○ Integration into Asset Management: The results of resilience testing are integrated into our asset management strategies. This ensures that our approach to managing assets is adaptable to future climate scenarios, enhancing the resilience of our portfolio against climate-related risks.
<p>Asset Manager</p> <ul style="list-style-type: none"> ● Carbon Intensity of Investments <ul style="list-style-type: none"> ○ Monitoring and Managing Carbon Intensity: We are committed to monitoring and managing the carbon intensity of the assets under our management. Our approach involves regularly assessing the carbon footprint of our investment portfolios, enabling us to identify areas where emissions are concentrated and take targeted action to address them.

Response

To achieve this, we leverage advanced analytical tools that provide detailed insights into the carbon exposure of our assets. These tools, which include a range of methodologies for ESG and carbon intensity assessment, utilise data from both publicly available and proprietary sources. By employing advanced models and metrics, we can accurately measure the environmental impact across various sectors and geographies within our portfolios. This comprehensive analysis helps us track progress towards our sustainability targets and make informed investment decisions that align with our decarbonisation strategy.

We implement tailored strategies to reduce the carbon intensity of our investments. This includes setting specific decarbonisation goals and adjusting our investment strategies to meet these targets. For example, we have set a goal to achieve net-zero emissions in our investment portfolio by 2050, with interim targets for 2025 and 2030. These efforts are supported by data analytics that inform the development of strategies such as engaging with companies to promote sustainable practices, reallocating capital towards lower-carbon opportunities, and divesting from assets that do not align with our decarbonisation objectives.

By continuously tracking our progress, we ensure that our investment practices are not only financially sound but also contribute to a more sustainable and low-carbon future. This proactive management of carbon intensity reflects our commitment to responsible investment and our role in supporting the global transition to a greener economy.

- **Implementation of Responsible Investment Strategies:**

We actively implement responsible investment strategies that align with our low-carbon goals by integrating environmental, social, and governance (ESG) criteria into our investment decision-making processes. This approach allows us to prioritise investments in sectors and companies that demonstrate a strong commitment to sustainability and are aligned with the transition to a low-carbon economy.

For example, we have increased our investments in renewable energy projects, such as wind and solar farms, which provide clean, sustainable energy and have a significantly lower carbon footprint compared to traditional energy sources. We also allocate capital to companies developing clean technologies, such as electric vehicle manufacturers and firms specialising in energy efficiency solutions. These investments not only support the growth of low-emission industries but also position our portfolio to benefit from the ongoing shift towards a greener economy.

Our strategy also involves investing in sustainable infrastructure projects, such as green buildings and smart city technologies, which are designed to minimise environmental impact and support urban resilience against climate change. By focusing on these areas, we aim to generate financial returns while contributing to the global effort to reduce greenhouse gas emissions.

In addition to these positive investment decisions, we engage with companies operating in high-emission sectors, such as heavy industry and fossil fuels, to encourage them to adopt more sustainable practices and reduce their carbon footprints. For instance, we may collaborate with large industrial companies to help them transition to cleaner energy sources or implement carbon capture technologies. This engagement is a key component of our responsible investment approach, as it allows us to influence and support these companies in their journey towards greater sustainability, ultimately aligning their operations with our broader environmental goals.

- **Governance and Oversight**

- **Role of Governance Structures:**

Our governance structures are fundamental in managing climate-related risks within our managed portfolios. We have established frameworks that ensure climate considerations are seamlessly integrated into our investment policies and practices.

These frameworks include clear mandates for responsible investment, guided by our commitment to sustainability and the broader objectives of the Paris Agreement. Our investment committees, comprising senior management and specialised ESG teams, are responsible for developing and overseeing the implementation of these mandates. They ensure that climate-related risks and opportunities are thoroughly considered at every stage of the investment process.

To further support this, we have developed comprehensive guidelines for carbon risk management. These guidelines are embedded into our investment decision-making processes, helping us assess and mitigate the carbon footprint of our portfolios and ensuring that we remain on track to meet our decarbonisation targets.

Accountability is maintained through established mechanisms that monitor and report on compliance with our climate goals. This includes regular reviews by our governance bodies, which evaluate the effectiveness of our strategies and make necessary adjustments to keep us aligned with our sustainability commitments. These bodies ensure that our investment strategies are transparent and consistently aligned with our long-term sustainability objectives.

Through these governance structures, we prioritise and systematically integrate climate-related considerations into our overall investment approach, enabling us to contribute meaningfully to the global transition to a low-carbon economy.

- **Oversight by Relevant Committees:**

Relevant committees within our organisation play a crucial role in providing oversight to ensure that our investment strategies are aligned with our climate goals. These committees are responsible for reviewing and approving responsible investment policies, ensuring that our approach to investing is consistent with our commitment to sustainability and decarbonisation.

These committees monitor the performance of our portfolios against our decarbonisation targets, regularly assessing whether we are on track to meet our climate commitments. They are also tasked with identifying and managing climate-related risks, ensuring that our portfolios are resilient in the face of environmental challenges.

In addition to these responsibilities, the committees provide guidance on emerging climate regulations and industry best practices. By staying informed about the latest developments in climate policy and sustainable investing, they help us stay ahead of the curve, adapt our strategies as needed, and maintain our leadership in sustainable investing. Through their oversight, these committees ensure that our investment strategies are not only aligned with our climate goals but are also responsive to the evolving landscape of climate-related risks and opportunities.

- **Engaging with Stakeholders:**

We actively engage with a wide range of stakeholders, including investors, clients, regulators, and industry bodies, to ensure that our investment strategies are aligned with climate-related expectations and regulations. This engagement is a key component of our approach to responsible investing and helps us stay attuned to the evolving demands of the market.

Response

Our stakeholder engagement involves regular communication about our progress towards decarbonisation, where we provide updates on the steps we are taking to reduce the carbon footprint of our portfolios. We also collaborate on sustainability initiatives, working closely with partners and stakeholders to drive collective action on climate-related issues.

In addition, we are responsive to stakeholder feedback, using it to refine and enhance our investment strategies. This iterative process ensures that we are not only meeting current expectations but also proactively addressing future challenges and opportunities in the realm of sustainable investing.

By maintaining open and transparent dialogue with our stakeholders, we ensure that our investment practices are, forward-looking, and contribute positively to global climate efforts. This engagement helps us align our actions with broader sustainability goals, reinforcing our commitment to leading in the transition to a low-carbon economy.

- **Risk Management:**

Managing climate-related risks is a core component of our investment strategy. We integrate climate risk assessments into our investment analysis, enabling us to identify potential vulnerabilities within our portfolios and develop targeted strategies to mitigate these risks.

Our approach includes stress testing our portfolios under various climate scenarios to understand how different environmental and regulatory developments could impact our investments. By evaluating the potential effects of climate change, such as extreme weather events or shifts in carbon pricing, we can anticipate and plan for potential disruptions.

We also closely monitor and evaluate the impact of regulatory changes related to climate policy. This helps us stay ahead of new regulations and ensures that our investments remain compliant with evolving standards. Additionally, we adjust our asset allocation as needed to enhance the resilience of our portfolios against climate risks, prioritising sectors and companies that are better positioned to thrive in a low-carbon economy.

Our proactive approach to risk management is designed to safeguard our investments, ensuring they are resilient and well-prepared to navigate the challenges and opportunities that come with the global transition to a low-carbon economy. This forward-thinking strategy not only protects our assets but also aligns with our broader commitment to sustainability and responsible investing.

Insurance Companies

- **Scenario Analysis and Resilience Testing**

As part of our commitment to managing climate-related risks, we conduct thorough evaluations of the resilience of our insurance portfolios under various climate scenarios. This process involves leveraging advanced scenario analysis tools to simulate the potential impact of different climate events—such as extreme weather events like hurricanes and floods, sea-level rise affecting coastal properties, and temperature changes impacting agricultural yields—on our insurance products and portfolios. For example, we might model the effects of a series of severe storms on our property insurance offerings or assess how prolonged drought conditions could affect claims in our agricultural insurance portfolio. By exploring these scenarios, we can better understand the risks our clients and our business face and develop strategies to mitigate these impacts.

By stress-testing our portfolios against these scenarios, we can identify areas of vulnerability and take proactive measures to strengthen our resilience. This analysis allows us to foresee potential risks and develop strategies that safeguard our portfolio against the increasing volatility associated with climate change.

In response to the insights gained from these assessments, we continuously refine our insurance models to more accurately reflect climate-related risks. This process may involve revising our underwriting criteria to better address emerging risks associated with climate change, such as increased flood or wildfire risks. We also adjust our pricing strategies to align with the evolving risk landscape, ensuring that premiums are appropriately set to reflect the heightened exposure to extreme weather events. Additionally, we enhance our claims processes to efficiently manage the increased frequency and severity of climate-related events, enabling us to respond swiftly and effectively to our clients' needs in the face of these challenges.

By continuously refining our models and practices, we ensure that our insurance offerings remain capable of withstanding the challenges posed by a changing climate. This proactive approach not only protects our clients but also enhances the long-term resilience of our business in a world where climate risks are increasingly prevalent.

- **Governance and Oversight**

We have systematically integrated climate risk management into our core insurance underwriting and claims processes, ensuring that climate-related risks are considered across all aspects of our operations. This integration is a key component of our commitment to sustainability and risk management, helping our insurance business remain resilient in the face of evolving climate challenges.

This approach is supported by governance structures that provide oversight at the highest levels of our organisation. Our Board of Directors, along with key committees such as the Risk and Compliance Committee and the Sustainability Committee, plays a vital role in overseeing the implementation of climate risk management strategies within our insurance business. These governance bodies are responsible for ensuring that our underwriting practices, product development, and claims management processes are consistently aligned with our broader climate goals and sustainability commitments.

This strong oversight helps maintain accountability and ensures that we are effectively managing the risks associated with climate change. Through regular reviews of our strategies and operations, the Board and its committees not only ensure compliance with current regulations but also take a proactive stance in addressing emerging climate-related risks. This governance framework enables us to adapt to changing environmental conditions and maintain our leadership in sustainable insurance practices.

- **Disclosure and Reporting**

We are committed to transparent reporting of climate-related risks and the strategies we employ to manage them. This commitment includes regular disclosures that detail how we are addressing climate risks within our insurance business, alongside updates on the progress we are making towards achieving our climate goals.

Our reporting practices are aligned with international frameworks, such as the Task Force on Climate-related Financial Disclosures (TCFD), ensuring that our disclosures are consistent and comparable with industry standards. By adhering to these frameworks, we provide our stakeholders with clear and reliable information about the risks we face and the proactive measures we are taking to build resilience.

This transparency is essential for maintaining trust and demonstrating our leadership in managing climate-related risks within the insurance sector. Through our thorough and consistent reporting, we aim to reinforce our commitment to sustainability and provide our stakeholders with the confidence that we are effectively managing the challenges posed by climate change.

Response
<p>Facilities Manager</p> <ul style="list-style-type: none"> Greenhouse Gas (GHG) Emissions Inventory As part of our commitment to sustainability, we rigorously measure and actively work to reduce the Greenhouse Gas (GHG) emissions generated by our facilities operations. This comprehensive approach includes tracking emissions from various sources such as energy consumption, waste management, and other activities associated with our facilities. <p>To minimise our carbon footprint, we have implemented a range of energy-efficient practices. These include upgrading lighting systems to LED technology, optimising heating, ventilation, and air conditioning (HVAC) systems for greater efficiency, and incorporating renewable energy sources such as solar power into our energy mix. Additionally, we have introduced waste reduction programs and initiatives to further lower our environmental impact.</p> <p>Sanlam has actively implemented various energy-efficient practices across its facilities:</p> <ul style="list-style-type: none"> - Lighting Upgrades: Sanlam has been replacing old T8 fluorescent fittings with more efficient T5 or LED light fittings as part of its ongoing efforts to reduce electricity usage. - HVAC System Optimisation: Sanlam has continuously improved the main building HVAC system, with Phase 1 completed in 2020, and ongoing enhancements to optimise system performance. - Incorporating Renewable Energy: Detailed feasibility studies for incorporating solar power into Sanlam’s buildings are underway, reflecting a commitment to exploring renewable energy sources. - Waste Reduction Initiatives: Sanlam has also introduced waste reduction programs, including recycling initiatives and investigating the implementation of eco bricks to manage waste more sustainably, with a goal of converting 10-20% of waste into eco bricks. <p>These efforts are not only aimed at reducing our immediate GHG emissions but also at contributing to our organisation's broader decarbonisation goals. By systematically monitoring and managing our emissions, we ensure that our facilities are aligned with our long-term sustainability objectives, helping to drive progress towards a low-carbon future.</p> <ul style="list-style-type: none"> Governance and Oversight Our approach to facilities management is supported by governance structures that ensure climate-related risks are effectively managed across all operations. These governance bodies provide oversight to ensure that climate considerations are thoroughly integrated into every aspect of our facilities management strategies. <p>This oversight includes making strategic decisions regarding facility upgrades, maintenance practices, and energy usage, all of which are designed to align with our sustainability commitments. For example, when planning renovations or new construction, we consider the potential environmental impact and prioritise solutions that reduce emissions and enhance energy efficiency.</p> <p>The governance framework also ensures accountability by implementing regular reporting and review mechanisms. These processes track our progress against set environmental objectives, enabling us to make informed decisions and adjustments as needed to stay on course. Through this structured oversight, we maintain transparency and ensure that our facilities management practices contribute positively to our overall sustainability goals.</p> <ul style="list-style-type: none"> Continuous Improvement We are dedicated to the continuous improvement of our measurement and disclosure practices related to facilities operations. This commitment involves expanding the scope of our GHG emissions assessments to include additional facilities and jurisdictions, providing us with a more comprehensive understanding of our overall environmental impact. <p>In our pursuit of excellence, we are also exploring and adopting innovative technologies and practices that can further reduce emissions and improve the efficiency of our operations. This includes evaluating the potential of emerging technologies, such as advanced energy management systems, smart building solutions, and next-generation renewable energy sources, to enhance our sustainability efforts.</p> <p>By continuously refining our approach, we aim to not only enhance the accuracy and reliability of our emissions data but also to drive meaningful progress towards our long-term sustainability goals. Our ongoing efforts in this area ensure that we remain at the forefront of environmental stewardship and continue to contribute positively to the global fight against climate change.</p>

Sub-Principle 4.2: Disclose the metrics used to measure and manage our contribution to climate- and nature-related risks, and targets for monitoring progress.

Members can use this section to demonstrate how they have used a range of quantitative and qualitative information to monitor the progress of climate- and nature-related risks and opportunities. This might include describing the impacts and potential impacts to the business, as described in the ClimateWise Guidance.

References to supporting evidence:

- Sanlam Sustainability Report 2023¹⁷⁵: pages 12-28
- Questions in the 2022 CDP climate disclosure¹⁷⁶: Question C4.1-C4.2
- Sanlam Climate Change Policy Statement 2023¹⁷⁷: pages 5-7
- Sanlam Governance report 2023¹⁷⁸ : Page 35-45
- Sanlam Responsible Investments Report 2023¹⁷⁹: page 16, 36, 37, 40, 73, 74
- Sanlam Integrated Report 2023¹⁸⁰: Page 4, 12, 19, 28, 76, 77, 98,
- Sanlam investment and insurance position statement on fossil fuels 2023¹⁸¹: Pages 3- 5

¹⁷⁵ Available at: [sustainability-report-2023.pdf \(sanlam.com\)](https://www.sanlam.com/downloads/sustainability-reports/2023/sustainability-report-2023.pdf)

¹⁷⁶ Available at: [sanlam-cdp-submission-2023.pdf \(santam.co.za\)](https://www.sanlam.com/downloads/sustainability-reports/2023/cdp-climate-disclosure-2022.pdf)

¹⁷⁷ Available at: [Climate-change-policy-statement.pdf \(sanlam.com\)](https://www.sanlam.com/downloads/sustainability-reports/2023/climate-change-policy-statement-2023.pdf)

¹⁷⁸ Available at: [Sanlam-Governance-Report-2023.pdf](https://www.sanlam.com/downloads/sustainability-reports/2023/governance-report-2023.pdf)

¹⁷⁹ Available at: [Responsible-Investing-Report-2023.pdf \(sanlamintelligence.co.za\)](https://www.sanlam.com/downloads/sustainability-reports/2023/responsible-investing-report-2023.pdf)

¹⁸⁰ Available at: [Sanlam-IR-2023.pdf](https://www.sanlam.com/downloads/sustainability-reports/2023/integrated-report-2023.pdf)

¹⁸¹ Available at: [https://www.sanlam.com/downloads/sustainability-reports/2023/Investment-and-Insurance-position-statement-on-fossil-fuels.pdf](https://www.sanlam.com/downloads/sustainability-reports/2023/investment-and-insurance-position-statement-on-fossil-fuels.pdf)

Response

Asset Owner

- **Quantitative Metrics and Targets**
 - **Greenhouse Gas (GHG) Emissions Inventory:**
 - Metrics: As an asset owner, we measure and disclose Scope 1, Scope 2, and relevant Scope 3 GHG emissions associated with our owned assets, in accordance with the GHG Protocol and ISO 14064-1:2018. This comprehensive approach includes emissions from our operational properties and the assets within our investment portfolio. By integrating these metrics into our overall asset management strategy, we gain a deeper understanding of our carbon footprint and align with the disclosure requirements of IFRS S2. This also involves the assessment of Scope 3 Category 15 emissions, which relate to our financed emissions. This focus allows us to better manage climate-related risks and opportunities associated with our asset ownership.
 - Targets: We have set ambitious targets to reduce the carbon intensity of our assets, aiming for a 10% reduction in Scope 1 and Scope 2 emissions by 2025 from a 2019 baseline. We are also working to refine our Scope 3 emissions targets, particularly for our investment portfolio, to ensure alignment with a net-zero pathway by 2050.
 - **Scenario Analysis and Resilience Testing:**
 - Metrics: We conduct comprehensive scenario analyses to evaluate the resilience of our assets under various climate scenarios, including those aligned with the Paris Agreement. This process involves stress testing our asset portfolio to assess its performance under different climate-related risks, such as regulatory changes, physical impacts of climate change (e.g., extreme weather events, rising sea levels), and shifts in market dynamics. By modelling these potential scenarios, we gain insights into how our assets might be affected by a range of future climate conditions, allowing us to identify vulnerabilities and develop strategies to enhance resilience and ensure long-term sustainability.
 - Targets: Our goal is to ensure that our asset portfolio remains resilient under a range of climate scenarios. This involves regularly updating our asset management strategies based on the findings from scenario analyses, adjusting our risk management frameworks, and aligning our asset allocation with the transition to a low-carbon economy.
 - **Carbon Intensity of Investments:**
 - Metrics: We quantify the carbon intensity of our investments to assess the climate-related risks and opportunities associated with our financial assets. This metric provides us with critical insights into the carbon exposure of our portfolio, allowing us to identify areas for improvement and make informed investment decisions that align with our commitment to global sustainability goals. By integrating carbon intensity assessments into our investment analysis, we ensure that our portfolio contributes positively to the transition to a low-carbon economy.
 - Targets: We are committed to aligning our investment portfolio with a net-zero emissions pathway by 2050. This ambitious target supports our broader sustainability objectives and is part of our contribution to the global effort to limit global warming to 1.5°C. By setting this target, we are ensuring that our investments are not only resilient to climate risks but also play an active role in the transition to a sustainable, low-carbon economy.
 - **Qualitative Metrics and Assessment**

As an asset owner, we use qualitative metrics and assessments to evaluate the effectiveness of our climate-related strategies and governance. These metrics go beyond numerical targets, providing a comprehensive view of how well we are managing climate-related risks and opportunities within our portfolio.
- **Governance Effectiveness:** We assess the effectiveness of our climate-related governance structures by reviewing the frequency and quality of discussions on climate risks and opportunities at the Board and committee levels. This includes evaluating how often climate-related issues are included in strategic decision-making processes and how well these discussions translate into actionable strategies
 - **Stakeholder Engagement:** We monitor the quality and impact of our stakeholder engagements, focusing on how feedback from investors, clients, and regulators is integrated into our climate strategies. This assessment includes the depth and frequency of engagement, as well as the extent to which stakeholder concerns and suggestions influence our policies and practices
 - **Integration of Climate Considerations:** We evaluate how effectively climate considerations are integrated into our asset management practices. This involves assessing the incorporation of climate risk assessments into investment decisions, the development of climate-resilient investment strategies, and the alignment of our portfolio with broader sustainability goals
 - **Adaptability and Responsiveness:** *We measure our organisation's ability to adapt to evolving climate-related risks and regulatory changes. This includes assessing our responsiveness to new climate data, emerging trends, and regulatory developments, and how quickly these are reflected in our asset management strategies and practices.*
 - **Transparency and Reporting:** *We track the transparency and comprehensiveness of our climate-related disclosures, ensuring that they align with international standards such as TCFD and IFRS S2. This assessment includes evaluating the clarity and accessibility of our reports, as well as the consistency of our communication on climate risks and strategies to stakeholders.*

Through these qualitative metrics and assessments, we aim to maintain forward-thinking approach to managing climate-related risks, ensuring that our asset portfolio is resilient, sustainable, and aligned with our long-term goals.
- **Governance and Oversight:**

Metrics: We monitor the effectiveness of our climate-related governance by tracking specific indicators, such as the number of climate-related issues reviewed by our Board and sub-committees, the frequency of updates to our risk management frameworks to include climate risk assessments, and the alignment of our governance practices with industry standards like TCFD and IFRS S2. These metrics provide us with a clear understanding of how well our governance structures are managing climate-related risks, ensuring that our asset management strategies are resilient, proactive, and aligned with best practices in sustainability and risk management.

Assessment: We conduct regular reviews of our governance practices to ensure they remain aligned with emerging best practices and evolving stakeholder expectations. This proactive approach involves evaluating our governance frameworks in light of the latest developments in climate science, regulatory requirements, and stakeholder feedback. By continuously refining our governance structures, we maintain oversight and accountability in managing climate-related risks across our assets, ensuring that our strategies are both effective and responsive to the challenges posed by climate change.

Asset Manager

- **Quantitative Metrics and Targets**
 - **Greenhouse Gas (GHG) Emissions Inventory:**
 - Metrics: As an asset manager, we assess the carbon intensity of the portfolios we manage by tracking the Scope 1, Scope 2, and relevant Scope 3 emissions of the companies within our investment universe. This data is crucial for evaluating the environmental impact of our investment decisions and ensuring that our portfolios are aligned with our sustainability goals. By integrating these emissions metrics into our investment analysis, we can better manage climate-related risks and opportunities, supporting our commitment to responsible investing.
 - Targets: We have set specific targets to reduce the carbon intensity of our managed portfolios by a certain percentage by 2030, with interim targets established to monitor progress along the way. These targets are part of our broader strategy to align our investment activities with a net-zero emissions pathway by 2050. This commitment underscores our dedication to managing the environmental impact of our investments and contributing to global efforts to mitigate climate change.
 - **Scenario Analysis and Resilience Testing:**

Response
<ul style="list-style-type: none"> - Metrics: We measure the resilience of our investment portfolios by employing scenario analysis under various climate scenarios, including those aligned with the Paris Agreement. This process involves quantifying the potential impact of different climate pathways on portfolio performance, risk-adjusted returns, and overall portfolio stability. The key metrics include the projected changes in portfolio value, risk exposure levels, and the performance of individual assets under different scenarios. By analysing these metrics, we obtain valuable insights into the vulnerability and adaptability of our investments to climate-related risks, enabling us to make informed adjustments to our strategies. - Targets: Our primary objective is to ensure that our investment strategies remain resilient to climate-related risks. To achieve this, we regularly incorporate the findings from scenario analyses into our portfolio management processes. This involves adjusting asset allocation, refining our risk management strategies, and aligning our investment decisions with emerging climate data. By continuously integrating these insights, we aim to maintain the robustness of our portfolios in the face of evolving climate challenges and support the transition to a low-carbon economy. <ul style="list-style-type: none"> ○ Qualitative Metrics and Assessment <ul style="list-style-type: none"> - Metrics: We employ a range of qualitative metrics to assess the integration of climate-related risks and opportunities into our asset management practices. These metrics include evaluating the effectiveness of governance frameworks, the frequency and depth of climate-related discussions in board and committee meetings, and the extent to which climate risk considerations influence our decision-making processes. We also assess the quality of stakeholder engagement efforts, measuring how feedback from investors, clients, and other stakeholders is incorporated into our strategies. Additionally, we track the alignment of our asset management practices with industry standards and best practices, such as those set by the TCFD and other relevant frameworks. - Assessment: Our assessment process involves regular reviews of how well our qualitative metrics are being met, ensuring that our strategies remain adaptive to the changing climate risk landscape. This includes assessing the effectiveness of our governance structures in addressing climate-related risks, as well as evaluating the impact of stakeholder engagement on our strategic decisions. We also analyse the alignment of our practices with evolving industry standards, ensuring that we are not only compliant but also leaders in sustainable asset management. Through these assessments, we aim to continuously improve our approach, ensuring that our asset portfolio is resilient, responsive, and aligned with our long-term sustainability goals. ● Stakeholder Engagement and Risk Management: <ul style="list-style-type: none"> - Metrics: We systematically track our stakeholder engagement activities to ensure that they effectively inform our investment strategies and risk management processes. This includes measuring the frequency of engagements with key stakeholders, the extent to which feedback is integrated into our investment decisions, and the degree of alignment between our strategies and stakeholder expectations. These metrics provide a clear view of how our engagement efforts contribute to the responsiveness of our overall risk management approach. - Assessment: By continuously reviewing and assessing our stakeholder engagement activities, we ensure that our investment strategies remain adaptable and responsive to evolving market conditions and regulatory requirements. This ongoing evaluation process allows us to refine our approaches, ensuring that our investment decisions are not only aligned with current stakeholder expectations but are also proactive in anticipating future trends and challenges. Through this dynamic engagement and assessment process, we strengthen our ability to manage risks and seize opportunities in a rapidly changing environment.
<p>Insurance Companies</p> <ul style="list-style-type: none"> ● Quantitative Metrics and Targets <ul style="list-style-type: none"> ○ Scenario Analysis and Resilience Testing: <ul style="list-style-type: none"> - Metrics: We evaluate the resilience of our insurance portfolios under various climate scenarios by utilising a comprehensive set of metrics to assess potential impacts. These metrics provide critical insights into how climate-related risks could affect our portfolio and inform our risk management strategies. <ul style="list-style-type: none"> ▪ Potential Loss Estimates: We use advanced modelling techniques to estimate potential financial losses under different climate scenarios. This includes assessing the impact of extreme weather events, such as hurricanes, floods, and wildfires, on our insured assets. By quantifying these potential losses, we can gauge the financial exposure of our portfolio and develop strategies to mitigate these risks. ▪ We closely monitor and analyse trends in claims data to understand how climate change is impacting the frequency and severity of insurance claims. For instance, we track the rise in claims related to weather-related damages and adjust our underwriting practices accordingly. This proactive approach helps us anticipate future claims patterns and ensures that our pricing strategies remain aligned with the evolving risk landscape. We, along with our subsidiary Santam, actively monitors the increasing frequency and severity of weather events and the corresponding rise in insurance claims. Recognising the significant risks posed by climate change, we adjust our underwriting practices and risk management strategies to mitigate these risks. This includes refining our pricing strategies to address the growing liabilities associated with climate-related events, ensuring that our business remains resilient and responsive to these challenges. ▪ Regulatory Shifts and Underwriting Practices: We evaluate the effects of regulatory changes on our underwriting practices, particularly those related to climate risk disclosures and emissions reduction targets. Metrics such as the percentage of policies impacted by new regulations and the cost implications of compliance help us to adapt our underwriting strategies to remain compliant and competitive in a changing regulatory environment. ▪ Asset-Level Risk Assessments: We conduct detailed risk assessments at the asset level, evaluating the vulnerability of specific assets or regions within our portfolio to climate-related risks. This includes analysing factors such as geographical location, asset type, and historical exposure to climate hazards. By understanding these granular details, we can tailor our risk management approaches to better protect high-risk assets. ▪ Scenario Analysis Integration: We incorporate the results of scenario analyses into our overall portfolio management strategy, ensuring that our investment and underwriting decisions are informed by a deep understanding of potential future climate conditions. Metrics such as the alignment of portfolio allocation with resilient sectors and the incorporation of scenario outcomes into strategic planning are key to ensuring that our portfolios are well-positioned to navigate future climate risks. By analysing these metrics, we can better understand the complex ways in which climate-related risks may affect our insurance portfolio and make informed decisions to manage these risks effectively. This data-driven approach allows us to enhance the resilience of our insurance offerings, ensuring that we continue to provide reliable coverage in an increasingly uncertain climate landscape - Targets: Our target is to enhance the resilience of our insurance products by continuously integrating scenario analysis results into our underwriting and pricing models. This approach ensures that our insurance offerings remain sustainable and are well-aligned with our overall climate goals. By doing so, we aim to provide products that are both responsive to emerging climate risks and supportive of the broader transition to a low-carbon economy. ○ Carbon Intensity of Underwriting Portfolios: <ul style="list-style-type: none"> - Metrics: We are in the process of developing comprehensive metrics to measure the carbon intensity of our underwriting portfolios. This involves assessing the environmental impact of the industries and companies we insure by tracking emissions data from our insured entities. We also evaluate the climate-related risks they face, including their exposure to regulatory changes, the physical impacts of climate change, and the potential for transition risks as the economy moves towards lower carbon emissions. By analysing these factors, we aim to better understand and manage the carbon footprint associated with our underwriting activities, ensuring alignment with our broader sustainability goals and supporting the transition to a low-carbon economy.

Response
<ul style="list-style-type: none"> - Targets: Our goal is to reduce the carbon intensity of our underwriting portfolios by actively engaging with our clients to encourage the adoption of sustainable practices. This includes integrating climate considerations into our underwriting decisions and working collaboratively with clients to identify opportunities for reducing their carbon footprint. By setting clear targets for carbon intensity reduction, we aim to support the transition to a low-carbon economy while managing the risks associated with climate change within our insurance portfolio. <ul style="list-style-type: none"> • Governance and Oversight: <ul style="list-style-type: none"> ○ Metrics: We track governance metrics to ensure oversight of climate-related risks within our insurance operations. This includes monitoring the number of climate-related risks reviewed by our Board and insurance committees, as well as the extent to which climate risk management practices are integrated into our underwriting, claims processes, and overall insurance operations. These metrics provide insights into how effectively we are embedding climate considerations into our decision-making processes. ○ Assessment: Regular reviews of our governance structures are conducted to ensure that they remain effective and aligned with best practices in climate risk management. These assessments involve evaluating the effectiveness of our Board and committees in overseeing climate-related risks, ensuring that our governance frameworks are continuously updated to reflect the latest regulatory requirements and industry standards. By doing so, we maintain accountability and ensure that our approach to managing climate-related risks is both comprehensive and responsive to emerging challenges.
<p>Facilities Manager</p> <ul style="list-style-type: none"> • Quantitative Metrics and Targets <ul style="list-style-type: none"> ○ Greenhouse Gas (GHG) Emissions Inventory: <ul style="list-style-type: none"> - Metrics: As Facilities Manager, we measure and disclose GHG emissions across Scope 1, Scope 2, and relevant Scope 3 categories. This includes emissions from energy consumption, waste management, and other facility operations. We utilise energy monitoring systems to capture real-time data, allowing us to assess our carbon footprint accurately. Our emissions tracking is aligned with the GHG Protocol and ISO 14064-1:2018 standards, providing a comprehensive view of our environmental impact. We are also expanding our GHG assessments to include additional facilities and jurisdictions to ensure a more complete understanding of our global footprint. - Targets: We have set specific targets to reduce our Scope 1 and Scope 2 emissions by 10% by 2025, using a 2019 baseline. These targets drive our commitment to energy efficiency and carbon reduction across our facilities. We are continuously exploring and implementing energy-efficient practices, such as upgrading to LED lighting, optimising HVAC systems, and increasing the use of renewable energy sources like solar power. ○ Energy Efficiency: <ul style="list-style-type: none"> - Metrics: We track the energy consumption of our facilities, focusing on metrics such as kilowatt-hours (kWh) used per square meter and the percentage of energy sourced from renewables. These metrics help us identify opportunities to reduce energy usage and improve efficiency. Our energy audits provide insights into areas where we can enhance efficiency and reduce overall consumption. - Targets: Our goal is to increase the percentage of energy sourced from renewable sources to 50% by 2030. Additionally, we aim to reduce overall energy consumption by 15% over the same period. These targets support our broader decarbonisation goals and contribute to the overall sustainability of our operations. • Qualitative Metrics and Assessment <ul style="list-style-type: none"> ○ Governance and Oversight: <ul style="list-style-type: none"> - Metrics: We monitor the integration of climate-related risks into facilities management through regular reviews by our governance bodies. This includes tracking the number of facility upgrades that incorporate climate resilience measures and the frequency of updates to our facilities management strategies to align with climate goals. We also measure the effectiveness of our reporting mechanisms in providing transparent updates on our progress. - Assessment: Our governance structures ensure that climate considerations are embedded in every aspect of facilities management. Regular assessments by our Board and relevant committees provide oversight, ensuring accountability and alignment with our sustainability commitments. These assessments allow us to identify and address gaps in our current practices, ensuring continuous improvement in managing climate-related risks. ○ Continuous Improvement: <ul style="list-style-type: none"> - Metrics: We track the implementation of innovative technologies and practices that enhance our facilities' energy efficiency and reduce GHG emissions. Metrics include the number of new technologies deployed, the percentage of facilities upgraded with energy-efficient systems, and the reduction in emissions attributable to these upgrades. - Assessment: We are committed to the continuous improvement of our facilities management practices, regularly reviewing and updating our approaches to incorporate the latest technological advancements. This ongoing evaluation process ensures that we remain at the forefront of sustainability practices, continuously enhancing our operational efficiency and reducing our environmental impact. ○ Monitoring Progress: We regularly monitor and report on our progress in reducing GHG emissions and improving energy efficiency through our annual sustainability reports. These reports provide detailed updates on our achievements and areas for further improvement, ensuring transparency and accountability in our sustainability efforts. By aligning with international frameworks like the TCFD and IFRS S2, we ensure our reporting meets global best practices, clearly communicating our commitment to sustainability and resilience to our stakeholders.

Theme: Report Robustly

The Report Robustly Theme asks Members to demonstrate their reporting controls to ensure reporting accuracy.

Sub-Principle 4.3: Maintain and enhance a robust reporting regime, processes and internal controls over climate-related disclosures in order to avoid material errors or material misstatements.

Members can use this section to demonstrate how they have ensured that climate- and nature-related disclosures are free from material errors or misstatements. This might include describing the process used to measure and disclose climate- and nature-related metrics. The ClimateWise Guidance sets out topics which members could consider.

References to supporting evidence:

- Sanlam Sustainability Report 2023¹⁸²: pages 4, 12-35, 41, 92
- Questions in the 2022 CDP climate disclosure¹⁸³: Question C5.2, C5.3; C6.5, C10.1a-c, C10.2a,

¹⁸² Available at: [sustainability-report-2023.pdf \(sanlam.com\)](https://www.sanlam.com/sustainability-report-2023.pdf)

¹⁸³ Available at: [sanlam-cdp-submission-2023.pdf \(santam.co.za\)](https://www.santam.co.za/sanlam-cdp-submission-2023.pdf)

- Sanlam Climate Change Policy Statement 2023¹⁸⁴: pages 5-10
- Sanlam Governance report 2023¹⁸⁵ : Page 18, 44, 67
- Sanlam Sustainable Investments Report 2023¹⁸⁶: page 22
- Sanlam Integrated Report 2023¹⁸⁷: Page 44, 45, 77, 123,
- Sanlam 2023 GHG Verification Report 2023¹⁸⁸: Pages 1-4
- Sanlam investment and insurance position statement on fossil fuels 2023¹⁸⁹: Pages 7-15

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Asset Owner

• Reporting Regime and Processes:

As an asset owner, Sanlam has implemented comprehensive data collection and management processes across our investment portfolios. This ensures the accurate recording of climate- and nature-related metrics, which are critical for evaluating our environmental impact and aligning our investment strategies with sustainability goals. Our approach integrates the latest advancements in data collection, validation, and reporting, supported by robust internal controls. Our validation process includes the following:

- **Cross-Checking Against Historical Data:** We ensure consistency and accuracy in our data by conducting thorough cross-checks against historical metrics. This helps identify any anomalies or deviations that could indicate potential errors. By maintaining a consistent comparison framework, we ensure our data is both reliable and reflective of ongoing trends in our environmental impact.
- **Benchmarking Against Industry Standards:** Our metrics are benchmarked against recognised industry standards, including the Task Force on Climate-related Financial Disclosures (TCFD), IFRS S2, ISO 14064, and the Greenhouse Gas (GHG) Protocol. This benchmarking process ensures that our data aligns with best practices in the industry and reflects broader environmental and sustainability goals. By comparing our performance with these standards, we can evaluate our progress and identify areas for improvement.
- **External Audits:** To further ensure the accuracy and reliability of our investment data, we engage reputable third-party auditors who specialise in sustainability and climate-related reporting. These auditors rigorously review our data collection processes and validate the accuracy of our reported metrics. This independent verification is essential for maintaining the integrity of our data and ensuring compliance with international frameworks such as TCFD, IFRS S2, and TNFD.

Through these thorough and methodical processes, Sanlam ensures that our climate- and nature-related disclosures are free from material errors or misstatements. This provides our stakeholders with accurate and trustworthy information, reinforcing our commitment to transparency and responsible asset management.

• Internal Controls and Oversight:

At Sanlam, we have established a robust internal control framework to ensure the accuracy, reliability, and integrity of our climate- and nature-related disclosures across our investment portfolios. This framework is essential for maintaining high standards of transparency and accountability in our reporting practices.

- **Roles and Responsibilities:** We have clearly defined roles and responsibilities across all levels of our investment management teams to ensure thorough oversight of our climate-related data. Each department involved in data collection, validation, and reporting is aware of its specific duties and how these contribute to our overall sustainability objectives. This structured approach ensures that all processes are managed efficiently and effectively, with a strong focus on accuracy and consistency.
- **Governance Committees:** The Risk and Compliance Committee plays a critical role in overseeing the integrity of our investment data reporting. This committee is responsible for regularly reviewing and assessing the effectiveness of our internal controls, ensuring they remain aligned with evolving best practices and regulatory requirements. The committee's oversight extends to guiding our strategic direction, providing insights and recommendations on enhancing our reporting practices to better reflect our sustainability goals and stakeholder expectations.
- **Internal Audits:** To maintain the robustness of our internal controls, we conduct regular internal audits across our investment management processes. These audits are designed to evaluate adherence to established procedures and to identify any potential gaps or areas where risk mitigation controls can be strengthened. Our internal audits are comprehensive, covering every aspect of the reporting process—from data collection and validation to final disclosure. This ensures that our reporting is not only accurate but also resilient to potential risks that could compromise the quality of our disclosures.

By implementing these rigorous internal controls and oversight mechanisms, Sanlam ensures that our climate- and nature-related disclosures in investment management are accurate, reliable, and aligned with both regulatory requirements and the highest standards of corporate governance. This approach underscores our commitment to transparency and builds trust with our stakeholders, demonstrating our dedication to responsible and sustainable business practices.

• Third-Party Assurance and Verification:

Sanlam places a high value on the accuracy and transparency of our climate- and nature-related disclosures, which is why we incorporate third-party assurance and verification as a vital component of our reporting framework. This external validation ensures that our data and processes are rigorously evaluated and align with international standards.

- **Qualified Auditors:** We carefully select external auditors who possess specialised expertise in evaluating climate-related risks and metrics within investment portfolios. These auditors are well-versed in the latest international standards and frameworks, including the Task Force on Climate-related Financial Disclosures (TCFD), IFRS S2, and the Greenhouse Gas (GHG) Protocol. Their in-depth knowledge and experience ensure that our disclosures are thoroughly examined, providing confidence in the accuracy and integrity of our reported data.
- **Comprehensive Audit Scope:** *The scope of our third-party audits is comprehensive, covering a wide range of climate-related metrics and investment data. The auditors assess not only the accuracy of the data but also the effectiveness of our internal controls and reporting frameworks. This holistic approach ensures that every aspect of our reporting process is scrutinised, from data collection and validation to the final disclosure. Additionally, the audits provide valuable insights into potential areas for improvement, helping us enhance our processes and reduce the risk of material misstatements.*
- **Continuous Improvement and Adaptation:** We view third-party assurance not just as a compliance requirement, but as an opportunity for continuous improvement. Feedback from external auditors is integral to refining our data collection, validation, and reporting practices. We actively integrate the insights gained from these audits into our internal processes, ensuring that our climate-related disclosures evolve to meet the highest standards of accuracy and transparency. This adaptive approach enables us to stay ahead of regulatory changes and stakeholder expectations, continuously enhancing the quality and reliability of our sustainability reporting.

By incorporating third-party assurance and verification into our reporting framework, Sanlam enhances the credibility and trustworthiness of our climate-related disclosures. This independent validation reinforces our commitment to transparency, accountability, and excellence in managing and reporting our environmental impacts.

¹⁸⁴ Available at: [Climate-change-policy-statement.pdf \(sanlam.com\)](#)

¹⁸⁵ Available at: [Sanlam-Governance-Report-2023.pdf](#)

¹⁸⁶ Available at: [Responsible-Investing-Report-2023.pdf \(sanlamintelligence.co.za\)](#)

¹⁸⁷ Available at: [Sanlam-IR-2023.pdf](#)

¹⁸⁸ Available at: [Sanlam-2023-GHG-Verification-Statement.pdf](#)

¹⁸⁹ Available at: <https://www.sanlam.com/downloads/sustainability-reports/2023/Investment-and-Insurance-position-statement-on-fossil-fuels.pdf>

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We continually refine our investment-related reporting protocols, ensuring alignment with emerging climate science and regulatory expectations.

Asset Manager

- **Reporting Regime and Processes:** As an asset manager, Sanlam is committed to integrating climate-related data into the core of our investment decision-making processes. We recognise that understanding environmental impacts is crucial for making informed investment choices that align with our sustainability goals. To ensure the accuracy and reliability of this data, we have established a rigorous reporting regime and validation process. Our validation process includes:
 - **Cross-Checking Against Historical Data:** To maintain the consistency and accuracy of our environmental metrics, we systematically compare the performance of our portfolio companies against historical environmental data. This allows us to identify any significant deviations or trends that may require further investigation, ensuring that our assessments are based on reliable and consistent information over time.
 - **Benchmarking Against Industry Standards:** Our assessments are aligned with globally recognised industry standards, including the Task Force on Climate-related Financial Disclosures (TCFD) and the Greenhouse Gas (GHG) Protocol guidelines. By benchmarking our portfolio companies against these standards, we ensure that our evaluations are in line with best practices, enabling us to make investment decisions that are both environmentally responsible and aligned with broader industry expectations.
 - **External Audits:** To further validate the integrity of our climate-related metrics, we engage independent external auditors who specialise in sustainability assessments. These auditors conduct thorough reviews of the data related to the environmental performance of our managed assets. This independent verification is crucial for ensuring that our reported metrics are accurate and reflect the true environmental impact of our investments.

Through these structured processes, Sanlam ensures that the climate-related data integrated into our asset management practices is robust, reliable, and aligned with industry standards. This commitment to accurate and transparent reporting strengthens our ability to make informed investment decisions that support our sustainability objectives and meet the expectations of our stakeholders.

- **Internal Controls and Oversight:**

We have established a comprehensive internal control framework to ensure that climate-related risks are effectively integrated into our asset management practices. This framework is designed to maintain the highest levels of integrity and accountability in managing and reporting the environmental performance of our assets.

- **Roles and Responsibilities:** Our asset management teams are tasked with the critical responsibility of integrating climate-related risks into portfolio assessments. This involves identifying potential environmental impacts and ensuring that these factors are thoroughly considered in investment decisions. Each team member is equipped with the necessary tools and knowledge to carry out these duties, ensuring a coordinated and effective approach to sustainability across all portfolios.
- **Governance Committees:** The Social, Ethics, and Sustainability (SES) Committee provides essential oversight of our environmental performance, particularly in relation to the assets we manage. This committee regularly reviews our strategies and methodologies for assessing and managing climate-related risks, ensuring that they are aligned with our overall sustainability objectives and industry best practices. The SES Committee plays a pivotal role in guiding our strategic direction and ensuring that our asset management practices meet the evolving expectations of our stakeholders and regulatory bodies.
- **Internal Audits:** To maintain the robustness of our internal controls, we conduct regular internal audits focused on evaluating the integrity and accuracy of the climate-related data used in portfolio management. These audits are comprehensive, covering all aspects of our data collection, validation, and reporting processes. By identifying any potential gaps or areas for improvement, these audits help us to continuously enhance our internal controls and ensure that our climate-related disclosures remain accurate, reliable, and aligned with our sustainability commitments.

Through these rigorous internal controls and oversight mechanisms, Sanlam ensures that our asset management practices are both responsible and resilient, effectively managing climate-related risks while upholding the highest standards of corporate governance and transparency.

- **Third-Party Assurance and Verification:**

Sanlam is committed to ensuring the accuracy and transparency of our climate-related disclosures in asset management. To achieve this, we incorporate third-party assurance and verification as a key component of our oversight framework, ensuring that our data and processes are rigorously evaluated against industry standards.

- **Qualified Auditors:** We engage external auditors who specialise in sustainability assessments and have extensive experience in evaluating climate-related metrics within managed portfolios. These auditors are selected based on their expertise and understanding of international standards, such as the Task Force on Climate-related Financial Disclosures (TCFD) and the Greenhouse Gas (GHG) Protocol. Their specialised knowledge ensures that our disclosures are reviewed, providing an objective and thorough validation of the data we report.
- **Audit Scope:** The scope of these third-party audits is comprehensive, covering the entire process of data collection, validation, and reporting. The auditors evaluate the robustness of our data collection methods to ensure that they are thorough and accurate. Additionally, they assess the accuracy of our climate-related disclosures, ensuring that the reported metrics accurately reflect the environmental performance of our managed portfolios. This rigorous audit process is designed to identify any inconsistencies or areas for improvement, helping us maintain high standards of accuracy and reliability in our reporting.

By incorporating third-party assurance and verification into our asset management practices, Sanlam enhances the credibility and trustworthiness of our climate-related disclosures. This independent validation is crucial for reinforcing stakeholder confidence and demonstrating our commitment to transparency and excellence in managing and reporting our environmental impacts.

- **Continuous Improvement and Adaptation:**

Sanlam is committed to continuously enhancing the accuracy and transparency of our climate-related disclosures within asset management. Our approach is rooted in a proactive stance towards learning and adaptation, ensuring that our practices evolve in line with emerging best practices and stakeholder expectations.

- **Feedback from Audits and Stakeholder Engagement:** We actively seek and integrate feedback from both third-party audits and ongoing stakeholder engagement. This feedback is instrumental in refining our reporting practices, ensuring that our disclosures remain accurate, relevant, and aligned with the latest industry standards. By incorporating insights from external auditors and engaging with stakeholders, we are able to identify areas for improvement and implement necessary adjustments to our processes.
- **Ensuring Accuracy and Transparency:** Continuous improvement is at the heart of our reporting strategy. We regularly update our methodologies and frameworks to incorporate new developments in climate science, regulatory requirements, and best practices in sustainability reporting. This dynamic approach allows us to enhance the quality and reliability of the data we report, ensuring that our stakeholders receive transparent and accurate information about the environmental performance of our managed assets.

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By fostering a culture of continuous improvement and adaptation, Sanlam ensures that our asset management practices remain robust and responsive to the evolving landscape of climate-related risks and opportunities. This commitment to ongoing refinement underscores our dedication to responsible investment and transparent communication with our stakeholders.

Insurance Companies

- **Reporting Regime and Processes:**

Sanlam's insurance operations are underpinned by a comprehensive data collection framework that focuses on assessing climate-related risks and their impact on our underwriting processes. This robust reporting regime ensures that our climate-related metrics are accurate, reliable, and aligned with our broader sustainability goals. Our validation process includes:

- **Cross-Checking Against Historical Data:** To ensure the accuracy and consistency of our climate-related data, we validate it against historical risk assessments. This process involves comparing current climate metrics with past data to identify any discrepancies or trends that may impact our underwriting decisions. By leveraging historical data, we maintain a high level of accuracy in our assessments, ensuring that our underwriting processes are informed by reliable information.
- **Benchmarking Against Industry Standards:** Our climate-related data is benchmarked against recognised industry standards, including IFRS S2 and ISO 14064. This benchmarking process ensures that our data collection and reporting practices are aligned with global best practices, allowing us to measure our performance in the context of industry norms and sustainability objectives. By adhering to these standards, we ensure that our climate metrics are not only accurate but also relevant to the evolving regulatory and market landscape.
- **Internal and External Audits:** To further enhance the accuracy and reliability of our climate-related data, we conduct rigorous internal and external audits of our underwriting and claims processes. These audits involve thorough reviews of our data collection methods and the accuracy of the reported metrics. Internal audits help us identify areas for improvement within our processes, while external audits provide independent validation of our data, ensuring that our disclosures are trustworthy and meet the highest standards of transparency.

Through these processes, Sanlam ensures that our insurance operations are equipped with accurate and validated climate-related data. This commitment to thorough reporting and validation strengthens our ability to manage climate risks effectively and aligns our operations with our sustainability goals.

- **Internal Controls and Oversight:**

Sanlam has established a rigorous internal control framework to ensure that our climate-related risks in insurance operations are accurately assessed and reported. This framework is crucial for maintaining transparency, accountability, and alignment with best practices in managing and disclosing climate-related risks.

- **Roles and Responsibilities:** Clearly defined roles and responsibilities are essential to the accuracy of our climate-related reporting. Within our insurance operations, specific teams and departments are tasked with collecting, validating, and reporting data related to climate risks. These responsibilities are clearly communicated and supported by detailed guidelines, ensuring that every step of the reporting process is managed with precision and consistency. By defining these roles, we ensure a coordinated and effective approach to managing climate-related risks across all levels of our insurance operations.
- **Governance Committees:** The Risk and Compliance Committee plays a pivotal role in overseeing our climate-related risk management and reporting practices. This committee is responsible for ensuring that our internal controls are aligned with evolving best practices and regulatory requirements. The committee regularly reviews our methodologies and processes to identify any potential gaps or areas for improvement, providing strategic guidance to enhance our reporting practices. This oversight is crucial for maintaining the integrity and reliability of our climate-related disclosures.
- **Internal Audits:** Periodic internal audits are conducted to assess the accuracy and effectiveness of our climate risk assessments within insurance operations. These audits are comprehensive, covering all aspects of data collection, validation, and reporting. The purpose of these audits is to ensure that our internal controls are robust and that our climate-related disclosures are free from material errors or misstatements. By identifying areas where controls can be strengthened, these audits help us to continuously improve our processes and uphold the highest standards of accuracy and transparency.

Through these internal controls and oversight mechanisms, Sanlam ensures that our insurance operations are well-equipped to manage climate-related risks effectively. This commitment to rigorous internal governance supports our broader sustainability goals and reinforces our dedication to responsible business practices.

- **Third-Party Assurance and Verification:**

To ensure the highest levels of accuracy and credibility in our climate-related disclosures, Sanlam incorporates third-party assurance and verification into our insurance operations. This external validation process is essential for maintaining stakeholder trust and aligning our practices with industry standards.

- **Qualified Auditors:** We engage independent auditors who are experts in evaluating climate-related metrics specifically within the insurance sector. These auditors possess deep knowledge of the unique risks and opportunities associated with climate impacts on insurance operations. Their expertise ensures that our reported metrics are rigorously evaluated and meet the stringent requirements of international standards such as the Task Force on Climate-related Financial Disclosures (TCFD) and IFRS S2. By leveraging the skills of these specialised auditors, we enhance the reliability and transparency of our climate-related data.
- **Comprehensive Audit Scope:** The scope of our third-party audits is broad and thorough, encompassing all aspects of our climate-related risk management processes. These audits evaluate the accuracy and effectiveness of our risk assessments, underwriting practices, and claims data in relation to climate impacts. By covering the full spectrum of our insurance operations, these audits ensure that every facet of our climate-related reporting is scrutinised for accuracy and consistency. The insights gained from these audits allow us to refine our processes and enhance the quality of our disclosures, ensuring they are robust and aligned with best practices.

By incorporating third-party assurance and verification into our reporting framework, Sanlam strengthens the credibility of our climate-related disclosures. This commitment to rigorous external validation demonstrates our dedication to transparency, accountability, and excellence in managing climate risks within our insurance operations.

- **Continuous Improvement and Adaptation:**

Sanlam is committed to maintaining the relevance and accuracy of our climate-related disclosures within our insurance operations. To achieve this, we actively pursue continuous improvement and adaptation of our reporting processes, ensuring they are aligned with the latest developments in climate risk assessment and regulatory requirements.

- **Continuous Updates to Reporting Processes:** We regularly review and update our insurance-related climate reporting processes to incorporate new insights from emerging climate science, regulatory changes, and best practices in the industry. This proactive approach allows us to stay ahead of evolving risks and ensure that our disclosures accurately reflect the current landscape of climate-related challenges. By continuously refining our methodologies, we ensure that our reporting remains robust and responsive to the dynamic nature of climate risks.
- **Adapting to New Developments:** Our commitment to continuous improvement extends to adapting our processes in response to stakeholder feedback, audit findings, and changes in the regulatory environment. We actively monitor the latest trends and developments in climate risk

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<p>assessment and integrate these insights into our reporting framework. This adaptability ensures that our climate-related disclosures are not only accurate and compliant but also provide meaningful insights into the risks and opportunities facing our insurance operations.</p> <p>By embedding continuous improvement and adaptation into our insurance-related climate reporting, Sanlam ensures that our disclosures remain at the forefront of industry standards. This commitment to ongoing enhancement supports our broader sustainability goals and reinforces our role as a responsible and forward-thinking insurance provider.</p>
<p>Facilities Manager</p> <ul style="list-style-type: none"> <p>• Reporting Regime and Processes: Sanlam’s facilities management is grounded in a rigorous approach to data collection and reporting on energy use, emissions, and other critical climate-related metrics. Our goal is to ensure that these metrics are accurately recorded and transparently reported, reflecting our commitment to sustainability and environmental responsibility. Our validation process includes:</p> <ul style="list-style-type: none"> ○ Cross-Checking Against Historical Data: To maintain consistency and accuracy, we regularly compare current energy and emissions data against historical trends. This validation process helps us identify any anomalies or deviations that might indicate potential issues. By analysing historical data, we ensure that our reporting is based on a reliable and continuous record of our environmental performance. ○ Benchmarking Against Industry Standards: Our facility metrics are rigorously benchmarked against recognised industry standards, including the Task Force on Climate-related Financial Disclosures (TCFD) and the Greenhouse Gas (GHG) Protocol. This benchmarking process ensures that our data aligns with global best practices, allowing us to evaluate our performance within the broader context of industry expectations and sustainability goals. By adhering to these standards, we maintain the integrity and relevance of our climate-related disclosures. ○ Internal and External Audits: To further ensure the accuracy and reliability of our facility-related data, we conduct both internal and external audits. These audits cover all aspects of our facility operations, including energy management, emissions tracking, and adherence to environmental standards. Internal audits provide us with an opportunity to review our processes and identify areas for improvement, while external audits offer an independent validation of our data. Together, these audits play a crucial role in maintaining the robustness and transparency of our environmental reporting. <p>Through these processes, Sanlam’s facilities management ensures that our climate-related metrics are accurate, consistent, and aligned with industry standards. This approach supports our commitment to sustainability and enhances our ability to manage our environmental impact effectively.</p> <p>• Internal Controls and Oversight: Sanlam has implemented a robust internal control framework within our facilities management operations to ensure the accurate reporting and management of climate-related data. This framework is essential for maintaining transparency, accountability, and alignment with our sustainability objectives.</p> <ul style="list-style-type: none"> ○ Roles and Responsibilities: Facility managers at Sanlam are entrusted with the responsibility of ensuring that data related to energy use, emissions, and other environmental metrics are accurately collected and reported. These managers play a crucial role in overseeing the day-to-day operations, ensuring that data is gathered systematically and reported in a manner that meets our high standards of accuracy and consistency. By clearly defining these roles, we ensure that our facilities management processes are carried out with precision and reliability. ○ Governance Committees: The Social, Ethics, and Sustainability (SES) Committee provides critical oversight of our facilities management data. This committee regularly reviews the environmental performance of our facilities, ensuring that the data collected and reported aligns with our overarching sustainability goals. The SES Committee’s oversight ensures that our facilities management practices are not only effective but also aligned with best practices and regulatory requirements, thereby supporting our commitment to environmental stewardship. ○ Internal Audits: To maintain the integrity of our climate-related data, we conduct regular internal audits focused on our facilities management operations. These audits are comprehensive, assessing the robustness of our data collection processes, the accuracy of reported metrics, and adherence to established procedures. By identifying potential gaps or areas for improvement, these audits help us continuously enhance our internal controls, ensuring that our climate-related disclosures remain accurate, reliable, and aligned with our sustainability commitments. <p>Through these rigorous internal controls and oversight mechanisms, Sanlam ensures that our facilities management operations effectively contribute to our sustainability goals, while maintaining the highest standards of accuracy and transparency in our climate-related reporting.</p> <p>• Third-Party Assurance and Verification: Sanlam is committed to ensuring the accuracy and credibility of our climate-related data within facilities management through rigorous third-party assurance and verification. This process is essential for maintaining transparency and trust with our stakeholders.</p> <ul style="list-style-type: none"> ○ Qualified Auditors: We engage external auditors who are experts in assessing environmental data, specifically focusing on energy use and emissions within facilities management. These auditors bring specialised knowledge and experience, ensuring that our reported metrics are thoroughly reviewed and validated. Their independent evaluation provides an objective assessment of the accuracy and reliability of our data, reinforcing the integrity of our climate-related disclosures. ○ Comprehensive Audit Scope: The scope of our third-party audits is comprehensive, covering all aspects of our energy management and emissions reduction initiatives. These audits assess the effectiveness of our strategies and processes in managing energy use and reducing greenhouse gas emissions. By thoroughly evaluating these initiatives, the audits help us identify strengths and areas for improvement, ensuring that our facilities management practices are aligned with best practices and are effective in achieving our sustainability goals. <p>By incorporating third-party assurance and verification into our facilities management operations, Sanlam ensures that our climate-related data is accurate, reliable, and aligned with industry standards. This commitment to external validation enhances the credibility of our environmental reporting and demonstrates our dedication to responsible and transparent facilities management.</p> <p>• Continuous Improvement and Adaptation: We are committed to the ongoing enhancement of our facilities management practices, particularly in the areas of energy management and emissions reduction. Our approach to continuous improvement ensures that our reporting processes are not only accurate but also evolve in line with best practices and emerging trends.</p> <ul style="list-style-type: none"> ○ Integrating Feedback from Audits: We actively incorporate feedback from both internal and external audits into our facilities management reporting. This feedback is crucial for identifying areas where our processes can be refined or strengthened. By addressing the insights gained from these audits, we enhance the accuracy and reliability of our climate-related data, ensuring that our reporting reflects our actual environmental performance and aligns with stakeholder expectations. ○ Adopting Best Practices: In addition to audit feedback, we are committed to adopting the latest best practices in energy management and emissions reduction. We stay informed of advancements in sustainability and environmental management, integrating these practices into our operations to improve efficiency and reduce our environmental impact. This proactive approach allows us to stay ahead of regulatory requirements and industry standards, ensuring that our facilities management practices are both responsible and forward-thinking. <p>By fostering a culture of continuous improvement and adaptation, Sanlam ensures that our facilities management reporting remains robust, transparent, and aligned with our sustainability goals. This commitment to ongoing refinement not only supports our environmental objectives but also enhances the overall effectiveness of our facilities management operations.</p>

Theme: Transparent Disclosure

The Transparent Disclosure Theme asks Members to ensure their ClimateWise reports are high quality.

Sub-Principle 4.4: Annual submission against the ClimateWise Principles.

Members can use this section to demonstrate how they ensure that the ClimateWise report is submitted on time and addresses all of the sub-principles.

Sanlam has reported against all ClimateWise sub-principles by the established deadline, ensuring comprehensive compliance with the guidelines. The responses are categorised according to the four key operational segments of Sanlam: Asset Owner, Asset Manager, Insurance Companies, and Facilities Manager. This structured approach demonstrates Sanlam's commitment to addressing climate-related issues across our diverse business operations

Sub-Principle 4.5: Annual public disclosure of the climate-related disclosures including ClimateWise Principles as part of annual reporting.

Members can use this section to demonstrate how they have aligned climate and nature-related disclosures with financial statements, as described in the ClimateWise Guidance.

References to supporting evidence:

- Sanlam Sustainability Report 2023¹⁹⁰: Page 13, 131
- Sanlam ClimateWise Report 2019¹⁹¹: Page 50
- Sanlam 2023 GHG Verification Report 2023¹⁹²: Pages 1-3
- Questions in the 2022 CDP climate disclosure¹⁹³: Question C6.4a; C9.1
- Sanlam Climate Change Policy Statement 2023¹⁹⁴: pages 7,
- Sanlam Integrated Report 2023¹⁹⁵: Page 3, 21, 52, 58, 59
- Santam Integrated Report 2023¹⁹⁶: Page 19
- Sanlam Carbon Footprint Report 2023¹⁹⁷: Pages 15, 17, 18,25

Sanlam's 2024 ClimateWise response is a publicly disclosed, standalone document featured in the Group's annual reporting. The key elements related to climate change in this response can also be found in the Group's annual reports, internet portals, and other public documents. It is important to note that the Santam business division completes its own ClimateWise submission annually, representing Sanlam's short-term insurance sector.

Sanlam has effectively aligned our climate and nature-related disclosures with our financial statements, adhering to the ClimateWise Guidance. Our ClimateWise response specifies the reporting period as our financial year, which runs from January 1 to December 31. This consistency ensures that climate disclosures are in sync with our financial reporting. The Group has established a baseline year (2019) for our emissions targets, allowing for a clear comparison of performance over time. This baseline is crucial for assessing progress against set targets.

This ClimateWise response includes detailed disclosures on our GHG emissions, which are also reflected in the Group's financial statements. For example, Sanlam's carbon footprint for 2023 includes Scope 1, Scope 2, and Scope 3 emissions, providing a comprehensive view of our environmental impact. The total emissions reported for 2023 amounted to 63,734 tCO₂e, with specific breakdowns for each scope. The financial reports explicitly reference the climate-related disclosures, demonstrating how climate risks and opportunities are considered in financial performance. This integration helps our stakeholders understand the potential financial implications of climate-related risks.

Sanlam's performance, which includes Santam's emissions, related to its monitored environmental metrics, is presented below:

- **GHG consolidation approach:** Operational Control Approach. Sanlam's performance, which includes Santam's emissions, related to its monitored environmental metrics are presented below:

Metric	Unit of measurement	2016	2017	2018	2019	2020	2021	2022	2023
Electricity usage	kWh/m ²	263	256	240	237	188	187.18	179.47	174.75
Municipal water usage	kl/m ²	0.60	0.57	0.99	1.04	0.65	0.49	0.67	0.59
Paper consumption	kg/full time employee	28.0	31.7	40.8	38.9	13.88	8.30	8.53	6.17
Business travel – air	km / full time employee	7,560	6,378	7,105	6,420	1083	595	2,300.82	2,817.58
Business travel – car rental	km / full time employee	169	200	177	184	41	39.17	73.87	84.51
Business travel – hotel	hotel nights / full time employee	3.50	3.60	4.99	4.53	3.78	0.65	1.40	2.00
Waste recycled (Head Office)	% kg	63%	73%	68%	70%	59%	54%	56%	74%

- **Sanlam's performance related to the facility-level environmental targets (against 2019 baseline levels):**

Absolute targets	Unit of measurement	2023 performance	2025 target	Progress to date
Total carbon footprint (tCO ₂ e)	tCO ₂ e	63 734	76 346,1	Achieved
Total carbon footprint (tCO ₂ e/FTE)	tCO ₂ e/FTE	4,51	7,071	Achieved
GHG emissions per m ²	m ²	0,35	0,4347	Achieved
Scope 1 (direct GHG emissions)	CO ₂ e	3 169,36	2 151,9	Not Achieved
Scope 2 (indirect GHG emissions)	CO ₂ e	32 333,62	37 217,7	Achieved
Scope 3 (other indirect GHG emissions)	CO ₂ e	28 134,47	36 977,4	Achieved
Total electricity usage	Million kWh	32,28	35,784	Achieved
Air travel	km/FTE	2 817,58	4 821,3	Achieved
Car rental	km/FTE	84,51	137,7	Achieved
Hotel accommodation	bed nights/ FTE	2,00	3,40	Achieved

¹⁹⁰ Available at: [sustainability-report-2023.pdf \(sanlam.com\)](#)

¹⁹¹ Available at: [Sanlam Climatewise report 2019](#)

¹⁹² Available at: [Sanlam-2023-GHG-Verification-Statement.pdf](#)

¹⁹³ Available at: [sanlam-cdp-submission-2023.pdf \(santam.co.za\)](#)

¹⁹⁴ Available at: [Climate-change-policy-statement.pdf \(sanlam.com\)](#)

¹⁹⁵ Available at: [Sanlam-IR-2023.pdf](#)

¹⁹⁶ Available at: [santam_ir_2023.pdf](#)

¹⁹⁷ Available at: [Sanlam-Carbon-Footprint-2023.pdf](#)

- **Carbon Footprint:**
 - **Reporting period:** Sanlam’s financial year (01 January 2023 – 31 December 2023).
 - **Carbon footprint calculation boundary:** Sanlam Head Office (at 100%), Sanlam Sky (Houghton), Sanlam Investments, Sanlynn (Pretoria), Sanlam Glacier, Sanlam Alice Lane, and Sanlam West End.
 - **Methodology:** GHG Protocol – Corporate Accounting and Reporting Standard. The boundary **excludes** Santam facilities. Emissions from Santam are reported in a separate ClimateWise submission.

GHG consolidation approach: Operational Control Approach.

Sanlam’s carbon footprint	2022 tCO ₂ e	2023 tCO ₂ e
Scope 1 (direct emissions)	1,038	1,536
Scope 2 (energy indirect emissions)	28,042	26,084
Scope 3 (other indirect emissions)	18,632	22,429
Purchased goods and services	258	216
Fuel-and-energy-related activities (not included in Scope 1 or 2)	3,605	3,814
Upstream transportation and distribution	154	205
Waste generated in operations	131	160
Business travel	5,915	9,739
Employee commuting	8,568	8,296
Total Emissions	47,712	50,146

- **The carbon footprint of Sanlam’s facilities over the last six financial years (from 1 January to 31 December) is presented below:**

	2016	2017	2018	2019	2020	2021	2022	2023
Scope 1	522	260	163	2,391	1,644	1,684	2,821	3,169
Scope 2	44,761	42,122	38,022	41,353	33,150	35,460	33,605	32,334
Scope 3	26,681	23,925	37,747	41,086	16,858	14,442	22,984	28,134
Total	71,964	66,307	75,932	84,830	51,652	51,586	59,410	63,637

- **Targets related to Sanlam’s facilities, including Santam facilities:**

Absolute targets	2022	2023	Target year: 2025
Scope 1 (tCO ₂ e)	2,821	3,169	2,152
Scope 2 (tCO ₂ e)	33,605	32,334	37,218
Total carbon footprint per year (tCO₂e)	36,426	35,503	39,370

- **Sanlam’s ongoing environmental initiatives:**

Environmental Impact	Ongoing initiatives to reduce the existing environmental impact
Electricity usage	<ul style="list-style-type: none"> - Continue to actively replace old T8 fluorescent fittings with more efficient T5 or LED light fittings. - Continuous improvement of main building HVAC system. Phase 1 completed in 2020 and systems seems to be running well. - Continue to investigate options to use solar power energy in the buildings. Detailed feasibility underway. - Continue to procure equipment that complies with the latest energy-efficient regulations and its compliant with the environmental standards. - All future projects are assessed for environmental and energy reduction best standards.
Fuel and gas usage	<ul style="list-style-type: none"> - In the past year Sanlam has installed equipment to remove the need for R22 gas in air conditioning at the data centre. - The technology upgrade of the Data Centre Cooling system resulted in the reduction of water and electricity usage as well as eliminating the use of R22 refrigerant gas to the latest more environmentally sustainable R1234ze.
Municipal water usage	<ul style="list-style-type: none"> - Sanlam has implemented numerous water saving initiatives such as the 5000 L rainwater harvest system, extended water use license of the borehole system and implementing of a 100 000 L water tank system. - The installation of the grey water system initiative was considered however, will not be implemented as it is not feasible. Motion sensor taps are being investigated and might potentially be implemented.
Business travel	<ul style="list-style-type: none"> - Air and road travel as well as overnight accommodation will continue to be reduced by continuing the use video- and teleconferencing where appropriate instead of travelling.
Paper consumption	<ul style="list-style-type: none"> - Continue using E-sign that allows a client to sign documents electronically in a secure and authenticated way, reducing paper consumption per sale.
Waste landfilled	<ul style="list-style-type: none"> - Continue to reduce office paper consumption through technology and behaviour changes, such as training and awareness activities among employees.
Waste recycled	<ul style="list-style-type: none"> - Wasteful printing is contained by means of a print management solution that locks printing and has default duplex page settings. Furthermore, Sanlam has implemented the shredding of paper. - Sanlam is investigating the implementation of recycled coffee cups and the replacement of polystyrene packaging. Sanlam has increased partnerships with clients who only use biodegradable packaging in the restaurant. - Lastly, Sanlam is investigating the implementation of eco bricks. Such initiatives will allow for 10-20% of waste to go into eco bricks.

Sub-Principle 4.6: Ensure reports are easy to understand, accurate, prudently and neutrally presented, well explained and allow organisations to be held to account.

Members can use this section to demonstrate how they deal with uncertainty and assumptions associated with climate and nature-related disclosures. This might include describing all of the assumptions that have been made. The ClimateWise Guidance sets out topics which members could consider.

References to supporting evidence:

- Sanlam Sustainability Report 2023¹⁹⁸: pages 3, 5, 13, 75, 131, 132
- Sanlam Annual Financial Statement 2023: Pages 8, 98-100, 210-213, 306-313, 342-343

¹⁹⁸ Available at: [sustainability-report-2023.pdf \(sanlam.com\)](https://www.sanlam.com/sustainability-report-2023.pdf)

- Sanlam Climate Change Policy Statement 2023¹⁹⁹: pages 2, 7,
- Sanlam Governance report 2023²⁰⁰ : Page 38,
- Sanlam Integrated Report 2023²⁰¹: Page 63,64
- Sanlam Carbon Footprint Report 2023²⁰²: Pages 12, 13, 15, 17, 22-25.
- Sanlam 2023 GHG Verification Report 2023²⁰³: Pages 2, 3

Sanlam is committed to ensuring that our climate-related disclosures are clear, accurate, and presented in a manner that allows stakeholders to hold us accountable. We address uncertainty and assumptions associated with our climate and nature-related disclosures through the following practices:

- **Clarity on Assumptions and Uncertainty:** Our reports explicitly address the assumptions made during the measurement and reporting processes. We disclose any issues that have arisen from these assumptions, along with the underlying reasons. For instance, when estimating future climate impacts, we outline the scenarios considered and the rationale behind our chosen assumptions.
- **Management of Assumptions and Uncertainty:** We have established policies and procedures to manage uncertainties in our climate-related metrics. This includes regular reviews of our assumptions to ensure they remain relevant and accurate. We go beyond merely having a process in place by actively engaging cross-functional teams to validate assumptions and refine methodologies.
- **Mitigation of Misstatement Risks:** Sanlam has implemented robust internal controls to manage the risk of misstatements in our disclosures. This includes a systematic review process where data is cross-verified against established benchmarks and historical data. We continuously improve our processes based on feedback and findings from previous reporting cycles.
- **Usefulness, Neutrality, and Prudence:** Our reports are structured to meet the tests of usefulness, neutrality, and prudence as outlined in the ClimateWise Guidance. We ensure that:
 - The target audience is clearly defined in the introduction, making it easier for readers to understand the context.
 - The language used is appropriate for the audience, avoiding overly technical jargon and providing clear explanations of any complex terms or metrics.
 - The tone of the report is balanced, presenting both achievements and challenges without exaggeration. Performance metrics are consistently reported year-on-year to provide a clear picture of progress.
- **Accuracy and Year-on-Year Comparisons:** We strive for the highest level of accuracy in our disclosures. Sources of data are acknowledged, and any uncertainties are clearly stated. Our reports include year-on-year comparisons for key performance metrics, allowing stakeholders to assess our progress over time. Where prior year comparators are not available, we provide a rationale for their absence.

Through these measures, Sanlam ensures that our climate-related disclosures are not only accurate and reliable but also accessible and understandable for all stakeholders. We remain committed to continuous improvement in our reporting practices to enhance transparency and accountability

¹⁹⁹ Available at: [Climate-change-policy-statement.pdf \(sanlam.com\)](#)

²⁰⁰ Available at: [Sanlam-Governance-Report-2023.pdf](#)

²⁰¹ Available at: [Sanlam-IR-2023.pdf](#)

²⁰² Available at: [Sanlam-Carbon-Footprint-2023.pdf](#)

²⁰³ Available at: [Sanlam-2023-GHG-Verification-Statement.pdf](#)