Sanlam Group Stakeholder Management Policy

Type of Policy:	Sanlam Group Policy
Scope of Policy:	Sanlam Group
Purpose:	This Policy establishes principles and minimum standards to be applied by Sanlam Group in respect of Stakeholder Management as a "tight" aspect of governance. Adherence to these principles will result in three desired governance outcomes: • Secured/ protected Sanlam Group reputation • Healthy stakeholder relationships (i.e. appropriate levels of trust, satisfaction and long-term commitment) • Legitimacy in the countries where we operate
Executive summary:	The Policy sets 10 principles for how stakeholder management should be approached across the Sanlam Group, including: • minimum requirements for planning; • engagement conduct; and • reporting on stakeholder management.
Related policies	Group Governance Policy, as well as: • Sanlam Core Values; • Group Business Philosophy; • Group Code of Ethical Conduct; • Group Enterprise Wide Risk Management Framework; • Group Financial Crime Combating Policy; • Group Anti-Money Laundering and the Countering of Financial Terrorism Policy; • Group Communication Policy;
Approving Authority:	The Board of Sanlam Limited
Group Exco Sponsor:	Chief Executive: Group Market Development
Responsible Person:	Manager: Group Stakeholder Relations
Date of First Approval	05 June 2019
Frequency of review or update:	Annual
Date of next review	31 May 2020
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SANLAM GROUP STAKEHOLDER MANAGEMENT POLICY

1. INTRODUCTION

Sanlam Limited is a public company operating primarily in the financial services industry, listed on the Johannesburg Stock Exchange (JSE), and the largest insurer, geographically, across the African continent. Beyond Africa, Sanlam's footprint extends to a global presence in the UK, USA, Australia, India and Malaysia.

As a Group, Sanlam is deeply committed to sustainable value creation for all its stakeholders on the journey to realise its vision:

- to lead in growing and protecting client wealth in South Africa with due diligence and care;
- to lead as a Pan-African financial services group with a meaningful presence in India and Malaysia; and
- to play a niche role in wealth and investment management in specific development markets.

Given the interdependencies between the Group, its stakeholders and broader society in the markets where it operates, Sanlam aspires to be attuned to the opportunities and challenges posted by the triple context. In this way, it is possible to mitigate stakeholder and reputation risks, while creating shared value for shareholders, stakeholders and society.

The Group takes cognisance of the King IV requirements on stakeholder management. This includes other leading standards such as the AA1000 Stakeholder Engagement Standard (AA1000SES), direct and indirect stakeholder-related requirements as set out in the relevant insurance, prudential and market conduct regulation, policyholder protection rules, as well as listing requirements as they pertain to stakeholder management and stakeholder reporting on social, environmental and economic performance.

The *Sanlam Group Governance Policy* defines stakeholder management as a "tight" area for which compliance by Group Subsidiaries is compulsory. Requirements in the Sanlam Group Stakeholder Management Policy act as "enablers". They allow underlying businesses to fully pursue their approved business objectives while being in alignment with how the Sanlam Group considers and meets the legitimate expectations of all relevant stakeholders when it comes to its social, economic and environmental (SEE) performance.

The Group acknowledges different stakeholder management practices across its footprint and allows Business Entities relative autonomy in positioning themselves in relation to their stakeholders, providing they adhere to the principles outlined in this policy.

2. PURPOSE

As set out in the *Sanlam Group Governance Policy*, the purpose of the Sanlam Group Stakeholder Management Policy is to ensure legitimate stakeholder expectations are effectively considered and met in order to secure and protect the Group's reputation. The Policy sets minimum requirements for how stakeholder management should be approached and planned across the Sanlam Group, including minimum requirements for engagement conduct and reporting on stakeholder management.

It ensures an integrated, principled and standardised approach to stakeholder management across the Group – resulting in three desired governance outcomes:

1. Secured/ protected Sanlam Group reputation
2. Healthy stakeholder relationships (i.e. appropriate levels of trust, satisfaction and long-term commitment)
3. Legitimacy in the countries where we operate

Without a Stakeholder Management Policy, the company is exposed to risk caused by a lack of planning, improper engagement conduct, the absence of institutional memory and thus a widening gap between stakeholder expectations and company behaviour. Adhering to the Stakeholder Management Policy manages our risk pool inherent in the stakeholder landscape - mitigating downside risk and optimising opportunities to achieve the desired governance outcomes.

3. SCOPE OF THE POLICY

3.1   Compliance by Sanlam Group Office, Clusters, Group Subsidiaries and Group Entities to the principles set out in this Policy is compulsory and any deviations require the approval of the Group CEO. Each Cluster's Board must do monitoring of Group Subsidiaries and deviations be assessed for materiality.

3.2   As Sanlam does not control Group Associates, it can only promote adherence to the Policy principles. That said, any non-conformance with the principles in this Policy by Group Associates must be established and evaluated at the time of acquisition where appropriate, and subsequently be reported and justified to the Sanlam Board - either directly or via the bi-annual Group Representation Letters obtained from the various Clusters.

3.3   Portfolio Investments are excluded from this Policy, however, the various aspects generally associated with good governance of stakeholders (such as those referenced in this Policy) must be assessed as part of the decision to invest or disinvest from such a portfolio investment.

3.4   In so far as Group Subsidiaries are concerned, the policy applies to:

3.4.1   Directors, managers and employees, fulltime and contracted.

3.4.2   Independent contractors, intermediaries, agents and service providers *acting on behalf of Sanlam when engaging stakeholders*. Group Subsidiaries must ensure that such third parties are contractually held accountable for complying with the Sanlam Group Stakeholder Management Policy.

4. PRINCIPLES FOR STAKEHOLDER MANAGEMENT

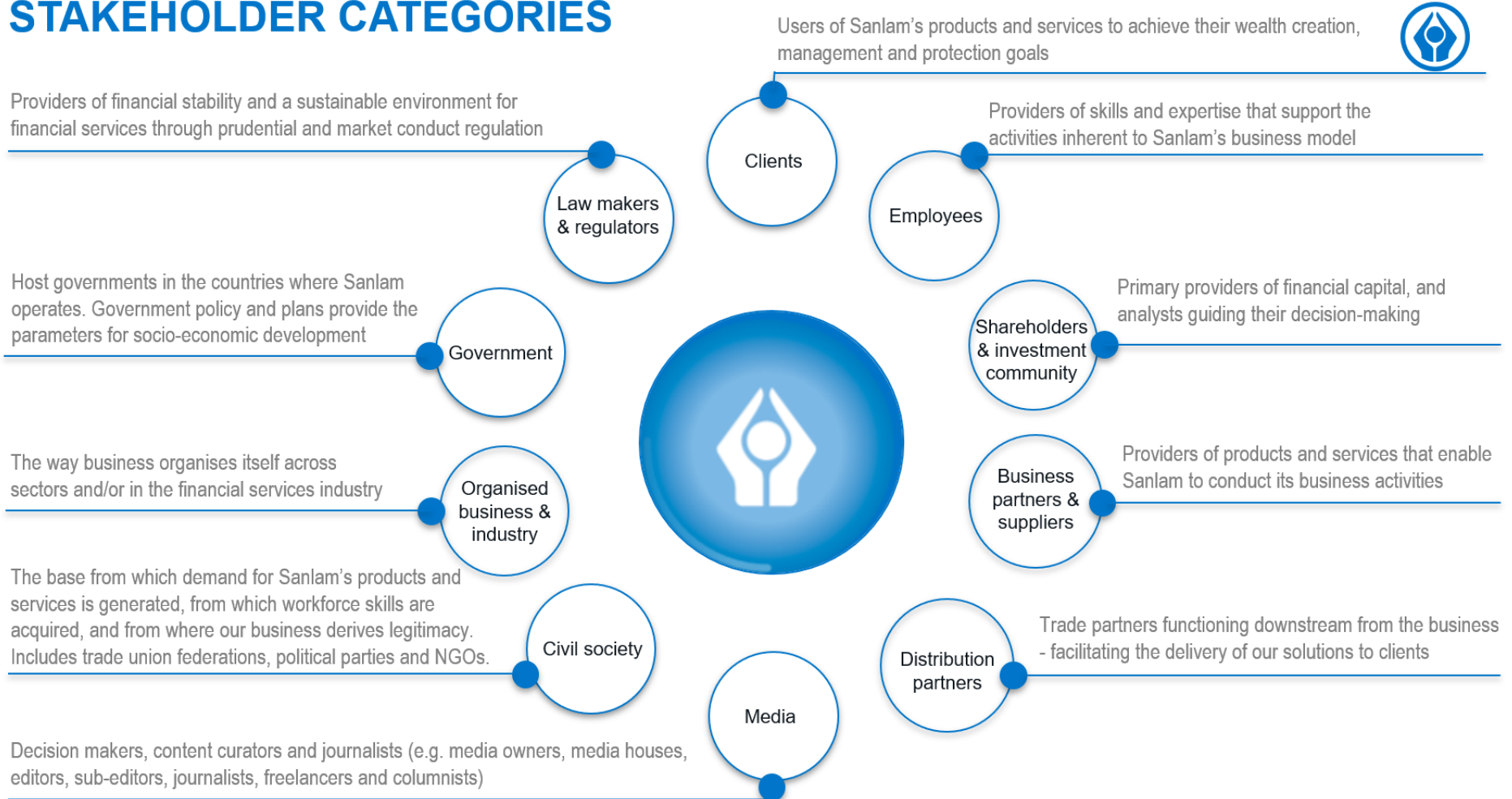Table 1: Overview of the stakeholder management principles

Principles directing approach and planning	Principle 1	Stakeholder categorisation
	Principle 2	Stakeholder prioritisation
	Principle 3	Proactive planning of stakeholder engagement
Principles directing stakeholder engagement conduct	Principle 4	Fair treatment of Sanlam Clients
	Principle 5	Management of stakeholder issues
	Principle 6	Value-based engagement of stakeholders
	Principle 7	Context-appropriate, ethical and transparent engagement
	Principle 8	Stakeholder inclusivity
Principles directing M&E, and reporting	Principle 9	Monitoring and evaluation of stakeholder management
	Principle 10	Reporting on stakeholder management

Principles directing approach and planning

4.1.   Based on the Sanlam Group Strategy, for governance oversight and integrated reporting purposes, the Sanlam Group organises its stakeholders in the 10 defined **stakeholder categories** (see figure 1 below).

4.1.1. The management of key stakeholders in all stakeholder categories will be governed according to Sanlam Group's tiered operating structure with the Sanlam Limited Board and Group CEO being primarily accountable, and authority delegated to Group Cluster Boards, the Cluster CEOs and Group Executives.

4.1.2. As provided for in the Sanlam Board Authorisation Framework, the management of the two (2) stakeholder categories below are delegated further to specialist functions.

- **Media** - with the Head: Group Communications managing media relations in accordance with the *Sanlam Group Communication Policy* (and associated Spokespersons and Crisis Communication Framework).
- **Shareholders in Sanlam Limited** - with the Head: Investor Relations and Head: Sanlam Shareholder Liaison Services managing relations with institutional and retail shareholders respectively. The Head: Investor Relations also manages relationships with **key stakeholders in the investment community**.

Figure 1: Stakeholder categories

STAKEHOLDER CATEGORIES

Users of Sanlam's products and services to achieve their wealth creation, management and protection goals

Providers of financial stability and a sustainable environment for financial services through prudential and market conduct regulation

Providers of skills and expertise that support the activities inherent to Sanlam's business model

Clients

Law makers & regulators

Employees

Host governments in the countries where Sanlam operates. Government policy and plans provide the parameters for socio-economic development

Primary providers of financial capital, and analysts guiding their decision-making

Government

Shareholders & investment community

The way business organises itself across sectors and/or in the financial services industry

Providers of products and services that enable Sanlam to conduct its business activities

Organised business & industry

Business partners & suppliers

The base from which demand for Sanlam's products and services is generated, from which workforce skills are acquired, and from where our business derives legitimacy. Includes trade union federations, political parties and NGOs.

Trade partners functioning downstream from the business - facilitating the delivery of our solutions to clients

Civil society

Distribution partners

Media

Decision makers, content curators and journalists (e.g. media owners, media houses, editors, sub-editors, journalists, freelancers and columnists)

4.1.3. In certain stakeholder categories, such as **Lawmakers & Regulators**, **Government**, and **Civil Society,** jurisdiction and sphere of influence are bound to State and country (see definitions). Where the interests of Business Entities overlap and/or compete, the Head: Group Stakeholder Relations plays a coordinating role with the final decision-making in stakeholder management matters, when grey areas arise, defaulting to:

- Sanlam Group Risk Officer on any issue with Lawmakers & Regulators in **all countries** where Sanlam operates.
- CEO: Group Market Development for Government, and Civil Society **in South Africa** as the country where Sanlam's Head Office is domiciled/ its host State.
- CEO: Sanlam Pan Africa and at his/her discretion, in-country CEOs of Group Subsidiaries for Government, and Civil Society in **all other countries in Africa** where Sanlam has a presence.
- Financial Director of Sanlam Limited for Government, and Civil Society in **countries not in Africa** where Sanlam has a presence.

4.1.4. Reporting on stakeholder management, as set out in 4.10 of this policy, will be organised according to the 10 defined stakeholder categories as depicted and defined in Figure 1 above.

4.2. **Priority stakeholders** must be identified from the stakeholder categories at least once on an annual basis by Exco (see definition in the policy). More regular updates should be done as and when demanded by changes in the stakeholder landscape. The criteria for priority stakeholders are as follows:

4.2.1. A stakeholder (see policy definition), who has a material or substantive impact on the ability of business to achieve goals and objectives, e.g. an institutional shareholder, regulator or tier 1 client.

4.2.2. A stakeholder, who holds a significant stake in:

   (i)   an issue material to the business (e.g. a Chamber of Commerce lobbying for greater ease of doing business in a country), or
   (ii)   an issue likely to cause substantial reputational exposure (e.g. a consumer protection body engaging government on "unclaimed benefits").

4.2.3. Any interested or affected party impacted by the decisions or activities of the organisation (e.g. employee group affected by a change in policy) or who has registered interest/ concern in Sanlam's activities based on potential impacts (e.g. an environmental lobby group keen to understand Sanlam's exposure to climate change risk in its investing activities).

It is recommended practice to analyse priority stakeholders, ensuring that we understand stakeholder expectations of Sanlam, and/or the stake they hold in the business entity/Group. The Sanlam Manual for Stakeholder Management (SMSM) includes "how to analyse priority stakeholders" as a useful best practice. Further to that, information about the priority stakeholder group and/or individuals can be captured as outlined in templates provided in the SMSM.

4.3. The engagement of priority stakeholders must be proactively planned to support the strategic intent and business objectives set by Exco. Planned engagement is aimed at stakeholder management that supports the business and achieves the desired governance goals: strong reputation, healthy relationships and legitimacy. The minimum standards to which such planning must adhere include the following:

4.3.1. Planned arrangements for governing and managing priority stakeholder relationships (i.e. assigning stakeholder relationship owners for priority stakeholders).

4.3.2. Formal mechanisms for engagement and communication with priority stakeholders.

4.3.3. Key areas of focus in stakeholder engagement and/ or communication (e.g. business imperatives and/ or stakeholder issues).

4.3.4. A calendar view of forthcoming stakeholder engagements with priority stakeholders, updated quarterly.

4.3.5. Actions planned to monitor the effectiveness of stakeholder management and the quality of material stakeholder relationships.

> The Sanlam Manual for Stakeholder Management (SMSM) includes a matrix of Sanlam Group Exco: Priority Stakeholders as an example of a planned arrangement for governing priority stakeholder relationships. Further templates and tools included in the SMSM are:
>
> (i)   a template for the advance planning of a key stakeholder engagement;
> (ii)   a template to populate the quarterly stakeholder engagement calendar; and
> (iii)   a tool for planning the monitoring and evaluation of effectiveness of stakeholder management and/or the quality of material stakeholder relations.

Principles directing stakeholder engagement conduct

4.4. The Sanlam Group relates to Clients, as a stakeholder category, **by treating clients fairly across the Group's operations** and throughout the product life cycle, from product design and promotion, through advice and servicing, to complaints and claims handling.

4.4.1 Sanlam Clients can be confident that fair treatment is central to the Sanlam Group's core values and business philosophy.

4.4.2 Retail products and services are designed to meet identified needs, and marketing efforts are targeted accordingly to these identified market segments.

4.4.3 Clients are provided with clear information and kept appropriately informed before, during and after the sales transaction.

4.4.4 Where advice is given, it is suitable and takes account of clients' circumstances.

4.4.5 Product solutions perform as clients have been led to expect, and service is of an acceptable standard and as they have been led to expect.

4.4.6 Clients do not face unreasonable post-sale barriers to change product, switch providers, submit a claim or make a complaint. An easily accessible and responsive complaint management system is available to all clients in all markets across the Group.

4.5. Sanlam **must manage stakeholder issues impacting its relationships with material stakeholders, its reputation and/or the organisation's sustainability** through early identification and adequate response. As unmet stakeholder expectations often result in stakeholder issues or concerns causing preventable business risk, it is important to:

    (i)   know (fully understand) priority stakeholders' expectations and concerns;
    (ii)   identify, and acknowledge, emerging issues early on, and
    (iii)   respond through a systematic and institutionalised process of issue management.

4.5.1. It is the primary responsibility of stakeholder relationship owners, assigned to priority stakeholders, to do early identification of unmet stakeholder expectations or emerging issues and concerns, and to regularly report on and timeously escalate them.

4.5.2. Business risk inherent in a stakeholder issue must be quantified and dealt with as set out in the Sanlam Group Enterprise Wide Risk Management Framework.

> The Sanlam Manual for Stakeholder Management (SMSM) offers a comprehensive methodology with tools for Issue Management as a standard practice.

4.6. Sanlam's **stakeholder engagement must be value-based**. The Sanlam Group Core Values underpin conduct, irrespective of the Business Entity or country. The conduct of any Sanlam interface (see definition) during stakeholder engagement must always conform to the Sanlam Core Values as described in Principle 1 of the Sanlam Code of Ethical Conduct. Sanlam offers stakeholders, and all members of society, the means to keep its Entities accountable to the Code of Ethical conduct. The Code of Ethical Conduct is published and accessible to internal and external stakeholders, with a confidential reporting hotline as mechanism to report breaches of the Code.

4.7. Sanlam's **engagement must be context-appropriate, ethical and transparent**.

4.7.1. High ethical standards in stakeholder management are non-negotiable. Principle 5 in the Sanlam Code of Ethical Conduct must be upheld, whereby all conflicts of interest or perceived conflicts of interest are transparently managed.

4.7.2. There must be no tolerance for undue influence exerted in stakeholder engagement and/or relationships (see the definition of undue influence in this Policy).

4.7.3. Engagement preferences and protocols differ significantly between the public (government), private (business) and civil society (non-governmental and not-for-profit) sectors, thus warranting knowledge of and respect for prevailing conventions in each context and country. Sanlam interfaces engaging stakeholders in government and civil society must do so after familiarising themselves with the relevant guidelines in the SMSM.

4.7.4. Sanlam is supportive and respectful of the government in office in every country in which it operates, but resolute in its compliance with the *Group Anti-money Laundering and the Countering of Financial Terrorism Policy*, and the *Group Financial Crime Combating Policy*.

4.7.5. Sanlam is an apolitical organisation and it therefore supports the government in office – both the political leadership and administration – but avoids being perceived to support or sympathise with any political agenda. To this end, Sanlam Entities are prohibited from making any donations or rendering any kind of support to party political activities.

4.7.6. When stakeholder engagement calls for third-party advocacy, including lobbying of government or regulatory authorities, and the Exco decision is taken to make use of third-party advocates (or "consultant lobbyists"), this must be managed in accordance with the guidelines in the SMSM to ensure responsible conduct with the appropriate level of transparency.

4.8. Decision-making must follow a **stakeholder-inclusive approach**. Exco must take account of the legitimate and reasonable needs, interests and expectations of all material stakeholders in the best interest of Sanlam over time. This means:

4.8.1. In order to give due consideration to such stakeholders, decision-makers must have knowledge and understanding of the needs, interests and expectations of stakeholders.

4.8.2. Sanlam's ability to sustainably grow stakeholder value should not be compromised by decisions taken for short-term gain, or exclusively focused on the narrow interest of one stakeholder, thus disregarding the interests of other stakeholders and potential longer-term impacts.

4.8.3. Sanlam must be able to account for financial outcomes, as well as social, economic, and environmental impacts in the markets where it operates.

Principles directing M&E, and reporting

4.9. Engagement with priority stakeholders must be **monitored and evaluated** by Exco. The minimum standards that such monitoring and evaluation (M&E) must adhere to include:

4.9.1. **Recordkeeping of official stakeholder engagements**. Official stakeholder engagements by the Group Exco and Group Market Development must be recorded on StakeTracker, the official stakeholder management system of Sanlam (see definition). Other Group Functions, Clusters and Group Subsidiaries can use StakeTracker, or their own system solutions, to log official stakeholder engagements.

4.9.2. The **effectiveness of stakeholder management** must be monitored.

4.9.3. The **quality of material stakeholder relationships** must be evaluated.

4.9.4. **How the outcomes of 4.9.2 and 4.9.3 were addressed must be disclosed**.

> The standard practice for logging official stakeholder engagements can be found in the Sanlam Manual for Stakeholder Management (SMSM). Group Stakeholder Relations annually coordinates a stakeholder perception survey among priority stakeholders.

The aim is to obtain a stakeholder-validated picture of Sanlam's effectiveness with stakeholder management and the quality of its material relationships.

4.10.   The Group Office and Business Clusters should report on a quarterly basis via the Manager: Group Stakeholder Relations to the Social, Ethics and Sustainability Committee of the Board. This reporting should be done irrespective of whether StakeTracker is used or not.

4.10.1. The following will be disclosed on a quarterly basis:

- Key stakeholder engagements conducted in the previous quarter, the reason for these engagements and feedback on the engagements.
- Issues managed in the previous quarter, the issue description, issue owner and status.
- A calendar view of forthcoming stakeholder engagements with priority stakeholders.
- Actions taken to monitor the effectiveness of stakeholder management and the quality of material stakeholder relationships.
- How the outcomes of such monitoring and evaluation will be/have been addressed.

4.10.2. Annually, the Group Office and Business Clusters will be required to disclose their material stakeholders as well as the arrangement for governing and managing these stakeholder relationships (see 4.3.1 of this policy).

> The Sanlam Manual for Stakeholder Management (SMSM) outlines the requirements for quarterly reporting as specified in 4.10.1 as a guide to non-users of StakeTracker. For users of StakeTracker, reports will be automatically generated and additional reports can be configured on specification to provide business intelligence as required.

5. ROLES AND RESPONSIBILITIES

5.1   As a "tight area" of governance Sanlam's stakeholder management adheres to the core principles regarding the roles and responsibilities of the Sanlam Limited Board and management as set out in 3.2 of the *Sanlam Group Governance Policy*. The application of these principles to stakeholder management result in the following roles and responsibilities:

5.1.1   The Social, Ethics and Sustainability Committee of the Sanlam Limited Board assumes responsibility for the governance of stakeholder management by:

- Setting the direction for how stakeholder management should be approached and conducted in the Group through approval of this Policy.
- Exercising ongoing oversight of stakeholder management in relation to point 4 in this Policy.

5.1.2   In exercising this function, the Sanlam Board delegates approval authority to the Group Chief Executive Officer. This authority is exercised individually or in consultation with the Sanlam Group Executive Committee and/ or delegated to specific Sanlam Exco members. Group Executives and Cluster CEOs therefore assume executive responsibility for stakeholder management as evidenced by:

- Annual approval of the priority stakeholders.
- Annual approval of the planned arrangements for governing and managing priority stakeholder relationships.
- Approval of proactive planning of engagements as outlined in a quarterly calendar view of forthcoming engagements with priority stakeholders.
- Ensuring stakeholder engagement conduct in their respective areas of functional responsibility adheres to principles 4.4 – 4.8 of this Policy.
- Recordkeeping of own official stakeholder engagements.
- Monitoring and evaluation of the effectiveness of stakeholder engagement and the quality of material stakeholder relationships.
- Quarterly reporting on areas for disclosure as outlined in King IV and 4.10 of this policy.

5.2 As set out in 4.1 of this Policy, the following functions are tasked with specific responsibilities related to stakeholder management.

5.2.1 Head: Group Stakeholder Relations in Group Market Development, to fulfil the following responsibilities:

- In a governance context:

    (i) Through thorough consultation, develop a Sanlam Group Stakeholder Management Strategy, and this Policy, with the needed enablement and guidelines to support the business (packaged in the Sanlam Stakeholder Management Manual).
    (ii) Develop metrics and ad hoc measurements to assess and evaluate stakeholder management in relation to the desired governance outcomes: reputation, stakeholder relationship health and legitimacy.
    (iii) Implement StakeTracker as a solution to keep record of stakeholder engagements in the interest of information integrity and accurate reporting.
    (iv) Facilitate the involvement of stakeholders in Sanlam Group materiality assessments.
    (v) Support Group Exco in the organisation and coordination of stakeholder management of priority stakeholders for the Sanlam Group.
    (vi) Report on a regular basis on material stakeholders and issues to Group Exco and the Sanlam Limited Board.

- On an operational level, coordinate stakeholder engagement for the categories **Government**, **Organised Business and Industry**, and **Civil Society in South Africa**. Further, support the business as and when required with information and enablement to make engagement with priority stakeholders in these categories more effective.

5.2.2 Head: Group Investor Relations and Head: Sanlam Shareholder Liaison Services in Group Finance, to fulfil the following responsibilities:

- Investor Relations act as functional owner for the centralised oversight of the stakeholder category **Shareholders & Investment Community,** assuming the responsibilities set out in point 4 in this Policy for priority stakeholders in this category.
- Sanlam Shareholder Liaison Services are responsible for managing the relationship with retail (private individuals) and minority (smaller) shareholders.

5.2.3   Head: Group Communications in Group Brand to fulfil the following responsibilities:

- Act as functional owner for the centralised oversight of the stakeholder category **Media,** assuming the responsibilities set out in point 4 in this policy for priority stakeholders in this category.

5.3   In addition to the above, the generic role of stakeholder relationship owner is not dependant on level, governance structure or function and can be assigned to any employee. Priority stakeholders, regarded as material to Sanlam, are assigned to a stakeholder relationship owner. The stakeholder relationship owner must fulfil the following responsibilities:

- Get to know the stakeholder – on an institutional/ organisational level, but also stakeholder representatives in decision-making/ influencing roles. (This entails regular "stakeholder listening" and analysis of sources such as websites, media reporting, and others).
- Generate the stakeholder insight that should feed into Sanlam decision-making structures to enable stakeholder inclusivity in decision-making.
- Manage the relationship with the stakeholder – always keeping a finger on the pulse of the relationship.
- Deliberately plan for stakeholder engagement in adherence to the principles in this Policy.
- Keep record of official engagement with the stakeholder.
- Identify and respond to stakeholder issues and concerns. Assess the materiality of issues and the inherent business risk and escalate when appropriate.
- Identify, equip and enable the leadership with information that will make their engagement with the priority stakeholder more effective.

6. PROCEDURE FOR IMPLEMENTATION

- Further to the agreement of the Group CEO and Group Cluster Boards, the Sanlam Limited Board as stipulated by the Sanlam Board Authorisation Framework approved the Stakeholder Management Policy.
- Sanlam Group Exco will lead the policy implementation and oversee a change management process to embed the policy in the Group.
- The Social, Ethics and Sustainability Committee will assume its oversight role as the relevant sub-committee of the Sanlam Limited Board.
- Any disciplinary action arising from breach of this Policy will be taken according to the disciplinary code and grievance procedure of Sanlam Group.

7. MONITORING COMPLIANCE WITH THE POLICY

- Adherence to the Policy is monitored in accordance with the application regime stipulated by King IV: "apply and explain". The principles are basic and fundamental to good governance, and their application is therefore assumed. Practices should be explained in a narrative account, referring to practices that demonstrate application of the principle. To substantiate a claim that good governance in stakeholder management is being practised, Group Subsidiaries and Clusters must explain how principles were applied.
- The required explanation should enable Group Exco, the Social, Ethics and Sustainability Committee of the Sanlam Limited Board and stakeholders to make an informed decision as to whether the Business Entity in question is achieving the good governance outcomes associated with this Policy.

- Explanation also encourages Entities to see adherence to this Policy not as an act of mindless compliance, but something that will yield results only if it is approached mindfully, with due consideration of stakeholder expectations and operating realities.

8. REPORTING ON POLICY OUTCOMES

Group Stakeholder Relations as outlined in table 2 below will coordinate annual reporting to the Social, Ethics and Sustainability Committee of the Sanlam Limited Board on the following governance outcomes.

Table 2: Governance outcomes reported on

Governance outcome	Measurement plan
A strong reputation	Biennial Stakeholder Perception Survey; Dipstick surveys every other year; Performance in syndicated surveys
Healthy stakeholder relationships characterised by • trust, • commitment, • satisfaction and • control mutuality	Biennial Stakeholder Perception Survey; Dipstick surveys every other year; Issue-specific opinion polls; Stakeholder feedback
Legitimacy (also referred to as "the socio-political licence to operate").	Evidence of legitimacy or otherwise in countries where Sanlam operates, e.g.: • Licencing • Business disruption due to stakeholder action • Media coverage on Sanlam SEE impacts

9. ENFORCEMENT AND REMEDIAL ACTIONS

- Do not tolerate any contravention or violation of the Sanlam Stakeholder Management Policy.
- Designate members of Exco to monitor compliance.
- Provide safe mechanisms for reporting breaches of this Policy by internal and external stakeholders.
- Investigate any alleged breach of this Policy.
- Take appropriate action to remedy the breach.

DEFINITIONS

Sanlam-specific definitions

Business Clusters	The grouping of businesses controlled by a separate board of directors and with their own governance structures who report directly to the Sanlam Limited and Sanlam Life Boards. Currently this includes: • Sanlam Personal Finance Cluster • Sanlam Investment Group Cluster • Sanlam Corporate Cluster • Sanlam Pan Africa Cluster • Santam
(Business) Entity	The Sanlam businesses that perform the activities of a Business Cluster. Business Entities include Sanlam Group Entities, Business Divisions and business units subject to governance oversight requirements provided on a Cluster level.
Board	The Board of Directors of Sanlam Limited
Board Authorisation Framework (BAF)	Annexure B to the *Sanlam Group Governance Policy* that sets out the delegation of authority between the Sanlam Board (and where appropriate the Sanlam Life Board) and the Group CEO and underlying Cluster Boards.
Cluster Exco	The Executive Committee of a (Business) Cluster
Exco	The Group Exco, Sanlam Life Manco, Cluster Excos and Business Excos collectively unless specifically indicated otherwise.
Group Associate	An investment over which Sanlam has a direct or indirect shareholding of more than 20% but less than 50% of the entity's issued capital. It includes joint ventures that are equity accounted in the group accounts. Strategic shareholding of less than 20% into unlisted businesses can also be classified as a Group Associate.
Group Companies	Group Subsidiaries and Group Associates collectively comprise Sanlam Group Companies. Portfolio Investments are not seen as a Group Company.
Group Entity	A legal entity in the Sanlam Group, such as the Sanlam Foundation.
Group Exco	The Sanlam Group Executive Committee.
Group Executives	Executive Heads of Finance (including Group Information Technology); Actuarial, Risk and Compliance; Actuarial Control; Human Resources; and Brand
Group Function	A centralised function in the Group Office that includes strategic direction, financial and risk management, compliance, internal audit, tax services, group actuarial, market development, stakeholder management, brand and communications, group human resources, information technology (GTI) and corporate social investment.
Group Office	The corporate head office responsible for Sanlam's centralised functions.

Group Subsidiary	An investment where Sanlam exercises a level of control that requires the investment to be consolidated in the group accounts (either due to equity holding or material influence). It excludes consolidated portfolio investment funds. In most cases, Sanlam will have a direct or indirect shareholding of more than 50% of the entity's issued capital. For governance purposes, this includes subsidiaries of subsidiaries.
Leadership	In the context of this policy, leadership refers to Group CEO, Cluster CEOs of Sanlam Personal Finance (SPF), Sanlam Investment Group (SIG), Sanlam Corporate (SC), Sanlam Pan Africa (SPA), Santam, Chief Actuary and Chief Risk Officer, CEs of Group Market Development, Sanlam Brand, Group Human Resources, and Special Projects.
Portfolio Investments	Generally non-strategic holdings of less than 20% of the entity's issued capital. This category also includes non-strategic investment funds in which Sanlam may have an economic interest that requires it to be either consolidated or equity accounted, or investments (e.g. private equity holdings) in which Sanlam may obtain a material interest that requires such investment to be consolidated or equity accounted.
Sanlam	Sanlam Limited
Sanlam Group	Sanlam Limited and all Group Companies comprise the Sanlam Group.
Sanlam Group Governance Policy	The policy that establishes "tight" group governance areas to be adhered to by all Sanlam Group Companies and includes the Sanlam Code of Ethical Conduct, the Sanlam Business Philosophy, and the Board Approval Framework.
Sanlam Group Policy	A policy that applies to the Sanlam Group in the manner foreseen in the Sanlam Group Governance Framework, and includes a policy prescribed under a group supervision regime.
Social, Ethics and Sustainability (SES) Committee	The Sanlam Limited SES Committee is a sub-committee of the Board established in terms of the Companies Act. King IV expands on the role assigned to this committee to include oversight and reporting on organisational: ethics; responsible corporate citizenship; sustainable development and stakeholder relationships. The intent is to encourage leading practices by having the SES committee progress beyond mere compliance to contribute to the creation of value. King IV also recommends a higher standard for the composition of this committee than what is provided for in the Companies Act. The recommended practices include that a majority of the members should be non-executive members of the governing body so as to ensure that independent judgment is brought to bear.

Stakeholder-related definitions

AccountAbility	AccountAbility is a global consulting and standards firm that works with business, governments and multi-lateral organisations to advance responsible business practices and improve long-term performance.
AccountAbility AA1000 Stakeholder Engagement Standard (AA1000SES)	AA1000 AccountAbility Stakeholder Engagement Standard (issued by AccountAbility) is the most widely applied global stakeholder engagement standard, supporting organisations to assess, design, implement and communicate an integrated approach to stakeholders.
Civil society	The citizens of a country or State. Also referred to as the "third sector" (after Government and Business). Defined by the World Bank as: "... a wide array of organisations: community groups, non-governmental organisations [NGOs], labour unions, indigenous groups, charitable organisations, faith-based organisations, and foundations" When mobilized, civil society has the power to influence the actions of elected policy-makers and businesses.
Country	Country and State are synonymous terms that both apply to self-governing political systems. In the past, governments often used two opposing theories to define a country - the Montevideo Convention treaty of 1933 or the Constitutive Theory of Statehood. Today, there is a universal acceptance of 7-point criteria for what constitutes an independent State or country. Based on these, Bermuda, Hong Kong, Puerto Rico, Greenland and Taiwan are not considered countries or States.
Inclusivity	Instead of prioritising the interests of the providers of financial capital, companies give parity to all sources of value creation, including social and relationship capital embodied by stakeholders. Stakeholder inclusivity involves the balancing of stakeholder interests over time by way of prioritising and, in some instances trading off stakeholder interests. A decision on how to achieve this balance is made on a case-by-case basis as current circumstances and exigencies require but should always be done in the best interest of the company over the longer term.
Affected & Interested Party (AIP)	The definition provided by ISO 14001 and ISO 45001: "a person or organisation that can affect, be affected by, or perceives itself to be affected by a decision or activity" of the organisation, in this case the Sanlam Group.
Issue	An issue is a situation that evokes the attention and/or concern of one or more material (or key) stakeholders. An issue often arises from a gap between stakeholder expectations and company performance. A stakeholder issue is to be differentiated from an individual complaint, even though an individual complaint (e.g. client dispute) can cause a stakeholder issue if it evokes the attention and/or concern of one or more material stakeholders (e.g. the regulator, pressure groups, trade union federations).
Issue management	Issue management is an anticipatory, strategic management process that helps organisations to detect and respond appropriately to stakeholder issues.

Key stakeholder	The terms "key", "priority" and "material" stakeholder are used interchangeably. Such a stakeholder is defined as a person/group whose support is vital to the Group's success. The criteria for materiality in the prioritisation of stakeholders are explained in 4.2 of this Policy.
King IV	The Institute of Directors in Southern Africa (IoDSA) King IV Report on Corporate Governance
Material issue	The Integrated Reporting Council (IRC) defines material issues as those issues that "could substantively affect the organisation's ability to create value in the short, medium or long term", that "link to strategy, governance, performance or prospects; are important to key stakeholders; form the basis of boardroom discussions; and may intensify or lead to opportunity or loss if left unchecked". In other words: these are the issues that matter most to key stakeholders and the providers of capital; and that impact on the ability to create value in the short, medium and long term.
Material stakeholder	The terms "key", "priority" and "material" stakeholder are used interchangeably. Such a stakeholder is defined as a person/group whose support is vital to the Group's success. The criteria for materiality in the prioritisation of stakeholders are explained in 4.2 of this Policy.
Materiality	Materiality defined in the AA1000SES is the relevance and significance of (i) an issue to an organisation and its stakeholders, or of (ii) a stakeholder to a sustainability issue and the organisation's long-term success. Also, see the definitions for material issue and material stakeholder. According to King IV, materiality is judged in terms of its inherent nature, impact (influence) value, use value, and the circumstances (context) in which it occurs. The International Integrated Reporting Council defines materiality in relation to the inclusion of information in an integrated report as matters or stakeholders that "could substantively affect the organisation's ability to create value over the short, medium and long term".
Must	In this Policy "must" is used specifically to indicate a non-negotiable obligation (clearly differentiated from "should").
Official stakeholder engagement	Official stakeholder engagement refers to formal engagement with material stakeholders that have a noticeable impact (i.e. where commitments are made, conclusions reached or decisions taken) and any engagement articulated in planning that materialises.
Priority stakeholder	The terms "key", "priority" and "material" stakeholder are used interchangeably. Such a stakeholder is defined as a person/group whose support is vital to the Group's success. The criteria for materiality in the prioritisation of stakeholders are explained in 4.2 of this Policy.
Responsiveness	Responsiveness is an organisation's response to stakeholder issues that affect its performance, and is realised through decisions, actions and performance, as well as communication with stakeholders.

Sanlam Manual for Stakeholder Management (SMSM)	Giving effect to this Policy, the Manual was developed to provide the Business Clusters with access to best and standard practices, tools and templates enabling a level of standardisation across the Group. The SMSM is however recommended practice and not sanctioned by Board or Exco approval.
SEE impacts	Social, Environmental and Economic impacts
Should	Used in this policy in relation to the principles, "should" indicates an aspiration or ideal state. When used in reference to roles and responsibilities, it indicates a recommended course of action that is particularly suitable, without mentioning or excluding other possibilities (clearly differentiated from "must").
Social licence to operate	A concept used to describe the importance of having broad-based stakeholder consent or support. The social licence-to-operate concept is normally seen as being additional, yet closely related to, the need to secure formal licences, permissions and permits from regulators. Failing to address stakeholder concerns and hence losing stakeholder support (i.e. the social licence to operate) can result in severe disruption to, or discontinuation of, operations/large investments or may influence regulators' decisions to grant or renew permissions and licences.
Stakeholder categories	Categorisation used to cluster stakeholders into broad groups of stakeholders with a similar stake in Sanlam.
Stakeholder engagement	Stakeholder engagement is the process used by an organisation to engage relevant stakeholders for a clear purpose to achieve agreed outcomes. It is now also recognised as a fundamental accountability mechanism, since it obliges an organisation to involve stakeholders in identifying, understanding and responding to sustainability issues and concerns, and to report, explain and answer to stakeholders for decisions, actions and performance.
Stakeholder interface	Any authorised Sanlam employee or service provider who engages a stakeholder on behalf of Sanlam.
Stakeholder relationship owner	The stakeholder relationship owner is assigned to look after the relationship with a priority stakeholder and do so in terms of 5.3 of this Policy.
Stakeholder representative	The legitimate authorised individual representing the stakeholder group is referred to as the stakeholder representative.
Stakeholders	Stakeholders are those groups who affect and/or could be affected by Sanlam's activities, products or services and associated performance. Sanlam acknowledges its many stakeholders, and interacts through distinct types and levels of engagement, to respond to the diverse and sometimes conflicting stakeholder interests and concerns.
StakeTracker	StakeTracker is an advanced, purpose-built stakeholder information management software solution designed to efficiently manage communication and engagement with stakeholders. By capturing the stakeholder(s) engaged, commitments made, events (any stakeholder engagement or output that is delivered/shared with stakeholders) and issues, one is able to generate automated reporting as frequently as needed.

State	Country and State are synonymous terms that both apply to self-governing political systems. When the "s" of state is lowercase, it constitutes a part of a whole country, such as the different states of the United States of America. When the "S" of State is uppercase, it signifies an independent country.
Sustainable development	Development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Brundtland, 1987). At the level of organisations' participation in sustainable development, it means organisations intentionally interact with, and respond to, the opportunities and challenges presented by the dynamic system of the triple context in which the organisations operate. Sustainable development is not confined to individual matters such as the economic viability of the organisation, the natural environment or corporate social responsibility. Rather, it refers to an integrated approach that includes these and other considerations as represented by the triple context.
Undue influence	Undue influence constitutes unethical conduct that may influence, persuade or convince a stakeholder representative or take advantage of the person, such as misuse of knowledge about the person, exploitation of vulnerabilities, abuse of positional power, misrepresentation, application of pressure, favouritism, personal favours, or any other unethical means to influence someone's behaviour or manipulate the outcome of engagement.
The six-capitals model	The six-capitals model is used in integrated reporting standards and identifies: (1) financial, (2) manufactured, (3) intellectual, (4) human, (5) natural, (6) social and relationship capitals as the physical and intangible resources used by an organisation to create value. Social and relationship capital is relevant in the context of this policy as a desired governance outcome.
Triple context	King IV refers to the triple context of the combined context of the economy, society and environment in which the organisation operates. The reference in King IV to "context" is in the singular as these three dimensions are intertwined and should be viewed as an integrated whole.