

## S1 2021 Earnings Call

### Company Participants

- Abigail Mukhuba, Financial Director
- Heinie Werth, Chief Executive Officer, Sanlam Emerging Markets, Executive Director
- Jurie Strydom, Chief Executive Officer, Life and Savings
- Karl Socikwa, Group Executive, Market Development
- Mlondoloz Mahlangeni, Chief Risk Officer, Chief Actuary
- Paul Hanratty, Group Chief Executive Officer
- Robert Roux, Chief Executive Officer, Sanlam Investment Group
- Unidentified Speaker

### Other Participants

- Rowan Williams-Short
- Warwick Bam

### Presentation

#### Karl Socikwa {BIO 4961412 <GO>}

Good morning, and a warm welcome to the 2021 Sanlam Group Interim Financial Results Announcement. My name is Karl Socikwa. I'm Group Executive for Market Development and Sustainability. Today, leading the charge in the results announcement is our Group CEO, Mr. Paul Hanratty; and our Group Finance Director, Ms. Abigail Mukhuba. We are coming to you virtually, so from the studio here in Midrand. And so the usual hygiene announcements will not be necessary this morning.

So without further ado, I'd like to hand over to Mr. Hanratty to lead us through the presentation. Thank you.

#### Paul Hanratty {BIO 7445748 <GO>}

Karl, thank you very much, indeed, and good morning, ladies and gentlemen, and welcome to our 2021 interim results presentation. I'm here in the studio, as Karl said, with Abigail Mukhuba, our Chief Financial Officer; Wikus Olivier, our Head of Strategy; and Lotz Mahlangeni, our Chief Risk Officer. And we've got a number of other members of our Executive Committee who are online, and who will assist with questions.

I'm going to provide a brief overview of the context, against which these results were produced; outline the strategic progress made in the first half of 2021; and then hand over to Abigail, who will take you through the financial results; I will then talk a little bit

about our priorities and the outlook for the balance of the year, before we open up to questions.

The advent of COVID-19 in late 2019 has created a very difficult environment in which all businesses have had to operate ever since. 2020 was a year within Sanlam Group, where the economic effects of the pandemic, severely-impacted our operations. 2021 is proving to be a year in which the health impacts of the pandemic are severely impacting our operations, both financially and in terms of disruption to our people's ability to work.

We've lost 36 colleagues, as well as, family members of many of our colleagues. We continue across all our markets to have to navigate working remotely in most cases for very significant periods of time. Our people have been incredibly brave, resolute and have remained dedicated to serving our customers throughout this time.

South Africa has struggled to roll out vaccines at the rate that is required to allow people and the economy to return to some level of pre-COVID normality. Sanlam has directly funded the efforts of business for South Africa to ensure a strong public/private partnership; to improve the efficacy of the vaccine program. We've assisted vaccination efforts of our own colleagues across Africa; made available at the very outset several fully-staffed vaccination sites for the public in partnership with Afrocentric; and we've run extensive media and social media campaigns to encourage people to vaccinate.

The evidence is overwhelming, that while vaccination does not fully prevent infection, it significantly reduces the risk of infection; it reduces hospitalization and dramatically reduces mortality rates. It therefore, remains our conviction, that we all need to work together, to make vaccination as effective as possible, in combating the scourge of this pandemic.

In July, South Africa experienced severe civil disruption, which further weakened our economic recovery process and which has also extended the third wave considerably. Sanlam would like to urge all role players to work together to avoid repeats of this kind of disruption.

Our purpose at Sanlam can be summed up, as empowering generations to be financially-confident, secured and prosperous. The COVID pandemic has heightened the recognition amongst the public about the need to provide for their future and for their families' futures. Lockdown measures of various sorts have led to higher savings rates in economies and we have seen clear evidence that consumers are providing more diligently for their future.

The group has paid mortality claims of ZAR10 billion in the first half of 2021, and a total of ZAR22 billion since the start of 2020, underlining the role that the group plays directly in assisting customers to navigate the future. The group through Santam has provided ZAR3 billion of provisions to support small businesses impacted by the pandemic. The actual relief provided to customers is far higher than the ZAR3 billion, as the provision reflects expected reinsurance recoveries. A ZAR1 billion of immediate relief payments were made in 2020, and in many cases, clients have indicated that relief payments have fully covered

their losses. Santam has made good progress in settling remaining claims and has paid a further ZAR700 million by the end of August 2021.

The group experienced very strong growth in the direct and digital channels, and the businesses we've invested in as the pandemic encouraged digital adoption amongst consumers. The group has maintained a very strong balance sheet throughout the period and a strong solvency position despite the level of claims, underlining the security and the peace of mind, that the group provides to our customers.

Our focus in 2021 has been on disciplined and diligent execution to encourage recovery in our operational results back to the 2019 base levels as soon as possible. Some of the highlights for this six months, have been a very strong recovery in new business volumes, particularly in life insurance, up over 50% on previous year; a very strong recovery in the value of new business, up over 90% on the previous year; stable and strong operating results from all of our group businesses, despite the much higher COVID claims, which have clearly negatively-impacted on the life insurance results; persistency has improved despite adverse economic conditions; we've had continued strong performance from our African businesses outside of South Africa, despite the headwinds from COVID in the form of higher mortality claims; and as I said earlier, we had strong growth in digital, and direct-to-consumer businesses and channels, where new business volumes are up by 37% over last year, and a 145% on 2019.

I want to spend a bit of time on our key financial metrics for 2021 first half. The group's earnings recovered in the first half of 2021. The net result from financial services increased by 16% or in constant currency terms, by 22%, impacted positively by higher market levels, improved credit provisions, fewer credit defaults and a narrowing of credit spreads across the business. Improved float returns in Africa, outside of South Africa; and negatively, of course, because of higher mortality losses from the pandemic, offset to some degree, by releases of discretionary reserves. Our net operational earnings were up by 33% due to higher investment returns, which supported that 16% increase in the net result from financial services.

The impacts of the pandemic were felt very strongly on our life new business in the first half of 2020. You'll recall that the first quarter of 2020 was a particularly strong year for the group, but the rest of 2020 proved to be very tough. In the first half of 2021, we've seen a very strong recovery in life insurance new business premiums. While investment sales remained strong, but growth in our general insurance book is muted. Overall, we've seen growth in new business of 12%, undoubtedly supported by the higher savings rates being experienced in economies; the digital enablement of our businesses; and the initiatives across Africa to cross-sell life insurance into the ex-Saham client base. The value of new business recovered as life insurance sales recovered. Value of new business was up by 94% on prior year.

We're also very pleased to see the net fund flows up by 13% to ZAR37.8 billion, reflecting the repositioning of our asset management business as South Africa's largest black-owned asset manager, with ESG capabilities integrated into all of our processes, to ensure responsible and impactful investment outcomes. Finally, our adjusted return on

group equity value, which is our main metric of long-term shareholder value creation was 6.2%, a little bit below our hurdle rate of 6.6%.

Although, excellent life new business, strong flows into the investment business, good persistency, and strong cost management, all supported our returns. A few factors weighed against the achievement of our hurdle rates. The first were COVID impacts, which were very negative. And we also reduced the group equity value in respect of our UK Life and Pensions business. The latter reflects our intention to dispose of this business, at below its previously-reported group equity value. The disposal of this asset represents the best possible capital allocation decision for the group, and the negative impact on our group equity value is more than offset by the gain in the prior year, that resulted from our disposal of the Nucleus business.

COVID has created such a dislocation to our business and of course to many others, that we've been very focused on recovery to pre-COVID levels on key metrics. In the first half of 2021, our net result from financial services is still 7% below the 2019 number on a constant currency basis. But if one allows for some positive one-offs that occurred in 2019, the first half result is 5% up on 2019.

The first half of 2021 sales, value of new business, and net client cash flow, are all well up on 2019 levels: sales were up by 57%; the value of new business by 37%; and net fund flows by 65%. This reflects the response of our distribution to the challenges of the pandemic, as well as, improved savings rates and the demand for our products.

New business margins have also recovered satisfactorily. Finally, our adjusted return on group equity value has moved towards our hurdle rate. The environment is still extremely-challenging, particularly the ongoing COVID pandemic. So it remains unclear whether we can fully-recover on all metrics to pre-COVID levels within the current year.

During the six months, the Board has strengthened itself through the appointment of Ebe Essoka, who brings a wealth of knowledge and experience of the continent; and Willem van Biljon, who brings tremendous experience from large-scale technology, transformation and innovation. We'd like to welcome these two new Independent Directors to our Board, and look forward to their contribution going forward. We've also appointed Carl Roothman, currently the CEO of Sanlam Private Wealth, to succeed Robert Roux from the 1 of January, 2022, following Robert's decision to retire from the group at the end of the year.

The group repositioned its brand in the first half of 2021 to reflect our purpose more closely. The campaign was conducted mainly via digital channels, and forms a part of the shift of the group to be more -- a more accessible company for everybody.

Our group's purpose is aimed at uplifting all segments of society through the power of financial services, and the virtuous cycle of saving and investment. Our recently-announced InsurTech alliance with MTN will allow us to extend the benefit of insurance and savings products to millions of customers across the continent, who would otherwise find access to such products extremely-difficult.

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Our focus on Africa and India means, that not only do we want to focus on improving people's lives through access to financial services, risk reduction and driving of the savings and investment cycle, but we also want to try and mitigate the effects of climate change, which are most-severe for people living in these areas. Our second climate fund, this time focused on water and oceans, is set to close shortly, and will invest between \$300 and \$400 million.

We are also concerned with playing a role in direct job creation; the establishment of our legacy funds to support small- and medium enterprises; the turnaround from the impacts of COVID is gaining traction. We've invested ZAR800 million so far in various businesses and more than 2,000 new jobs have been directly created as a result of this investment. As I mentioned earlier, Sanlam is working hard with business partners and governments to improve the take-up of the vaccine and to create a better environment for all people.

I will not turn briefly to a few comments on the progress of our strategic implementation in the last six months. Our strategy remains unchanged. We continue to focus on becoming an African champion, by creating a fortress position in South Africa, growing in the rest of Africa, and strengthening in selected markets outside of Africa, particularly India. We continue to execute our strategy through focused business clusters and to enable execution through digital transformation, culture development, innovation and partnership.

We continue to maintain disciplined allocation of capital, and have taken a decision to reallocate capital from the United Kingdom to the rest of our portfolio. We have begun a process to exit several of the UK businesses, other than our asset management businesses, which form an integral part of our overall asset management business, and allow us to provide global asset management solutions to our customers.

As previously disclosed, we have sold Nucleus and received proceeds of GBP75 million in August 2021. We are at an advanced stage of the process to dispose of the UK life insurance business, Sanlam Life and Pensions. As mentioned earlier, this disposal will be at -- below the previously-determined or reported group equity value. We also intend to dispose of the Sanlam UK Wealth Management business and are in the process of evaluating offers. The reported group equity value for this business is believed to be conservative. We've also raised ZAR2 billion of new debt during August. Some of it replacing a maturing ZAR1 billion issue. This creates some further balance sheet flexibility for the group.

Our asset management business has achieved excellent flows following the achievement of its new empowerment status and the ongoing embedding of ESG into all our investment processes. We believe, this business is in a stronger competitive position because of these changes. We announced earlier this year, the acquisition of the group risk and life insurance book from Alexander Forbes, and once approved, these transactions will strengthen our Sanlam Corporate business.

Driving a deeper share of wallet remains a key focus for our South African business. We launched an innovative new loyalty mechanism this year, which will assist us to reward

clients for their loyalty to the group. We're in the process of launching a new health insurance offering to the corporate market in partnership with Afrocentric, and hope that this will also assist to deepen the share of wallet of our customers over time.

The group announced the formation of a new InsurTech alliance with MTN, a joint venture that will extend insurance and savings business across the mobile footprint of MTN. Within South Africa, we see significant long-term general insurance, life and savings opportunities as we open access to mobile channels.

Within Africa, we announced our intention to acquire a further stake in Saham Maroc, strengthening our already strong position in Morocco. In the longer-term, we envisage the new partnership with MTN being able to extend our reach to a wide base of clients. MTN has nearly 50 million Mobile Money clients today and this client base is expanding quickly. The opportunity exists to reinvent the world of distribution, and to extend financial services to the previously-unbanked.

Last year, we launched several initiatives to drive the cross-sell of life insurance into the principally general insurance base of the ex-Saham business. I'm pleased to say, that the fruits of these efforts became apparent during the first half of 2021, as we saw strong cross-sell of life insurance, which helped lift the value of new business within Sanlam Emerging Markets.

I'm pleased to say, that we've started to make progress in rebalancing the Moroccan float, even managing to sell some fixed property. We've also made good progress in simplifying the portfolio of businesses within Sanlam Emerging Markets by exiting a few small businesses. And we anticipate, having fully-finished this disposal process by the end of the year.

I am now going to hand over to Abigail, who will take you through the financial results.

### **Abigail Mukhuba** {BIO 20217730 <GO>}

Thank you, Paul. Good morning. COVID remains a challenge in our operating environment. The continued recovery in equity markets in the first half of 2021 laid the foundation for positive returns in most of the key markets where Sanlam operates. This was relative to the sharp declines that were recorded in last year. This has benefited asset-based income, specifically with Morocco and Cote d'Ivoire, recording strong gains from higher investment returns on insurance funds. The South African rand strengthened against most of the currencies during this period. And this had a substantial negative impact on growth in the group's key performance indicators. Credit spreads narrowed further, while long-term interest rates generally increased relative to December 2020. The Nigerian bond yield normalized and that's reflected in the positive impact on value of new business.

From a cluster contribution perspective, this period, we reported pleasing underlying performance from all clusters, well in our way -- well on our way to match or exceed 2019 levels in some of our KPIs. This has translated into the group achieving 16% growth in earnings despite the difficult operating environment. In constant currency, as Paul has

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alluded to, this growth was 22%. The lower contribution from Sanlam Life and Savings was impacted by significant COVID-related mortality claims, resulting in a lower experience -- a lower risk experience relative to the first half of 2020. If we exclude this lower risk experience, net result from financial services is up 10%.

This environment where COVID continues to persist has emphasized the importance of appropriate insurance cover, as well as, long-term investment plans for retirement and unforeseen circumstances. 2020, included the negative impact of hard lockdowns on face-to-face sales. However, in 2021, our distribution channels continued to drive the adoption of digital-enabled sales. This resulted in a 12% increase in new business volumes, primarily driven by the SLS cluster. Net VNB almost doubled that of the same period in 2020. And this pleasing performance led to a net VNB margin of 2.82% for the group. Net cash flows of ZAR38 billion were primarily driven by strong Southern African region institutional and retail inflows.

The biggest impact of COVID on mortality claims was on the SLS cluster. Gross monthly -- mortality claims continued, on track -- or they continued rather, to track the general trend in South Africa. Further, the second wave of infections impacted Retail Affluent and Sanlam Corporate more severely than the first wave. Added to that, the level of offset from annuities and disability was lower than that of 2020. And this gave rise to an overall excess claims net of reinsurance, takes [ph] and annuity offset of just over ZAR1 billion.

The negative claims experience was largely offset by a release of discretionary reserves of ZAR1.25 billion. And this is similar to the numbers that we communicated in our four-month update. Management continues to assess the impact of COVID, as well as, the potential reserve releases with a full year view in mind. We are further implementing several initiatives aimed at limiting the future impact of COVID on future mortality losses.

Wave three had a significantly higher mortality rates than what we had expected. And as we head into the last quarter of 2021, a lot of uncertainty surrounding the development of the pandemic continues to exist. We continue with underwriting changes that follow a risk-based approach. SLS expects ZAR1.2 billion to ZAR1.5 billion of excess claims in the second half of 2021. Together with the initiatives in place, we believe, that we will have modest reserves, which should assist in managing uncertainty of the impact of COVID.

Not included on this slide, is the impact of COVID on our SEM business, on the African portfolio, which also elevated in the first -- in the first half of 2021 compared to last year, as well as, the delayed impact of wave two in India. Although, the impact on SEM was marginal compared to the SLS impact, this negative experience brought about some ZAR157 million negative impact on SEM life profits.

We continue to measure the long-term shareholder value creation through return on group equity value. Our co-operations produced very strong underlying performance in spite of the COVID experience. And exceptional VNB performance combined with other positive experience variances offset the COVID impact. As such, we reported adjusted RoGEV of about 6.2%. This was lower than the 6.6 -- this was lower than the 6.6% target

and this was due to the negative risk claims experience, even after the reserve releases and the write-down of the UK life business as Paul has already mentioned.

Whilst reserves, that have been released to offset the negative impact of excess claims on earnings, they still have an overall negative impact on RoGEV, given the loss of value in-force related to some of the reserves. Actual RoGEV per share after the six months ended up being at 3.9%, which is even further from the hurdle, mainly because of economic assumption changes and the impact of the rand strength against the major currencies.

From the solvency position, the group continued to be resilient, and well within regulatory requirements, as well as, our own targets. Our group solvency capital requirement cover ratio decreased from December 2020, primarily due to the dividend pay-out in the first half, as well as, the negative experience and assumption changes.

I will now move to highlight some of the key performance indicators in our clusters. Starting with SLS, SLS recorded excellent new business volume performance, exceeding 2019 levels across the three market segments. Single premiums underpinned growth in the Affluent market, as increased early retirements and higher long-term yield, boosted demand for life annuities.

Retail Mass continued is robust recovery with new business sales growing by 49% in 2020, with strong growth from all distribution channels. Compared to 2019, Retail Mass was up 29%. This performance was supported by the strong performance from Capitec and the group businesses. Individual life sales remained marginally below 2019 levels.

Retail Affluent overall new business sales grew by 53%, with Glacier, the biggest contributor with good demand from international products, life annuities, as well as, preservation funds. All other lines of business achieved strong growth, apart from the lower assistance and group risk sales in BrightRock.

Sanlam Corporate's new business volumes increased by 69%, due to strong single premium growth in the life insurance and investment lines of business. However, the recurring premium risk business declined on 2020. From a lines of business perspective, both life and investment businesses grew strongly, compared to 2020 and 2019. And life business continues to be the biggest contributor to SLSs performance. This period saw a significant increase in life insurance and investment business sales in Retail Affluent and Corporate.

Overall, SLS recorded particularly strong growth with all market segments contributing, as a supportive environment created by higher savings rate -- as a supportive environment created by higher savings rates related to the pandemic was aided by increased understanding of the need for saving and insurance amongst our customers.

The strong growth in new business volumes is also reflected in the net result from financial services position for both Mass and Affluent. Corporate, however, experienced



net cash outflow due to the sharp increase in mortality and disability claims, coupled with the loss of low-margin business.

SLS recorded strong VNB improvements across all three market segments, reflective of new life business performance, as well as, a change in mix at the Glacier -- at Glacier to higher-margin products. As we mentioned, SLS is up 10% excluding the impact of COVID. The strong VNB performance in SLS contributed to a strong RoGEV on an actual and an adjusted basis.

Moving on to Sanlam Emerging Markets. Overall, life insurance business volumes increased by 47% in constant currency. There was strong growth across all regions with SPA Life benefiting from improved cross-sell in the former Saham businesses. Southern Africa's performance was driven by Botswana's group funeral and credit life business, and Namibia's entry-level market continued good gains. Morocco recorded strong growth in group life and bancassurance sales. Volumes improved strongly in India and Malaysia, as the businesses benefited from diversification in distribution channels.

On the general insurance side, volumes declined by 9%, but were 3% up, if you exclude Lebanon and look at it in constant currency. SPA GI new business volumes were 11% higher in local currency, supported by improved volumes in the motor and health business lines in Morocco. Solid growth was achieved despite the negative impacts of continued travel restrictions on the assistance business and the cancellation of loss-making schemes in the Cote d'Ivoire health business. India volumes were down on 2020, due to lower cross-selling into the credit business and a lack of regulated prescribed premium increases on third-party business. The investment new business grew 10% in constant currency, despite a high base in 2020, as further large mandates were awarded in Botswana and Namibia.

Strong improvements in VNB were reported across all regions. North and West Africa posted particularly strong improvement in VNB, benefiting from higher volumes and an increase in the yield in Nigeria. We're very pleased with the improvement in VNB margin. Excluding Lebanon, earnings increased 69% in constant currency. The credit business has recorded a combined increase in earnings, largely due to lower impairment charges and improved disbursements and collections during the early part of the year. All of Saham's sterling performance culminated into a pleasing adjusted RoGEV turnaround; a strong underlying performance drove adjusted RoGEV of a -- drove adjusted RoGEV to a positive 7.5% compared to a negative 17% in 2020. And then the actual RoGEV was further impacted by a strong exchange rate -- the rand against major currencies and economic assumption changes.

The SPA GI portfolio recorded a net insurance margin just over 20% for the first six months of 2021 relative to 3.6% in 2020. This solid performance was driven by the improvement in investment return on insurance funds, of negative 2.5% in 2020, which then changed to 15% in 2021. The net underwriting margin was satisfactory at just over 5%, albeit, at the lower-end of 5% to 9% target range. SGI earnings were lower than 2020 as courts in India continued to operate at a limited capacity. This impacts the ability for the business to finalize claims. In addition, the lack of premium increases on third-party businesses also negatively-impacted the underwriting margin. SGI's net insurance result, however, remained satisfactory at over 21% of net earned premiums.

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In the Sanlam Investment Group, net fund inflows of circa ZAR17 billion were 59% higher than 2020, despite the large mortality-related outflows at SLS. The significant improvement in net inflows was driven by strong institutional and retail inflows, coupled with strong inflows in Wealth Management. Satrix and the Multi-Manager attracted particularly strong net inflows.

SIG's contribution to earnings increased significantly, largely due to a further narrowing of credit spreads, which led to a turnaround in the mark-to-market losses on listed bonds at SanFin. Sanlam Investments reported a decline in gross result from financial services, primarily due to relatively-lower performance fees in 2021. If you exclude performance fees, it would have been up 5%.

The Wealth Management business achieved strong growth, supported by performance fee income, as well as, the higher level of assets under management. And then the growth in the International business was supported by an improved performance from Sanlam UK, where Nucleus benefited from improved net fund inflows and higher average assets under administration. On a RoGEV perspective, SIG's RoGEV contribution to the group was knocked down by the write-down in the UK.

And then finally, from a Santam perspective, I think the Santam team would have presented the results last week, so I won't go into much detail there. Suffice to say, Santam achieved satisfactory gross written premium growth in the conventional insurance business, and improved its underwriting margin. We are also pleased, that Santam has declared an interim dividend, which we will account for in the second half of 2021.

I will now hand back over to Paul. Thank you.

**Paul Hanratty** {BIO 7445748 <GO>}

Abigail, thank you very much. I'm going to talk a little bit about the priorities that we have for the balance of the year. Firstly, it's extremely-important for us, that we keep up our drive to recover key operational metrics around new business, value of new business, operating profits and dividends. And we find ourselves extremely-focused on this. I do believe, that it is going to be possible for us to get to where we want to be, but of course, the pandemic does loom large.

The second area of focus for us, is that we need to ensure that we can begin 2022 with new pricing, underwriting and products, that reflect the reality of the COVID pandemic. Although, we repriced our group risk business in 2020 and early 2021, there is still some work to do, to ensure that the higher-risk premiums are appropriate. Furthermore, we will need to see repricing across the rest of the continent in group life business, where the impacts of COVID have been a bit delayed, compared to South Africa.

In respect to our Retail life insurance, there's a need to review underwriting and product design, to ensure that we adequately-reflect the COVID risk. We fully expect, despite vaccination programs, to see a high level of deaths from COVID, and from the non-COVID for the next few years. In 2020 and 2021, we've used reserves and margins to

cover the impact of COVID on mortality experience. However, we will only have a modest ability to absorb higher claims without an impact on net result from financial services in 2022 and beyond. For this reason, it is essential, that pricing and underwriting need to be adapted to deal with the higher future mortality claims that we expect to arise from COVID.

Strategically, our priorities have not changed, and we will continue to focus on developing and strengthening our Emerging Markets portfolio of businesses in Africa; to improve the scale and effectiveness of our South African operations; to launch new products where gaps exist; and to digitalize our business to improve efficiency and competitiveness. Our balance sheet is very strong; our leverage is very low; and while we execute our strategy, we will continue to allocate capital judiciously.

Our culture is what is going to set us apart in the long-term, and here we continue to focus on improving our culture. Key issues for us are driving a greater degree of innovation; developing our own talents to support the future needs of the business; and ensuring that our employees can adapt to a hybrid working model from next year, and that their mental and physical well-being is being taken care of.

I'm going to talk a little bit about how we see the outlook for the balance of this year. The unpredictability of the pandemic makes any forecasting extremely-complex. We do believe, that the vaccine roll-out remains a key priority. And that, although, we will see a continued economic recovery, the efficacy of vaccine roll-outs, is going to impact on the pace of this economic turnaround. We anticipate further negative mortality experience for the balance of 2021, and Abigail gave you some insights as to our expectations there, as the third wave claims have been coming through in July and August.

As I mentioned earlier, we believe, that from 2022 onwards, new pricing and underwriting are essential for the profitability and sustainability of the business. We anticipate that Santam will have been able to substantially deal with the remaining business continuity claims by the end of this year.

As a group, we have wonderful people, who care deeply about their customers, and they're backed up by a strong balance sheet and a culture of execution. I'm really amazed and proud at how well our people have done to deliver for clients and for shareholders. We're committed to continue to develop the business for the future and to deliver outstanding value for all of our stakeholders.

I'm going to open now for questions and Karl will field these, and myself, Abigail, and the rest of the management team will do our best to answer your questions.

## Questions And Answers

### Operator

(Question And Answer)

## A - Unidentified Speaker

Thank you, Paul. Thank you, Abigail. I think undoubtedly a very strong set of results, particularly if you look at them in comparison to a normal year which is 2019. Congratulations to you, Paul, and the team for that. We're now going to get into the Q&A, and joining Paul and Abigail here at the studio in Midrand are our colleagues, Mr.Mlondolozzi Mahlangeni, our Chief Risk Officer and Chief Actuary; as well as Wikus Olivier, our Group Executive for Strategy and Impact Officer at Sanlam.

And also from Cape Town, we have three of our colleagues joining us from there as well. Mr.Jurie Strydom, our Chief Executive for the Sanlam Life and Savings Business; and Mr.Heinie Werth, our Chief Executive for the Sanlam Emerging Markets Business, also Executive Director, the Sanlam group; as well as Mr.Robert Roux, our Chief Executive for Sanlam Investments Group.

Our colleagues will be here to field the questions that will come through. We are coming to you virtually. And so there's a number of platforms that will be used for the Q&A. There's the -- they call it the chorus call platform, which is the telephone platform for those of us that were born before computers and we'll be taking questions coming through the -- that platform as well as what they call Copicam [ph], which is the small device here and questions will be coming through and as they come through, I'll then pose questions to the panel here in Midrand and in Cape Town as well for the Q&A.

So, let's then kick off colleagues without further ado. I'd like us to start with the chorus call platform and let's then take the questions that come through there. Thank you.

## Operator

Thank you, sir. The first question we have is from Warwick Bam from AVL Capital Markets.

## Q - Warwick Bam {BIO 19921967 <GO>}

Good morning, Paul, Abigail, and the Sanlam team, thanks for the presentation. Three from me this morning. You released discretionary margins to offset the COVID mortality experience and if your COVID mortality expectations of an additional 1.2 to 1.5 billion transpire, do you have sufficient discretionary margins to get to a similar net result in the second half, and in the same question, really, I want to understand how you will approach rebuilding those discretionary margins, if we can start with that question, first. Thanks.

## A - Paul Hanratty {BIO 7445748 <GO>}

You should get a prize today for beating Michael into first place. That takes some doing. So, yes, you're quite right. We've, from the outset being using existing reserves and margins to offset claims. The Sanlam prudence over many years has built up a number of reserves and discretionary margins that as you probably know ultimately under IFRS-17 are going to have to have to be reviewed and released in any event.

So, one of the questions I think facing the whole industry is to what extent one can hold pandemic reserves into the future. I believe that there will be some ability to do that and

we will seek to, I hope rebuild over a long period of time, pandemic reserves up again, because clearly, pandemics will occur from time to time. So, that will be through margins in the pricing of our business, and we'll have to gradually restore those over a long period of time.

**Q - Warwick Bam** {BIO 19921967 <GO>}

Simple clarity. Just in terms of expectations around the net impact of mortality, if current mortality meets your expectations of ZAR1.2 to ZAR1.5 billion, should we expect similar discretionary margin releases?

**A - Paul Hanratty** {BIO 7445748 <GO>}

Yes, I think, we've been pretty adamant that for this year, you can expect to see a fairly neutral position from mortality for the full year, and as we said, that will allow us only modest further margins and reserves going into next year. So for this year, you should expect to see a pretty neutral position on mortality overall, and next year it's critical that we get the pricing on the underwriting correct, so that we don't have to continue to rely on margin releases, except at a very modest level.

**Q - Warwick Bam** {BIO 19921967 <GO>}

Thanks Paul. My next question is just around, if the potential to see a dislocation between mortality in the older cohorts of your book due to vaccinations and the offsetting impact that you've had around your longevity risk, we've seen the offset come through in 2020, and in the first half of this year. I'm really trying to get an understanding as to whether that's changing because of the vaccine rollout, especially in the older portion of your policyholder base? Thanks.

**A - Paul Hanratty** {BIO 7445748 <GO>}

Yeah, look, I think that's a -- that is a question for the future. I would expect vaccinations clearly to make a very big difference to the older population and then of course naturally you're going to have fewer offsets from annuities, but also you will know I'm sure that the bulk of the people who die are also the older people. So, vaccinations also have an offsetting effect on death claims.

So on balance, I think we're going to be much better off from the vaccination program. In fact, there's no question that that -- and I've hopefully made that clear that vaccination program and the success of it is absolutely vital for our business, but not just for our business, for the whole economy. I mean I don't know Lotz, do you want to add anything or?

**A - Mlondoloz Mahlangeni** {BIO 21927635 <GO>}

Thank you, Paul. Yes, I think that is entirely correct in the sense that we already, I mean we are on the midst of the third wave now. We've already have seen in the second wave that the demographic profile of the lives that were being impacted had changed slightly. So there were a lot more younger lives being impacted. But as we see now in the third wave, because the older people had vaccination opportunities a lot earlier. So, we are seeing

that impact, but I think we must also bear in mind that it's just merely an offsetting impact. The first impact you need to mitigate is the mortality impact, which the vaccination will help with mitigating.

**Q - Warwick Bam** {BIO 19921967 <GO>}

Thank you. That's helpful. Just very last one, from me. We've had lifestyles changed due to COVID interest rates are low and I guess economic uncertainty is also added to the increased savings rate, and you think that comes through your investment volumes. Based on your analysis of the customers' channels and products that are contributing to that growth in investment and savings products, how sustainable do you believe these volumes are?

**A - Paul Hanratty** {BIO 7445748 <GO>}

Yeah, so I think that there's no question that in the long run, everything must be driven as you know by GDP. So, there's no question in my mind that, as we revert to normality, and obviously, the sooner we will revert to normality the better. I think savings rates will reduce undoubtedly, that will affect the banks and deposits in banks, it will affect us as well and I do think that this is an abnormally benign period from a sales point of view and I think we've seen that across our whole industry, it's not unique to Sanlam, but of course one hopes as well that we'll get some economic recovery as well that will help, but there's no doubt that I don't think you can just take a straight line to the growth rates that you're seeing and extrapolate into the future. When we will see that pairing back, we don't know of course, and a lot will depend on when people are able to revert to normal activity.

So, I would think that the question to ask is when do we see lockdowns reverting when do we see life as it was previously returning to normal. And then I think you're going to see savings reverting to more normal levels. But hopefully, people will have learned some new disciplines around saving because as you know in our economy, this is a critical area and it's an area that traditionally South Africans have been relatively poor at.

**A - Unidentified Speaker**

Thanks, Paul.

Thank you very much, Paul.

Thanks Lotz. Are there any more questions on the chorus call?

**Operator**

At this stage, there are no further questions.

**A - Unidentified Speaker**

Great. Let's then pivot across to the Copicam [ph], the small device that I have. Yeah, I'll read out the questions. I think this question probably, either Paul yourself or Robert, comes from William Short from -- William Short from Vunani Fund Managers.

## **Q - Rowan Williams-Short** {BIO 3704807 <GO>}

Rowan -- Rowan Williams-Short

## **A - Unidentified Speaker**

Rowan Williams, okay -- it doesn't put his name, just puts his surname. Please elaborate on the UK disposals, in what ways did those businesses not meet prior expectations?

## **A - Paul Hanratty** {BIO 7445748 <GO>}

Okay. So, I mean Robert help me out here if I get it wrong and please -- please add anything. So, Rowan nice to hear from you. Look, there was a strategy in the past of trying to build domestic businesses in the UK that would bolster our asset management businesses and I think what is true is that it's a very competitive market in the UK. We didn't achieve the kind of scale that you need to do to, to be really successful but the bottom line is that our strategy is now different and we're very focused on Africa and actually staking our claim here. So, we want to deploy capital to the area of the highest growth and highest return. And those businesses although they've done okay, really don't fit our long-term strategy.

So, it's a question of reallocating capital away from there to places where we really want to focus our business in the future. As I said, when I spoke, we will maintain our asset management operations, because those remain crucial to us. I mean, Robert, I don't know if you want to add anything.

## **A - Robert Roux** {BIO 18773329 <GO>}

No, I think you've covered it, Paul. I think we have to congratulate the management team there and the work they've done in the process of really changing our strategy and working with us to ensure that we get the best result overall.

## **A - Unidentified Speaker**

Thanks, Paul. Thanks, Robert. Next, two questions from Michael Christelis at UBS. Can you quantify the change in mixed impacts on SLS new business margins, but really the shift towards guaranteed annuities. What is the sustainable long-term margin in this business in your view. Maybe Paul or --

## **A - Paul Hanratty** {BIO 7445748 <GO>}

that is definitely not a question for me, Michael you've answered one question. Is that how you got beaten as you used the wrong platform? But Jurie, would you mind answering that question?

## **A - Jurie Strydom** {BIO 16239298 <GO>}

So, morning, everybody. Michael, I think we have seen a shift. It's not just been towards guaranteed annuities. It's also been a move towards international business, and of course, Glacier has got a very successful international platform and preservation fund business as well.

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So I wouldn't want to put a kind of a -- put a prediction on long-term margin. I would say we're very pleased with the recovery in the margin that we've seen and we would have to -- we'd have to maintain a margin like this, but I think it's also subject to what Paul has said earlier, around the flows, because I mean the other benefit that we get is scale benefit from volume. That, of course, also enhances margin.

### A - Unidentified Speaker

Thank you, Jurie. Also from Michael, are you able to adequately reprice group risk in Rest of Africa for COVID-19 without losing business? That is your pricing power in these markets greater than it is in South Africa? Heinie, maybe that's a question for you.

### A - Heinie Werth {BIO 7529974 <GO>}

Yes, Michael, we will be -- I think you will understand, we take it country-by-country, you can't follow one approach through all of them. And in the different markets, we are succeeding with pricing we needed, but we really do it selectively and with strong input obviously from the local management and the people who understand the situation on the ground much better, but the repricing is happening. It's happening at different places in different countries, because the COVID waves impact is different in the different countries.

### A - Unidentified Speaker

Thanks, Heinie. And maybe just stay on the floor here for a question from Mrs.Bunder [ph] from MIBFA. Do you think this is the right time to add onto the Saham steak, considering the high risk of uncertainty around the pandemic and slow vaccination pace in African countries. Generally, what's the main justification for this transaction.

### A - Heinie Werth {BIO 7529974 <GO>}

Well, I think, one shouldn't generalize between us trying to increase our stake in Morocco versus talking about Africa as holistically. Morocco, the way the pandemic played out in Morocco is quite different to the other countries in Africa. We've got a very sound business in Morocco and that's why we want to add to that. But this time, we apply to the Rest of Africa, Paul have referred to it that Sanlam is committed to Africa. It is a long-term play and you also use opportunities like this to further position yourself for the future.

So I would rather want to say that in addition to what we are doing in Morocco, we also are looking for further opportunities across Africa, because we are really building a long-term game here and you have to add whenever the opportunities come about, and maybe just staying on Saham, I think Mrs.Bunder's additional question here is, what will be the expected ROI or return in investment from Saham, post additional stake acquisitions.

The -- I think, the only reason why it is, I think that (inaudible) is quite often still used as Saham, we talk about SPIGA [ph]. So I'm used to include Lebanon in that portfolio of our general insurance businesses. These businesses, which came from our East and Southern Africa, but if we look at that holistically, the required order rate from the group is risk-free rate, plus 800 basis points and in that we allocate it to the GI businesses and to our life businesses.



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And our expectation we will not do, we've got a little rate for every country, every business and we will not do an investment, if we don't believe it can meet our hurdle [ph] rates. So I'm generalizing a bit. But overall we are trying to meet our risk-free rate plus 800 basis point. And from that, you can then derive, what we want out of Morocco.

Morocco, obviously, have a stronger currency than South Africa, and that is all factors that you take into account when you set the hurdle rate. But overall, we only invest if we believe we can outperform our hurdle rate.

### A - Unidentified Speaker

So, Heinie. Naturally COVID and vaccination is very topical at the moment. So, the next two questions are around the vaccination drive. (Inaudible) from SBG Securities asks, do you expect customer behavior to change post vaccination, that is less appreciation of life risk products. Don't know maybe Lotz, maybe Jurie or anyone can take that question?

Jurie, can you take it.

Jurie, why don't you take it.

### A - Paul Hanratty {BIO 7445748 <GO>}

Because Jurie represents the biggest base of clients, we're hopefully getting vaccinated as we talk.

### A - Jurie Strydom {BIO 16239298 <GO>}

Paul, was that a call to me?

### A - Paul Hanratty {BIO 7445748 <GO>}

Yeah, did you -- were you sleeping while the question came in?

### A - Jurie Strydom {BIO 16239298 <GO>}

No, no.

### A - Unidentified Speaker

Do you want to ask it again?

### A - Jurie Strydom {BIO 16239298 <GO>}

(Technical Difficulty) to step in there. I think it's hard to say. I think that we do we -- but we have seen just the experience of the pandemic, really driving appreciation of risk cover in our products, and I think we're seeing that in our persistency. So, I'd like to believe that, that in this time, the industry is proven its worth to the client base, and I would hope that that continues to a degree.

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### **A - Paul Hanratty {BIO 7445748 <GO>}**

I think Jurie to what you're saying, you know, it's not just about life insurance. I think what people have realized is that and this is true, I believe, the world over is that many people are going to have to work for longer in order to be able to retire. Focus [ph] around the world are under tremendous pressure. And so, I think clients really appreciate that the need to save for retirement is also stepped up.

So, not only do you need to protect, this has brought home that pandemics are real, real threat. So, people do need life cover and health cover, but they also understand the importance of saving for the future. And we've always had pandemics in the world, let's not forget that. The difference though today is, we have such a connected world with travel, but these things spread very quickly. So, the advent of pandemics is not new, the advent of the devastation from them is a relatively new thing. I think people have understood that change.

### **A - Unidentified Speaker**

Yeah. This is a venture into behavioral science. I don't know Lotz from your world, any views on from a risk point of view, what one can anticipate change in behaviors, and what sort of planning needs to take place.

### **A - Mlondolozzi Mahlangeni {BIO 21927635 <GO>}**

Thank you, caller. I mean Jurie and Paul have covered it. I mean I think there will be -- I think pandemic has brought to home some of the risks that we face and the protection that we need to get from those risks and also the need to also make sure that you are provided for retirement as Paul has indicated. So I think there will be increased awareness for the risk and there will be an increased need for planning for those risks. And so I think from the services that we provided as a financial services company to ensure that we provide an integrated financial services offering will be even more important in future. So, I think that will enable us to serve our customers better.

### **A - Unidentified Speaker**

Great. Thank you, Lotz.

### **A - Paul Hanratty {BIO 7445748 <GO>}**

Maybe just staying on this point, I think what we've learned, is that we're in a world where risk aggregates much more quickly in the modern world than it may be 20-30 years ago. So things like grid failure now are really big potential threat to people.

So you saw Texas. Texas never has -- never had snow -- seldom has snow. They got snow and a grid failure. It was a big problem. We can't have grid failure in this country, that will be a very profound impact. So, you're seeing how risks suddenly start aggregating and I think people are more appreciative that we do live in a risky world, and that actually business thrives on trying to minimize risk.

### **A - Unidentified Speaker**

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A question, I'll pose to you a bit later. Maybe you can think about it. It's not here because you touched on snow in Texas and environmental issues, is just around ESG and what Sanlam is thinking about and doing, as almost as a market leader in the ESG space, but we'll come back to that one, Paul. There's also a question here from Arthur Thompson, Integrated Investment Management. Also in vaccine, can you expand on what Sanlam is doing to assist against vaccine hesitancy within the group and the client base? Don't know who--

So Karl, why don't you answer this, since it's your area that has been taken responsibility for rolling out the advertising and media -- social media, trying to convince people the work of (inaudible) as our company doctor are trying to convince the public.

**A - Karl Socikwa** {BIO 4961412 <GO>}

Look, I think the area of vaccination generally and it's not just within Sanlam, I think for the general population and globally as well, is an area which is of critical importance at the moment. Certainly, as a group, we are taking strides now to really encourage our employees to get vaccinated, and really in seriously, exceptional circumstances will we then say that, if you do not want to vaccine or vaccinate, then I will allow that but on certain conditions. Because really it's about, as a company, we -- under obligation, legal obligation to create a safe working environment for our employees.

And if people do not get vaccinated or vaccinated, then we're failing in as far as that is concerned and that I think will go even beyond just our employees, people that call at Sanlam premises or sites and are therefore extended periods of time, it's important to make sure that those people are vaccinated and that you continue to maintain a safe working environment. It's very important colleagues. Paul mentions the area that I'm responsible for at Sanlam as well, which is really the front window of the business where we engage with a variety of our stakeholders, we found that in the last 18 months, we've really been limited in building meaningful, lasting, face-to-face relationships with our stakeholders because of the lockdown. So, if people get vaccinated, increasingly we'll be able to get back to building those meaningful and lasting relationships, and to really enable our stakeholders to get the full benefit of what Sanlam is about and has to offer.

**A - Paul Hanratty** {BIO 7445748 <GO>}

Karl, it's true though that your area did a lot of research amongst the public as to why there was hesitancy and surface that there's a lot of myths out there and so that's why you conducted a campaign using our Chief Medical Officer,

**A - Karl Socikwa** {BIO 4961412 <GO>}

Correct.

**A - Paul Hanratty** {BIO 7445748 <GO>}

Social media to try to bust myths for people using scientific evidence and we spent I think about ZAR10 million--

## A - Unidentified Speaker

Yes.

## A - Paul Hanratty {BIO 7445748 <GO>}

On an advertising campaign to try and shift this dialogue. Unfortunately, we live today in a world of fake news and social media. So, it's incumbent on all businesses to try and do their best to communicate.

## A - Unidentified Speaker

Yeah.

## A - Paul Hanratty {BIO 7445748 <GO>}

And I'm hoping that if we all work together, gradually we'll shift the -- we'll shift the center of gravity on this thing, so that people understand that getting vaccinated is a necessity.

## A - Unidentified Speaker

Yeah. The message is loud and clear, get vaccinated. It's important.

A question here from Larissa Van Deventer from Barclays, I think it's for you Heinie. You mentioned India as a growth opportunity. Do you see that growth on the insurance side or is the bigger opportunity in Shriram's lending operations?

## A - Heinie Werth {BIO 7529974 <GO>}

Thank you, Karl. Larisa, I think if you just look at the sheer size of India, I mean, we've been coming now for the last 15-16 years with the Shriram Group. The opportunities on both, there is still definitely lot of scope left on the credit businesses, and Shriram transport and Shriram consumer finance, but then we really foresee more and more growth coming out of the life and general insurance business.

Obviously, something like COVID had also helped us to actually accelerate getting growth from other sites. We have seen it, especially on other non-Shriram businesses. We saw it especially on the live site over the last year and there is a big drive also on the general insurance side to also get growth from non-Shriram sources, but I would say overall I mean we have to acknowledge our skill-sets or insurance, but if you look at the package, it's about India as a whole and about credit and insurance.

## A - Unidentified Speaker

Thank you, Heinie. I'm looking for a question here for Wikus, but it will come to you, Jurie, what's been the particular impact on Sanlam of funeral policy claims?

## A - Jurie Strydom {BIO 16239298 <GO>}

So, I mean, I think you can see from the Mass -- from the Retail Mass business that it was a particularly heavy impact during Wave one last year, but of course, it's also come through

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in Wave 2 and Wave 3, and we've seen the more severe impact coming through actually in the group schemes environment than on the individual business. That also as environment as Paul alluded earlier that we've been looking very carefully at responding appropriately for my kind of risk-based pricing perspective. Karl?

### A - Unidentified Speaker

Thanks for that Jurie. Wikus, maybe this question for you, how do you see capital ratios adapting over the coming years in response to the possibilities for future pandemics or other unexpected events? We've touched on the fact that pandemics come, whether it is every 100 years or whatever the case might be, but how do you see capital ratios adapting over the coming years in response to these possibilities?

### A - Karl Socikwa {BIO 4961412 <GO>}

Thanks, Karl. I think through the COVID pandemic that we've just gone through our solvency ratios have actually stayed very strong, very resilient, well within our target ranges, and Sanlam as a prudent culture, and as Paul also mentioned earlier, that we will continue to try our base to build up reserves again to deal with future pandemics and unforeseen events, and that will be their project will continue to follow. So, I don't see a -- and it's difficult, none of us expected COVID, so they could be a massive event that we don't foresee a Black Swan event, that we don't foresee at this stage, but I'm very confident that we should be able to maintain our resilience that we've proved in the past.

### A - Unidentified Speaker

Thanks, Wikus. Paul, this maybe for you. This is an SA Inc type question. We've had had recent looting and hurting in KZN. The Chief Executives of Anglo-American (inaudible) Nedbank amongst others have expressed their views on the short-term and long-term impact of the unrest and looting, what's your take? What ground for optimism is left for ordinary South Africans.

### A - Paul Hanratty {BIO 7445748 <GO>}

Well, Karl. So clearly the looting and the unrest was absolutely awful and it's not a matter of opinion, it's a matter of fact that it's actually impacted the GDP maybe as much as half percent. It also has eroded confidence terribly in the country and it has extended without doubt, the third wave of COVID which was the last thing any of us needed. You know, looting and unrest are very difficult things to deal with anywhere in the world, sort of wanting to actually shoot your citizens who do it.

So it is a very tricky area and clearly, there are a lot of economic strains on our people. I think the optimal -- the cause for optimism for me, is that South Africans have rallied together and actually are working hard, particularly businesses and civil society really working hard, to put this country back on track. And to move things in the right direction.

Actually, the sad thing is we were beginning to see some real green shoots of growth when this thing came along. So I think for all of us, we just need to dig in hard, stick to turning the economy around, creating jobs and turning back the tide of unemployment and poverty. That's in the long run, what we need to do.

## A - Unidentified Speaker

Great. Thanks, Paul. Abigail, just in the question of provisioning which obviously with the level of claims that we've had to pay out, do you see any further provisioning that may still be required for funeral and life policy cleanse for the group.

## A - Abigail Mukhuba {BIO 20217730 <GO>}

Thanks, Karl. Other than obviously as experienced into the future, pens out and the comment that's already been made in terms of topping up as we move into the future, for uncertainties into the future. I don't see us getting any further abnormal provisioning required at least for the near future in terms of 2021. Paul had already mentioned into when he was talking now, regarding the 2021 remainder of the year, how much more provisioning we still have in place, particularly for the pandemics as well as the discretionary reserves.

We still believe to post point we've got modest provisioning for this half of the year and according to our own expectations for 2022, we should still be able to cover what you call some of it, but we obviously don't know the severity of the future waves as well as what other variants you're going to get into the future. So, depending on all those variables, we're trying our best to prepare for it, but it is an uncertain future.

## A - Unidentified Speaker

Yeah, indeed. Absolutely, it is. Paul, back to ESG. I mean, I know you're very passionate about community development, sustainability issues generally. Can you maybe just give us a sense of what your view is? What you're thinking around the position and the leadership role that Sanlam needs to take on the topic of sustainability or ESG.

## A - Paul Hanratty {BIO 7445748 <GO>}

Look, Karl. Every business, everywhere in the world needs to think about the long-term sustainability of its operations, and for us in our industry, we're effectively long-term savings and investment industry. We need strong economies and, without getting too philosophical about it, I think what COVID has done has illustrated how sick the world actually was when we went -- went into things. So if anybody is in any question or doubt about the impacts of climate change and so on, they should now no longer be in any doubt, because we can see the world recovering quite quickly actually.

So, but the challenges remain there in the long-term and particularly here in Africa and India we've got also some additional challenges that more developed countries would not have. So, access to financial services is an absolutely paramount issue and actually, if you go back to the formation of Sanlam more than 100 years ago, our purpose has always been to help people to uplift themselves, using the power of financial services.

So, that remains key to us and it's obviously why we are hugely involved and you and your team are usually involved in financial literacy, consumer education, trying through our partnership with MTN to extend financial inclusion. So, these are really very cool to us, but it'd be nice for Robert to talk as well because the other thing we do is we deploy capital. So, we raise capital from people. We then deploy it and Robert's team are responsible for

that, and they've put an enormous amount of effort into thinking how they do that, in a way that creates a future for all of us. Not just for our customers and for Sanlam, but for all the communities and societies in which we operate, to do that.

And I don't know Robert, if you want to talk a little bit about your thinking there.

### **A - Robert Roux {BIO 18773329 <GO>}**

The -- what has been true is that the G part of the ESG has always been the one that was well done throughout the industry and we could tick the boxes, but more or more so, everyone's concentrating on what's the impact that you make.

In South Africa, we are working -- doing our best to ensure that we have an impact through creating jobs. It's very -- it's almost easier in some of the capital markets that we're playing, like in private equity, where we can make a direct impact in the way that we operate and create jobs, and we've seen and Paul has alluded to them earlier, some of the investments that we've made, that has really made an impact from that perspective.

But we also want to play a role overall in the economies, especially in emerging markets and that's why we started with the climate fund rage, firstly with the energy front and now we're busy deploying the water and oceans front.

In the process while we want to make an impact in society and make sure that we make whatever investment we do, more sustainable as a process. For our local asset manager, we've started with a partnership with Rebecca that plays -- that has a vast experience in ESG, and we're starting to integrate that processes into our own investment process.

I think what is important is that you have to overtime illustrate that the impact of using these processes --the ESG processes, will give you a better return, and I think it is becoming more and more evident across the world.

### **A - Unidentified Speaker**

Great. Thank you. Robert. Indeed, I think, issues of sustainability are absolutely critical in recent times, and companies are increasingly being called upon to account in terms of their activities, and the impact that the activities have on the environment.

We've also seen an increase in climate-related litigation. Sure, it hasn't quite touched countries on the African continent yet, but we are susceptible to changes in the environment, and I think increasingly companies are going to be held to account, in terms of the activities and how it relates to that.

So, thank you very much for those responses. Our questions have dried up on the various platforms. We still have a few minutes to go. I don't know if there are any last parting shots. I'll maybe start in (Technical Difficulty) with the colleagues there, Heinie, Jurie, any parting shots from your side before we come to Midrand?

We're okay on this side. Thanks, Karl.

Great. Thank you, Wikus, Lotz, Abigail?

**A - Abigail Mukhuba** {BIO 20217730 <GO>}

And nothing additional, except to say Sanlam continues to be very strong, resilient and we're confidently pushing on into the rest of 2021 and we hope to achieve most of our targets.

**A - Unidentified Speaker**

So living with confidence.

**A - Abigail Mukhuba** {BIO 20217730 <GO>}

Yep.

**A - Unidentified Speaker**

I like that. And then, last but not least, Paul.

**A - Paul Hanratty** {BIO 7445748 <GO>}

Karl, thanks very much to you and to the whole team as well. And a very special thank you to all of our staff and management. You've done a tremendous job on behalf of all of our customers, stakeholders and shareholders.

I think you've done a really tremendous job and I was going to say, you, unfortunately, said it Karl. We can all live with confidence and anybody who deals and partners with Sanlam, puts your family's future entrusted to us, can truly live with confidence.

So thank you very much for giving us your time and we look forward to serving you all in the future as well.

**A - Unidentified Speaker**

Thank you, Paul. Thank you, colleagues, here in Midrand and in Cape Town. Thank you to our guests, and thank you for the questions as well. What remains is for me, really to wish you all safety. Get vaccinated, please. And all of the very best. Thank you.

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