

## **Environmental impact**

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Every one of us has a responsibility to help save our scarce resources for future generations. We are driven by this belief and by our sincere desire to find new ways to reduce our impact on the environment so that we can make a positive difference as we work together to build a world worth living in.

# Why managing our environmental impact is important

## We focus on the following material issues

### Business strategy



### Material issues

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**By impacting people's lives, climate change affects both general insurance and the long-term insurance business. Natural disasters and the impacts of extreme weather will continue to raise the risk profile of clients in the general insurance industry, while disrupted and contaminated water supply will have a negative impact on the health and mortality of human populations, affecting the long-term insurance industry. As Wealthsmiths™ we are driven by a sincere desire to make a positive difference and to create a world worth living in. This starts with us caring for our environment.**

We are working with the World Wide Fund for Nature South Africa (WWF-SA) to gain a better understanding of the impact of environmental risk on Sanlam's investments. This also supports our obligation as a signatory to the United Nations Principles for Responsible Investment (UNPRI) to favour companies that demonstrate sound and responsible practices (See Responsible investing, page 73).

Sanlam's direct impact on the environment is small within the context of our business operations. Our impact is largely the result of the presence and activities of our people working in our six major office buildings across South Africa. However, as a leading institution in our country, it is important that we set an

example by managing our natural resources responsibly as a precursor to commenting on, or attempting to influence, the behaviour of the companies in which we invest.

More efficient use of energy and natural resources also has the benefit of leading directly to operational efficiencies and cost savings, and motivating employees to live the Wealthsmith™ values of prudence and long-term thinking. It also contributes to a low carbon economy.

### A strategic focus on embedding a green mindset

Our Energy Management Forum is playing an increasingly important role in improving Sanlam's environmental performance. There is also growing awareness throughout the business that improving environmental performance demands clear targets, accurate measurement and formal structures.

Considering our employees' widespread interest in environmental issues, we plan to improve the way we engage people in this area to ensure we maximise the value of their involvement. We also recognise that we need to take a stronger approach to vetting our suppliers' green credentials.

All clusters participate in quarterly group environmental forum discussions. Business units have their own boards and executive committees that structure their activities within appropriate delegated authority levels.

### Commentary on performance

Our carbon emissions decreased by **1,8%** ▾ per full-time employee in 2015. We achieved massive electricity reductions in 2015.

Over the last five years we have reduced our water consumption by **53%**.

\* Refer to Responsible investment, page 73.

### Current performance

**9,54** ▾  
Emissions/FTE

**298** ▾  
Electricity usage  
(kWh/m<sup>2</sup>) (all buildings in scope)

**0,53** ▾  
Water usage  
(kl/m<sup>2</sup>)

**36,2** ▲  
Paper consumption  
(kg/FTE) (office paper only)

Reporting on Santam and SEM is not included in this report.

## Environmental impact material issues

### Key performance indicators

	2010*	2013	2014	2015	2015 target
Emissions/FTE	11,77	9,77	9,71	<b>9,54</b>	15% reduction (10,00)
Emissions per m <sup>2</sup>	0,48	0,42	0,44	<b>0,44</b>	15% reduction (0,41)
Electricity usage (kWh/m <sup>2</sup> )**	390	316	312	<b>298</b>	20% reduction (312)
Water usage (kℓ/m <sup>2</sup> )	1,06	0,74	0,63	<b>0,53</b>	10% reduction (0,90)
Paper consumption (kg/FTE)***	21,68	33,52	30,90	<b>36,2</b>	15% reduction (18,43)
% Waste to landfill (%) by weight	58	50	49	<b>44</b>	10% of total waste (10)
Recycled waste by weight (%) (kg)****	42	50	51	<b>56</b>	90% of total waste (90)

\* Baseline year.

\*\* All buildings in scope (of total space including common areas, but excluding consumption by external tenants).

\*\*\* Office paper only.

\*\*\*\* Sanlam Head Office only.



Sanlam renewed its partnership with the WWF SA. The power of this partnership is focused on supporting a water-securing future for South Africa. The Journey of Water campaign ([www.journeyofwater.co.za](http://www.journeyofwater.co.za)) aimed to raise awareness around the fact that water does not come from a tap, but travels a long route from our delicate water source areas. In addition, these water source areas cover 8% of our land surface, but produce 50% of the country's surface water.



## Success stories from 2010 – 2015 target cycle

# We met and exceeded our energy reduction targets in 2015.

Sanlam reduced its annual electricity consumption by 7,9 million kWh between 2010 and 2015. This is enough electricity to power around 1 437 households in South Africa per year.

We exceeded our water targets. In our bid to help create a world worth living in, we are committed to driving awareness around the importance of water security and how we can use it wisely. In 2015, as in 2014, we participated in the Global Water Disclosure Project, which enables society to interrogate how its corporate citizens use this scarce resource.



### Areas for improvement from 2010 – 2015 target cycle

#### Waste management



We are aware that we are running out of landfill space and this is a serious social and environmental issue. At Sanlam, we choose to do the right thing and take responsibility for our waste. In doing so, we support the growing green economy of recyclers and up-cyclers that turn waste into wealth.

Meeting our waste targets has been a challenge and this journey will continue until we are able to meet our zero waste-to-landfill target at Sanlam Head Office by concentrating on training and promoting separation at source.

## Environmental impact material issues continued

### Setting our 2020 environmental targets

Sanlam and Santam have committed to reducing their office buildings' scope 1 and scope 2 emissions intensity by 10% per employee by 2020, relative to 2014 levels. Apart from greenhouse emission targets, Sanlam will also have environmental sustainability targets linked to electricity, water, travel, waste and investments. This means committing to recording and tracking at least 80% of our scope 3 emissions.

#### Proposed breakdown

Overall Group target	Scope	Resource	Proposed target
Sanlam/Santam commits to reducing its offices' scope 1 and scope 2 emissions intensity by 10% per employee by 2020, relative to 2014 levels.	1 and 2	<b>Energy/ Electricity</b>	<b>10%</b> reduction by the end of 2020 per m <sup>2</sup> /full time employee based on 2014 levels*
	3	<b>Office paper</b>	<b>10%</b> reduction by the end of 2020 based on 2014 levels per full time employee
	3	<b>Waste/ recycling</b>	<b>10%</b> reduction per full-time employee by the end of 2020 based on 2014 levels <b>50%</b> recycling for the Sanlam Group Sanlam Head Office – zero waste-to-landfill target to be carried over to 2020
	3	<b>Travel</b>	<b>10%</b> reduction km per full-time employee based on 2014 levels
	3	<b>Water</b>	Water balance* through WWF-SA water balance projects
	3	<b>Investments</b>	Still being discussed

\* Both m<sup>2</sup> and full time employee will be taken into consideration.

\*\* Water balance programme with WWF-SA is aimed at clearing alien plants in selected area(s) around the country in order to promote maximum water catchment, also contributing towards job creation.

### Carbon footprint and energy

#### KPI table for carbon footprint and energy

	2010*	2013	2014	2015	2015 target
Total carbon footprint (tCO <sub>2</sub> e/FTE)	58 179	53 955	53 092	<b>54 029</b>	15% reduction 49 452
Total carbon footprint (tCO <sub>2</sub> e/FTE)	11,77	9,77	9,71	<b>9,54</b>	
GHG emissions per m <sup>2</sup>	0,48	0,42	0,44	<b>0,44</b>	
Scope 1**	41	68	115	<b>135</b>	LA
Scope 2***	44 535	38 988	39 584	<b>36 999</b>	LA
Scope 3	11 677	14 712	13 311	<b>16 850</b>	
Total electricity usage (kWh) million			38,4	<b>36,6</b>	
Other non-Kyoto GHG emissions****	1 926	187	82	<b>35</b>	
Electricity usage (kWh/m <sup>2</sup> of total office space including common areas, but excluding consumption by external tenants)	390	316	312	<b>298</b>	20% 295
<b>Business travel</b>					15%
– Air travel – km/FTE	5 519	5 104	4 665	<b>5 188</b>	4 692
– Car rental – km/FTE	193	187	163	<b>193</b>	164
– Hotel accommodation – bed nights/FTE	1,85	1,98	3,20	<b>3,98</b>	1,57

\* Baseline year.

\*\* Scope 1: This represents one of the KPIs of our Sustainability Management Framework. The basis of measurement thereof is scope 1 emissions based on the GHG protocol for six buildings: Sanlam Head Office, Sanlam Investments, Glacier, Alice Lane (Sandton), Sanlynn and Sanlam Sky.

\*\*\* Scope 2: This represents one of the KPIs of our Sustainability Management Framework. The basis of measurement thereof is scope 2 emissions based on the GHG protocol for six buildings: Sanlam Head Office, Sanlam Investments, Glacier, Alice Lane (Sandton), Sanlynn and Sanlam Sky.

\*\*\*\* Non-Kyoto protocol GHG emissions are reported separately according to GHG protocol.

LA Limited Assurance.

The biggest contributor to our carbon emissions is the electricity we consume from the national grid. This consumption presents significant challenges, given the sharply rising costs of energy and its derivation from coal. It is therefore critical that Sanlam conserves its usage of electricity and ensures its supply can maintain critical IT systems around the clock. Our energy conservation strategy continues to aim to achieve efficiency gains before committing to capital outlay.

This year, we again participated in the Carbon Disclosure Project (CDP) and Sanlam achieved a score of 98B (2014: 94A). Of the 83 companies that were assessed for the JSE/FTSE Russell Index, 61 qualified and Sanlam was among the top 30 to make the index this year. Santam was also among the 61 qualifiers for the FTSE/JSE Socially Responsible Investment (SRI) Index. We have also been included in the Dow Jones Sustainability Index. We are the only South African life insurer included in the emerging market index out of the 83 companies.

Our carbon emissions for 2015 were 54 029 tCO<sub>2</sub>e (2014: 53 092 tCO<sub>2</sub>e) for an intensity of 9,54 tCO<sub>2</sub>e/FTE. Our total emissions decreased by 7% compared to 2010. As previously stated, by far the biggest contributor to our carbon footprint is the municipal electricity we purchase from Eskom. It comprises 68% of the total. Sanlam Head Office contributes the greatest proportion at 70% of the total.

In 2015, we have reduced electricity consumption per square metre by 24% compared to 2010.

Measured against the 2010 baseline, our indirect emissions (scope 3) increased by 44%. This is due to the inclusion of additional factors in the calculation of the carbon footprint from flights, vehicle fleet and waste. In 2015, we also included staff commuting as part of our scope 3 emissions. In 2015 average emissions per full-time employee for staff commuting decreased from 1,24 to 1,18.

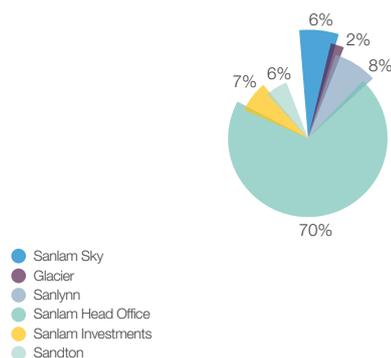
### Electricity consumption per building 2015

	Consumption per building		Consumption per building	
	2014 million kWh	(%) 2014	2015 million kWh	(%) 2015
Sanlam Sky	2,21	6	2,21	6
Hyde Park/Sandton*	1,10	3	2,23	6
Glacier	1,48	4	0,83	2
Sanlynn	2,86	7	2,94	8
Sanlam Head Office**	28,05	73	25,67	70
Sanlam Investments	2,73	7	2,71	8
Total	38,42	100	36,59	100

\* The Sandton building replaced Hyde Park as from 1 December 2014.

\*\* Sanlam is responsible for 94% of the Head Office building's total electricity consumption. Tenants are liable for the balance. Sanlam is responsible for all the electricity consumed by all other buildings.

Consumption per building 2015  
(36,6 million kWh)





## Making our events carbon neutral

In 2014, our plans to make all our sponsorship events carbon neutral took an important step forward when the Sanlam Cape Town Marathon (SCTM) became the first sporting event in South Africa to gain carbon neutral status. We achieved this landmark by purchasing carbon credits traded on the JSE platform using existing financial and commercial infrastructure.

In 2015, we went one step further by introducing an app in partnership with Green Pop and the Climate Neutral Group that enabled SCTM participants to offset their own carbon emissions associated with travelling to and from the event.

In less than two minutes, participants could use the app to offset their emissions by buying their carbon credits online.

This emphasis on carbon neutrality aligns directly with our overall sustainability strategy and targets, which included reducing our carbon footprint by 15% by the end of 2015 based on 2010 emissions. The benefits certainly added up. The 2015 marathon attracted more than 15 000 runners from around the world. Its total greenhouse gas emissions were calculated at 1 292 tCO<sub>2</sub>e, or around 0.08 tCO<sub>2</sub>e per participant.



The SCTM is not the first Sanlam-sponsored event to be declared carbon neutral. Since 2013, we have also purchased carbon credits to offset gas emissions from our annual Benchmark Symposium.

## MI Environmental resource conservation

The material aspects that have the biggest impact on Sanlam's environmental resource conservation are water and paper usage, the responsible management of our waste stream and green buildings.

### KPI table for environmental resource conservation

	2010	2013	2014	2015	2015 target
Total water usage (kℓ)*	127 899	93 612	77 270	<b>65 275</b>	
Water usage (kℓ/m²)	1,06	0,74	0,63	<b>0,53</b>	
Total paper consumption (tonnes)	158 085	236 897	224 412	<b>204 928</b>	
Paper consumption per FTE (kg/FTE)	21,68	33,52	30,90	<b>36,2</b>	<b>15% reduction</b>
% Waste to landfill by weight (kg)**	58	50	44	<b>44</b>	<b>10</b>
% Recycled waste by weight (kg)**	42	50	56	<b>56</b>	<b>90</b>
Total waste generated (kg)	586,1	717,5	740,6	<b>617,2</b>	

\* This represents one of the KPIs of our Sustainability Management Framework. The basis of measurement is water usage for six buildings: Sanlam Head Office, Sanlam Investments, Glacier, Sandton, Sanlynn and Sanlam Sky.

\*\* Head Office only.

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## > Water

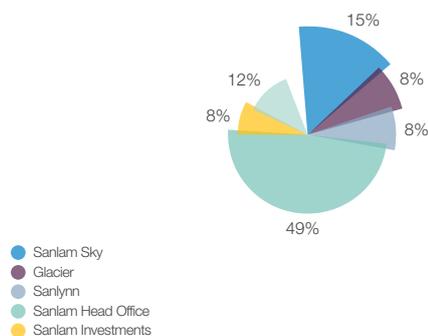
We are not a water-intensive business. However, we recognise that we have a responsibility as a corporate citizen to address the challenges of water scarcity in the country.

Based on our municipal accounts, we estimate that the Sanlam Head Office accounts for more than 40% of our total water usage, primarily through the HVAC system. By improving efficiencies, we are reducing our energy requirement, and also our water consumption. We have reduced our water consumption by 53% per m² since 2010.

During 2015, we participated in the Global Water Disclosure Project. This initiative is designed to enable society to examine how its corporate citizens use this scarce resource.

Our aim is to become water balanced by investing in WWF-SA's water balance programme, focusing on the community project aimed at clearing alien plants in selected area(s) around the country in order to maximise water catchment.

Consumption per building 2015  
(65 275 kℓ)



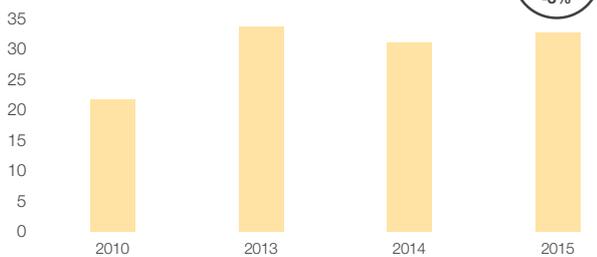
# Environmental impact material issues continued

## > Paper

The manufacturing process of paper demands considerable energy, accompanied by the threat of pollution in the form of chlorinated organic compounds used in the bleaching process. In addition, paper not recycled decomposes in landfills, releasing methane, a greenhouse gas 21 times the heat trapping power.

In response, Sanlam uses environmentally friendly paper certified by the Forest Stewardship Council (FSC) and recycles used paper.

Paper consumption\* (kg/FTE)



	2010	2013	2014	2015
Total kg*	158 085	236 897	224 412	<b>204 928</b>
Kg of paper/FTE	21,68	33,52	30,9	<b>32,6</b>

\* Office paper only.

## > Waste

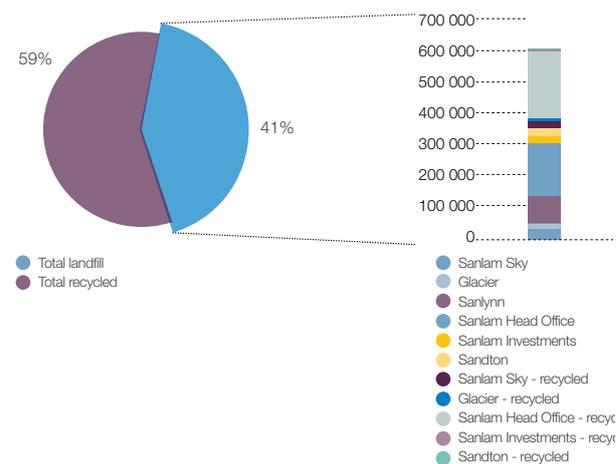
Apart from paper, the waste we produce includes printer ink cartridges, packaging and food. Unless it is consciously managed, this waste ends up in landfills, presenting significant town planning challenges while also adding to the pollution load on the environment.

We are committed to reducing the Group's waste to landfill and increasing its recycling capacity. As Wealthsmiths™, we realise the importance of recycling and sharing tips on how to recycle correctly.

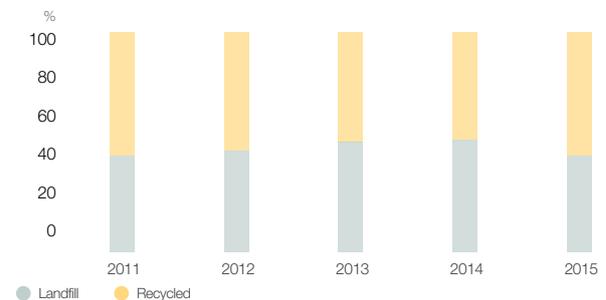
Our overall waste (kg/FTE) has decreased by 14% since 2011, largely as a result of better record keeping. In previous years we based a significant proportion of our information on estimates, but we have now introduced tighter monitoring that will enable us to achieve accurate and auditable waste figures.

In 2015, a communications strategy was drafted and during the year, we took steps to train staff on environmental sustainability, with a particular emphasis on energy, water and waste. This will continue into 2016.

Waste by building 2015 (617 187 kg)



Sanlam Head Office waste split



## Green buildings

By using natural light and ventilation, as well as smart design for the movement and accommodation of employees, green buildings use significantly less energy and other resources.

Sanlam accommodates almost all of its 5 661 full-time employees in six major buildings. Two of these buildings have now achieved four-star status: a new seven-storey office block in Gauteng, close to the Sandton Gautrain station, and the Glacier building in Cape Town.

We have consolidated our staff complement as far as possible in the new four-star buildings, in order to reduce the need for less efficient buildings. Furthermore, we are assessing the other four buildings for their green building status and will use this understanding to make improvements in environmental efficiency.

During the year, we intensified our focus on the challenges associated with making our buildings and facilities as environmentally efficient as possible. We developed sustainable business cases for incorporating the most innovative and environmentally advanced designs into our building infrastructure. Significantly, we expanded this focus beyond our Head Office to cover all our buildings, notably our data centre.



### Water stewardship



## WWF Sanlam partnership

### WWF Sanlam partnership extended for three years

South Africa is one of the 30 most water-stressed countries in the world, with an average of just 450 mm rainfall a year. Additionally, only 8% of our country's land area provides more than 50% of our surface water. To add to these challenges, South Africa is currently experiencing its worst drought since 1992, affecting food production in some critical farming regions. Ultimately, partnerships – within the private sector and between the public and NGO sectors – are required in order to address South Africa's various water challenges. The rationale behind Sanlam's partnership with WWF South Africa, which started nearly 10 years ago, is easy to appreciate in this context.

### To date, Sanlam has committed R30 million to the partnership,

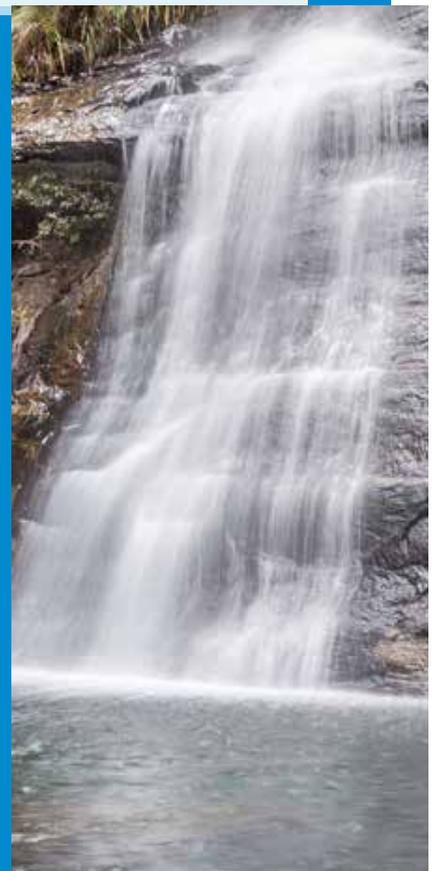
and we are now extending this relationship for another three years, committing a further R20 million. Sanlam's investment goes towards securing South Africa's water source areas, promoting water stewardship, and empowering local government to integrate freshwater protection into its policies and plans.

Sanlam has also invested in a collaborative project with Cape Nature to clear 95,2ha of selected management compartments within the Driftsands Nature Reserve of alien invasive vegetation via WWF-SA.

The specific project objectives have been:

- ① To control the spread of invasive woody alien species and
- ② Contribute to local economic development and job creation through the creation of approximately 653,15 person work days.

The purpose, and real social impact, of clearing these compartments and substantially reducing the related biomass is the reduction in risk of fires that confront the surrounding informal settlement.



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