

Independent limited assurance report on selected key performance indicators to the directors of Sanlam Limited Group

Our Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected key performance indicators (selected KPIs) as presented in Sanlam Limited Group's Sustainability Supplementary Report: Environmental Impact (Environmental Impact Report) for the year ended on 31 December 2016, are not prepared and presented, in all material respects, in accordance with Sanlam's internally defined measurement and reporting criteria for reporting the selected KPIs.

Ernst & Young Inc. (EY) has undertaken a limited assurance engagement on the selected KPIs described below presented in the Sanlam Limited Group (Sanlam) Environmental Impact Report for the year ended 31 December 2016. This engagement was conducted by a multidisciplinary team including social, economic, environmental and assurance specialists with extensive experience in sustainability reporting.

Subject matter

Our limited assurance engagement was performed for the selected KPIs listed below and related performance disclosures as presented in the Environmental Impact Report.

Selected KPIs	Boundary
Scope 1 carbon emissions	The following buildings:
	<ul style="list-style-type: none"> ⊙ Sanlam: Head office, Houghton, Sanlam Investment Management, Alice Lane, Glacier, Sanlynn
Scope 2 carbon emissions	<ul style="list-style-type: none"> ⊙ Santam: Head office, Auckland Park, Garsfontein, Alice Lane, Glacier
Water consumption	The following buildings: Sanlam Head Office, Houghton, Sanlam Investment Management, Sanlam Alice Lane, Sanlam Glacier and Sanlynn.

These selected KPIs, prepared and presented in accordance with management's internally defined measurement and reporting criteria (management's measurement and reporting criteria), are marked with an 'LA' on the relevant pages of the Environmental Impact Report where they appear.

Management's internally developed measurement and reporting criteria for these selected KPIs are provided within the footnotes contained in the Environmental Impact Report where the KPIs are reported.

The scope of our work was limited to the selected KPIs presented in the Environmental Impact Report, and did not include coverage of data sets or information relating to areas other than the selected KPIs, information reported outside of the Environmental Impact Report, comparisons against historical data, or management's forward-looking statements.

Directors' responsibilities

You are responsible for the selection, preparation and presentation of the selected KPIs in accordance with management's internally developed measurement and reporting criteria, as presented in the Environmental Impact Report. You are also responsible for determining the appropriateness of those measurement and reporting criteria in view of the intended users of the selected KPIs disclosed in the Environmental Impact Report (i.e. Sanlam stakeholders) and for disclosing those criteria for the intended users (i.e. disclosed in footnotes within the Environmental Impact Report). Furthermore, you are responsible for the identification of stakeholders and stakeholder requirements, material issues, for commitments with respect to sustainability performance and for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the selected KPIs in the Environmental Impact Report free from material misstatement, whether due to fraud or error.

Inherent limitations

Inherent limitations of assurance engagements include use of selective testing of the information being examined, which means

Independent limited assurance report on selected key performance indicators to the directors of Sanlam Limited Group continued

that it is possible that fraud, error or non-compliance may occur and not be detected in the course of performing the engagement.

Carbon emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

There are additional inherent risks associated with assurance engagements performed for non-financial information given the characteristics of the subject matter and associated with the compilation of source data using definitions and methods for determining, calculating, and estimating such information that are developed internally by management. The absence of a significant body of established practice on which to draw, allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. The precision of different measurement techniques may also vary. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. In particular, where the information relies on factors derived by independent third parties, our assurance work has not included examination of the derivation of those factors and other third-party information.

Our independence and quality control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants as well as the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Service Engagements*, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to perform our limited assurance engagement to express our conclusion on whether anything has come to our attention that causes us to believe that the selected KPIs as presented in the Environmental Impact Report are not prepared, in all material respects, in accordance with management's internally developed measurement and reporting criteria for those KPIs. We have performed our limited assurance engagement in accordance with the terms of reference for this engagement agreed with Sanlam, which include performing the engagement in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised), *Assurance Engagements other than the Audits or Reviews of Historical Financial Information* and ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board. Those Standards require that we plan and perform our engagement to obtain limited assurance about whether the selected KPIs as presented in the Environmental Impact Report, are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) and ISAE 3410 involves assessing the suitability in the circumstances of managements' internally developed measurement and reporting criteria as the basis of preparation for reporting the selected KPIs, assessing the risks of material misstatement of those selected KPIs, whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected KPIs.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above, we:

- ① Interviewed management and senior executives to obtain an understanding of the basis of preparation and presentation of the selected KPIs (including management's internally developed measurement and reporting criteria applied to prepare and present those selected KPIs), and of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process and the presentation of those KPIs in the Environmental Impact Report. In doing so we did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness;
- ① Inspected documentation to corroborate the statements of management and senior executives in our interviews;
- ① Reviewed Sanlam's process for determining material selected KPIs, to be included in the Environmental Impact Report;
- ① Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against management's internally developed reporting criteria;
- ① With respect to the scope 1 and 2 carbon emissions, evaluated whether Sanlam's methods for developing estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Sanlam's estimates;
- ① Evaluated the reasonableness and appropriateness of significant estimates and judgements made by the directors in the preparation of the other selected KPIs; and
- ① Evaluated whether the selected KPIs presented in the Environmental Impact Report are consistent with our overall knowledge and experience of sustainability management and performance at Sanlam.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result the level of assurance obtained in our limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the selected KPIs presented in the Environmental Impact Report have been prepared, in all material respects, in accordance with management's internally developed measurement and reporting criteria for those KPIs.

➤ Other matters

Information relating to prior reporting periods has not been subject to assurance procedures. Our report does not extend to any disclosures or assertions relating to future performance plans and/or strategies disclosed in the Environmental Impact Report.

The maintenance and integrity of Sanlam's website is the responsibility of Sanlam management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the selected KPIs in the Environmental report, or our independent assurance report that may have occurred since the initial date of presentation on the Sanlam website.

➤ Restriction of use and liability

Our work has been undertaken to enable us to express a limited assurance conclusion in respect of the selected KPIs in our report provided to the directors of Sanlam in accordance with the terms of our engagement, and for no other purpose. Our report is intended solely for the Directors of Sanlam and should not be used by any other parties. To the fullest extent permitted by the law, we do not accept or assume liability to any party other than the directors of Sanlam, for our work, for this report, or for the conclusion we have reached. We agree to the publication of this assurance report in Sanlam's Annual Reporting Suite for the year ending 31 December 2016, provided it is clearly understood by recipients thereof that they enjoy such receipt for information only and that we accept no duty of care to them whatsoever in respect of this report.

Ernst & Young Inc.

Ernst & Young Inc.

Director: Johanna Cornelia de Villiers
Registered Auditor
Chartered Accountant (SA)

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8 March 2017