



SANLAM LIMITED
(‘Sanlam’/‘the Group’/‘the Company’)

RISK AND COMPLIANCE COMMITTEE
CHARTER

(Terms of Reference)

VERSION CONTROL

The 2022 version of the Risk and Compliance Committee (“the Risk Committee”/“the Committee”) Charter was reviewed with the primary focus of updating Sanlam’s Group Governance documents to ensure alignment to the new governance processes and structures.

CONTENT UPDATES:

A comprehensive review was undertaken and approved during 2021. This 2022 review proposes changes of a minor nature relating to language and syntax. These proposed changes that the Committee is requested to note and endorsed, have been included herein in tracking mode.

FOR NOTING PURPOSES:

Due to the number of layout and formatting changes, a review of the Charter in tracking mode was not considered practical. Therefore, only those proposed changes that the Committee is however requested to note and/or endorse, have been included herein in tracking mode.

DRAFT

1. INTRODUCTION

- 1.1 The Risk and Compliance Committee (“the Committee”) is a Committee of the Board of Directors of Sanlam. This document sets out the duties assigned to it by the Board over and above its statutory duties;
- 1.2 The Committee is constituted in alignment with:
 - 1.2.1 The Insurance Act, 2017 and the Prudential Standard on the Governance of Insurance Groups (GOG) read with the Prudential Standard on the Governance of Insurers (GOIs, specifically GOI2); and
 - 1.2.2 The principles outlined in the King IV Report on Corporate Governance™ for South Africa 2016 (“King IV™”) to the extent that its recommended practices have been adopted by the Company;
- 1.3 The Committee's mandate extends to the Company, the Sanlam Limited Insurance Group and all the Company’s subsidiaries that are required to have a Risk Committee and, save where the context indicates otherwise, any reference in this Charter to the Company shall be deemed to include a reference to each such subsidiary;
- 1.4 The duties and responsibilities of the Committee as set out in this document are in addition to those duties and responsibilities that they have as members of the Board. The deliberations of the Committee members do not reduce their individual and collective responsibilities as members of the Board in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their legal obligations; and
- 1.5 These terms of reference are subject to the provisions of the Companies Act (Act 71 of 2008), as amended, Sanlam’s Memorandum of Incorporation, the JSE Listing Requirements (“JSE”), the Insurance Act, 2017, including the Prudential Standards issued in terms thereof, and any other applicable law or regulatory provision.

2. PURPOSE OF THE TERMS OF REFERENCE

- 2.1 The purpose of these Terms of Reference is to set out *inter alia* the Committee’s role and responsibilities as well as the requirements for its composition and meeting procedures.

3. MANDATE

- 3.1 The Committee has an independent role, operating as an overseer and a maker of recommendations to the Board for its consideration and final approval;
- 3.2 The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management;
- 3.3 The primary role of the Committee is to assist the Board with overseeing :
 - 3.3.1 Risk governance, which includes *inter alia* ensuring that:
 - 3.3.1.1 The Group has implemented an effective policy and plan for risk and opportunity management that will enhance the Company’s ability to achieve its strategic objectives; and
 - 3.3.1.2 The disclosure regarding risk is comprehensive, timely and relevant.
 - 3.3.2 Compliance management; and
 - 3.3.3 Information and Information Technology (IIT) Governance.

4. RESPONSIBILITIES OF THE COMMITTEE

a) RISK MANAGEMENT

- 4.1 The Committee's function is to assist the Board to discharge its governance responsibilities as it relates to risk management by:
- 4.1.1 Setting the Group's risk management strategy and the direction for how Sanlam approaches and addresses risk management including the:
 - 4.1.1.1 Consideration of both risks and opportunities associated with Sanlam's strategy;
 - 4.1.1.2 Consideration of potential positive and negative effects of those risks as they relate to achieving Sanlam's strategic objectives; and
 - 4.1.1.3 Approving Sanlam's policy that articulates and gives effect to the Board's direction on risk;
 - 4.1.2 Conducting the Own Risk and Solvency Assessment ("ORSA") process and conclude on the overall financial soundness of Sanlam Limited and the Sanlam Limited Insurance Group ("the Group") given the stated risk appetite;
 - 4.1.3 Treating risk management as an integral part of Sanlam's decision-making processes and how it executes its duties;
 - 4.1.4 Determining the risk appetite, the levels of risk tolerances as well as the risk limits for Sanlam Limited and the Group;
 - 4.1.5 Determining and considering the associated risks when capturing opportunities and do so in the best interest of Sanlam, including as it relates to Sanlam's dependence on resources and relationships as represented by the various forms of capital;
 - 4.1.6 Exercising oversight of management's design and implementation of the Sanlam Group Enterprise Risk Management Framework ("ERMF") that supports Sanlam in setting and achieving its strategic objectives;
 - 4.1.7 Exercising oversight of management's assessment of risks and opportunities emanating from the triple context in which Sanlam operates (i.e. the economy, society and environment) and the capitals that the Group uses and affects (i.e. financial-, manufactured-, intellectual-, human-, social and relationship- and natural capital);
 - 4.1.8 Performing frequent periodic evaluations of the effectiveness of the Group's ERMF structure and functions;
 - 4.1.9 Facilitating and ensuring the appropriate segmentation of duties of the risk management function from operational business line responsibilities and ensure that the segregation is observed;
 - 4.1.10 Introducing measures to enhance the adequacy and effectiveness of the Group's risk management system;
 - 4.1.11 Exercising oversight of management's design and implementation of appropriate risk responses as it relates to the identification of the build-up and concentration of the various risks to which Sanlam, and the Group, are exposed to; and the establishment of business continuity arrangements that allow Sanlam to operate under conditions of volatility and to withstand and recover from acute shocks;
 - 4.1.12 Identifying and regularly monitoring all material risks to ensure that its decision-making capability and accuracy in its reporting, is adequately maintained;

- 4.1.13 Exercising oversight of management's risk reporting functions and activities, including where relevant establishing a process for appropriate disclosure of Sanlam's risks and opportunities to its stakeholders;
- 4.1.14 Facilitating and promoting communication between the Board and management, through reporting structures, regarding the effectiveness of the risk management system; and
- 4.1.15 Co-ordinating the monitoring of risk management on a Group enterprise-wide and individual business unit basis.
- 4.2 Reviewing and assess the effectiveness of business risk management processes in the Group including, but not limited to:
 - 4.2.1 The risk governance structures;
 - 4.2.2 The ORSA;
 - 4.2.3 The risk competencies of Sanlam; and
 - 4.2.4 The Sanlam Group Risk Appetite statement.
- 4.3 Reviewing Sanlam's risk exposure as it relates to capital, earnings and market consistent value as well as Group's risk policies, covering all risks of Sanlam including but not limited to:
 - 4.3.1 Strategic Risk;
 - 4.3.2 Market and Credit Risk;
 - 4.3.3 Asset Liability Mismatch Risk;
 - 4.3.4 Insurance Risk;
 - 4.3.5 Fraud Risk;
 - 4.3.6 Operational Risk;
 - 4.3.7 Compliance Risk;
 - 4.3.8 Information and Information Technology risks;
 - 4.3.9 Environmental and Associated Risks;
 - 4.3.10 Reputational Risk;
 - 4.3.11 Legal and Regulatory Risk;
 - 4.3.12 The ORSA;
 - 4.3.13 Market Conduct Risk; and
 - 4.3.14 Funding Liquidity Risk.
- 4.4 Reviewing the quarterly risk reports submitted by the Group Chief Risk Officer and annually assessing the work performed by the Head of Control: Risk Function;
- 4.5 Reviewing the annual Supervisory ORSA Report and quarterly internal Group Update Reports, thereby confirming the internal capital adequacy position of Sanlam Limited and the Group;
- 4.6 Reviewing the liquidity position of Sanlam Limited and the Group;
- 4.7 Assessing the extent to which management has established effective risk management in the Group by:
 - 4.7.1 Defining (with the assistance from executive management) the nature, role, responsibility and authority of the risk management function within the Group, and outlining the scope of the Group's approach towards risk management;
 - 4.7.2 Considering reports by executive management on the appointment, performance assessment, remuneration, disciplining and dismissal of the Group Chief Risk Officer;
 - 4.7.3 Performing on a frequent basis, the fit and proper assessment of the risk management professionals;
 - 4.7.4 Reviewing and recommending for approval to the Board, the risk policies and strategies for the Group;

- 4.7.5 Reviewing the adequacy and overall effectiveness of the ongoing process for identifying, evaluating, monitoring, mitigating and managing the significant risks faced by the Group;
- 4.7.6 Considering reports by the auditors and other assurance providers on the overall risk management process;
- 4.7.7 Reviewing and discussing the management of material Group risks and whether management is responding appropriately thereto;
- 4.7.8 Ensuring that the Group's portfolio of risks and the risk management actions taken by management are in line with the defined risk philosophy and appetite of the Sanlam Ltd Board. Escalate to the Board any specific concerns regarding the exposure to and management of risk as and when necessary;
- 4.7.9 Reviewing and discussing with Internal and External Audit the alignment of their risk assessments (for audit purposes) with the identified risks of the Company and the Group.
- 4.7.10 Monitoring external developments including legal and regulatory matters, which may have a significant impact on risk management and management reporting of emerging risks;
- 4.7.11 Assisting the Board in identifying any build-up and concentration of the various risks to which the Group is exposed to;
- 4.7.12 Facilitating the communication between the Board, Board Committees, Internal Auditors, External Auditors, Compliance and any other parties engaged in risk management activities, including the risk managers of the various Sanlam Clusters' Governance Structures and business divisions;
- 4.7.13 Reviewing risk-related actuarial reports (e.g. medical updates, reinsurance, etc.);
- 4.7.14 Reviewing and discussing business risks that can influence the Integrated Annual Report and ensure that it is dealt with appropriately in the Integrated Annual Report by reporting it to the Audit, Actuarial and Finance Committee;
- 4.7.15 Reviewing the outcome of Combined Assurance and evaluate areas of risk where no assurance is provided to the Board by the Risk Management function, the Compliance function, the Head of the Actuarial Control Function, the Auditors or other assurance providers;
- 4.7.16 Making appropriate recommendations to the Board on whether the nature and size of the risks require any additional reporting on a periodic basis by management or independent assurance;
- 4.7.17 Reviewing the appropriateness and adequacy of insurance coverage in the Sanlam Group; and
- 4.7.18 Considering and reviewing the quarterly feedback reports presented to the Committee by the Cluster Finance and Risk Forums, the Group Actuarial Forum, the Sanlam Technology Council and the Group's Central Credit Committee relating to the governance and management of risk.

b) COMPLIANCE MANAGEMENT

- 4.8 The Committee's role and functions include assisting the Board in discharging its responsibility for the governance of compliance with applicable laws, regulations and adopted non-binding rules, codes and standards as well as adherence to internal policies and procedures by setting the direction for how compliance should be

- approached and addressed within the Group as well as overseeing the development of policies, for the Board's approval, that articulates and gives effect to its direction;
- 4.9 The Sanlam Limited Board and/or the (duly authorised) Committee shall delegate to management the responsibility for implementation and execution of effective compliance management within the Group; and
- 4.10 The Committee will exercise ongoing oversight of compliance matters and, in particular, oversee that it results in the following:
- 4.10.1 Compliance being understood not only for the obligations it creates, but also for the rights and protections it affords;
 - 4.10.2 Compliance management, taking a holistic view of how applicable laws and non-binding rules, codes and standards relate to one another;
 - 4.10.3 Continual monitoring of the regulatory environment and appropriate responses to changes and developments;
 - 4.10.4 Receiving periodic independent assurance on the effectiveness of compliance management systems and functions implemented by management;
 - 4.10.5 Defining (with the assistance from executive management) the nature, role, responsibility and authority of the Compliance function within the Group, and outlining the scope of the compliance risk management framework;
 - 4.10.6 In conjunction with executive management, the appointment, performance assessment, remuneration, disciplining and dismissal of the Head of the Compliance Control Function of the Group (Head of Group Compliance);
 - 4.10.7 On a regular basis, performing the "fit and proper" assessment of the Head of Group Compliance;
 - 4.10.8 Reviewing the adequacy and effectiveness of the system within the Group to ensure ongoing compliance with all relevant laws and regulations applying to Sanlam and the Group;
 - 4.10.9 Reviewing the report by the Company Secretary on applicable statutory compliance, including compliance with the requirements of the Memorandum of Incorporation;
 - 4.10.10 Monitoring regulatory inspections and/or visits (where applicable) and addressing deficiencies (if any) with management as and when necessary;
 - 4.10.11 Reviewing and recommending for approval to the Board those policies listed under the Compliance "tight" principles in the Group Governance Policy, which amongst other include the Group Compliance Policy, the Group Financial Crime Combating Policy, the Group Anti-Money Laundering and Countering of the Financing of Terrorism (AML/CFT) Policy and related policies of Sanlam and the Group;
 - 4.10.12 Reviewing management's reports on compliance with the Sanlam Group's Code of Ethical Conduct (i.e. noting this Committee's joint responsibility with the Social, Ethics and Sustainability Committee and the Human Resources and Remuneration Committee); and
 - 4.10.13 Reviewing the quarterly Group Compliance Report, the Group Forensic Services Report as well as the quarterly Regulatory Developments Report.

c) INFORMATION AND INFORMATION TECHNOLOGY GOVERNANCE

- 4.11 The Committee is the primary Board Committee responsible for Information and Information Technology (IIT) Governance, overseeing IIT risks and compliance to IIT-related regulations. The Committee also ensures that IIT governance across the Group

results in the Group deriving value from the use of, and investment in IIT. This oversight role is to ensure that IIT Management results in the following:

- 4.11.1 Effective integration of people, technologies, information and processes in digital solutions across the Group;
 - 4.11.2 The management of IIT risks and integration thereof into the organisation-wide risk management processes;
 - 4.11.3 The overseeing of the state of IIT Governance across the Group and getting assurance from management in these regards;
 - 4.11.4 Arrangements to provide for business continuity and cyber resilience;
 - 4.11.5 The proactive monitoring of intelligence to identify and respond to incidents, including cyber-attacks and adverse social media events;
 - 4.11.6 The management of risk pertaining to third-party service providers;
 - 4.11.7 Ethical and responsible use of Information Technology and of information;
 - 4.11.8 An effective information security architecture;
 - 4.11.9 The protection of privacy of personal information;
 - 4.11.10 That the technology architecture is forward looking and enables the achievement of strategic and operational objectives; and
 - 4.11.11 The monitoring of and appropriate responses to developments in technology and to emerging risks related to such developments, including the capturing of potential opportunities and the management of disruptive effects on the organisation and its business model.
- 4.12 The Committee shall oversee the development of IIT related policies, for the Board's approval, that articulates and gives effect to the Group's direction and strategy;
 - 4.13 The Committee is supported in this regard by the Digital Transformation and IT Forum (DTIT Forum), a sub-committee constituted to provide the Committee with a deeper level of oversight for the digital transformation and IT activities (strategy, governance and risk) within the Sanlam Group. The purpose of the DTIT Forum is to assist the Committee in fulfilling its duties regarding matters dealing with digital transformation and IT matters.
 - 4.14 The DTIT Forum's structure, mandate, membership and meeting procedures are set out in the DTIT Forum Charter.
 - 4.15 In fulfilling its purpose, the DTIT Forum will do the following:
 - 4.15.1 Act as an oversight body on digital transformation strategy and activities, IT governance, IT Compliance, IT risk and overall IT strategy, and report to this Risk and Compliance Committee.
 - 4.15.2 Oversee the output of the DTIT Forum and track overall Group-wide progress on strategy setting and execution for digital transformation.
 - 4.15.3 Provide strategic leadership, guidance and advise to the executive team on all matters related to digital transformation and IT, and the risks thereof.
 - 4.15.4 Receive all relevant report from the Group Chief Information Officer (CIO), and focus on resolving all matters related to IT, and report to this Risk and Compliance Committee.
 - 4.16 The Group CIO will prepare a quarterly CIO report and an IIT risk report to be presented to the Committee for its consideration.
 - 4.17 The Committee shall review and discuss the governance of IIT and whether management is responding appropriately thereto. It will escalate any specific concerns to the Board regarding the exposure to and management of Group information as and when necessary; and

4.18 The Committee shall monitor external developments including legal and regulatory matters, which may have a significant impact on how the Group governs its information and information technology.

d) DISCLOSURE REQUIREMENTS IN RELATION TO THE COMMITTEE'S MANDATE

4.19 The following disclosures are to be made in terms of Risk Management:

- 4.19.1 The Committee needs to provide an overview of the arrangements for governing and managing risk, including significant changes in policy as well as the overall role and associated responsibilities of the Committee;
- 4.19.2 The composition, including each member's qualifications and experience;
- 4.19.3 The number of meetings held during the reporting period and the attendance at each meeting;
- 4.19.4 The key areas of focus during the reporting period, including the objectives, the key risks that the Group faces, as well as undue, unexpected or unusual risks and risks taken outside the Group's tolerance levels;
- 4.19.5 The actions taken to monitor the effectiveness of risk management and how outcomes were addressed;
- 4.19.6 The Group's planned future focus areas;
- 4.19.7 A statement on whether the Committee is satisfied that it has fulfilled its responsibilities in accordance with these Terms of Reference during the reporting period; and
- 4.19.8 The Committee is also required to make a disclosure regarding any external advisors and/or invitees who regularly attend its meetings.

4.20 The following disclosures are to be made in terms of Compliance Management:

- 4.20.1 The Committee needs to provide an overview of the arrangements for the governance and management of compliance;
- 4.20.2 The key areas of focus during the reporting period;
- 4.20.3 The actions taken to monitor the effectiveness of compliance management and how the outcomes were addressed;
- 4.20.4 The planned areas of future focus;
- 4.20.5 A statement needs to be disclosed regarding any material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with statutory obligations, whether imposed on Sanlam or any entity in the Group or on the members of the Sanlam Limited Board or any of its officers; and
- 4.20.6 Details of the monitoring of and compliance inspections by environmental regulators, findings of non-compliance with environmental laws, or criminal sanctions and prosecutions for such non-compliance should be disclosed.

4.21 The following disclosures are to be made in terms of Information and Information Technology Governance:

- 4.21.1 The Committee needs to provide an overview of the arrangements for the governance, and management of, technology and information;
- 4.21.2 The key areas of focus during the reporting period, including objectives, significant changes in IIT related policies, significant acquisitions and remedial actions taken as a result of major incidents;
- 4.21.3 The actions taken to monitor the effectiveness of technology and information management and how the outcomes were addressed; and

4.21.4 The planned areas of focus.

e) OTHER MATTERS THE COMMITTEE CONSIDERS

- 4.22 The effectiveness and results of Sanlam's confidential reporting mechanism and process ("whistleblowing");
- 4.23 The results of management's self-assessments of the risk management, compliance management and IIT governance processes designed and/or implemented; and
- 4.24 Oversight of risk and capital management processes.

5 RELATIONSHIP WITH SANLAM GROUP COMPANIES

- 5.1 The Sanlam Board has approved a Group Governance Policy which proposes certain principles to be applied throughout the Sanlam Group in respect of subsidiary and associate companies, partnerships, joint ventures as well as business divisions across statutory entities. This also includes the broader governance aspects such as the following:
 - 5.1.1 Business Philosophy, Values and Code of Conduct;
 - 5.1.2 Business Definition / Strategy / Execution;
 - 5.1.3 Structure & Shareholding;
 - 5.1.4 Governance Structures;
 - 5.1.5 Capital Management;
 - 5.1.6 People Management;
 - 5.1.7 Assurance Providers;
 - 5.1.8 Risk Management;
 - 5.1.9 Compliance Management;
 - 5.1.10 Financial- and other reporting;
 - 5.1.11 Branding and Communication; and
 - 5.1.12 Sanlam Group Technology and Information (SGT).
- 5.2 Sanlam's interests in Group companies are managed primarily through its representatives on the Boards of directors of these companies, shareholder agreements, memoranda of incorporation, adherence to Group policies where such policies exist and Group/Cluster control functions that oversee the implementation of governance and risk management aspects at a business level.
- 5.3 The Boards of directors of each company within the Group, have a fiduciary duty towards that specific company, which compels them to manage the business in a manner that will ensure appropriate risk management strategies, an effective control environment and accurate financial reporting. It is the responsibility of these directors to support the Group and Cluster functionaries to ensure that the respective companies practice proper governance and adhere to the Group's policies and standards. They are furthermore assisted by the various functionaries and assurance providers at a Group and cluster level.
- 5.4 The Cluster Governance Structures and/or the Cluster Chief Executives are required to inform and report to the Committee any material deviations from Group policies and standards or the existence of any significant risks or opportunities within these businesses. They may report directly or institute appropriate reporting mechanisms such as the tabling of minutes of meetings that were held, an executive summary that highlights the salient aspects, formal written reports by the Cluster Governance Structures' Chair and/or by personal attendance at the Committee meetings;

- 5.5 Any deviations and/or permanent exceptions to the Board approved Governance Policy and/or the Sanlam Board Approval Framework (if any), need to be reported to the Committee by the Group Company Secretary;
- 5.6 The Sanlam Board requires that the Committee provides assurance regarding the quality of risk, compliance as well as IIT reporting and disclosures, including significant exposures being managed in the various areas. These aspects are all considered “tight” in terms of the Group Governance Policy and the Committee will therefore from time to time provide guidance or set Group policies through the Sanlam Board in respect of, *inter alia*:
 - 5.6.1 The Group’s Risk Management Philosophy and Strategy;
 - 5.6.2 Risk Governance structures;
 - 5.6.3 Acceptable Risk Appetite;
 - 5.6.4 Group Compliance; and
 - 5.6.5 Information and Information Technology Governance.

6 RELATIONSHIP WITH OTHER COMMITTEES

- 6.1 The Committee will provide input to other Board Committees in such matters that are relevant to those Committees to enable it to perform its responsibilities, in circumstances where aspects of those matters fall within the scope of responsibility of other Board Committees.
- 6.2 The Committee will also ensure an appropriate information flow between itself and other Board Committees such as the Audit, Actuarial and Finance Committee, the Sanlam Customer Interest Committee and the Social, Ethics and Sustainability Committee to enable the Committee access to market conduct or Treating Customers Fairly (“TCF”) related matters, risks and/or other information required to execute its responsibilities.
- 6.3 The Committee will receive regular feedback from the Cluster Finance and Risk Forums of the respective businesses within the Group as well as the management regarding its effectiveness and/or significant risks that the businesses might be exposed to from time to time.
- 6.4 The Committee will receive regular feedback from the Sanlam Technology Council regarding its effectiveness, significant IIT risks, the Group’s technology strategy and the state of IT Governance across the Group.
- 6.5 The Committee will receive regular feedback from the Group Actuarial Forum regarding the overall quality and integrity of actuarial reporting as well as the quality of the work performed by the professionals responsible for reporting. This includes solvency scenarios and projections in the Own Risk and Solvency Assessments; and
- 6.6 The Committee will receive regular feedback from the Group’s Central Credit Committee regarding the oversight and management of corporate credit risk including new assets originated, economic capital analysis, credit yield and loss experience, credit portfolio limits and utilisation, risk and exposure concentration, watch lists and provisions for doubtful debts and write-offs.

7 COMMITTEE AUTHORITY

- 7.1 The Committee acts in terms of the delegated authority of the Board as recorded in these Terms of Reference;
- 7.2 The Committee, in the fulfilment of its duties, is authorised to call upon the Chairs of the other Board Committees, any of the executive directors, company officers, the

Company Secretary and/or assurance providers including any employees within the Sanlam Group, to provide it with information as and when required;

- 7.3 In discharging its responsibility, the Committee (which has been duly authorised by the Board) hereby delegates the implementation and execution of effective risk management, compliance management and IIT governance practices to management and will from time to time prepare a list of its specific duties and areas of focus;
- 7.4 The Committee will also have the power to delegate its authority and duties to sub-committees or individual members of the Committee as it deems appropriate, provided it is not precluded by legal or regulatory requirements from doing so;
- 7.5 The Committee is authorised to investigate any activity within its terms of reference and to seek any information it requires from any employee in the Sanlam Group. All employees are expected to co-operate with any request made by the Committee;
- 7.6 The Committee has reasonable access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities;
- 7.7 The Committee, in carrying out its tasks under these terms of reference, may after consultation with the Chair of the Board, and in cooperation with the Company Secretary, obtain such independent professional advice (from both inside and outside Sanlam) at the Company's cost subject to the relevant Board approved process being followed, as it considers necessary to carry out its duties; and
- 7.8 The Committee makes the recommendations to the Board that it deems appropriate on any area within the ambit of these terms of reference, where action or improvement is required.

8 DELEGATION

- 8.1 Any delegation by the Board of any of its responsibilities to the Committee will not by or of itself constitute a discharge of the Board's accountability; and
- 8.2 The Board remains accountable to apply its collective mind to the information, opinions, recommendations, reports and statements presented by the Committee.

9. COMMITTEE APPOINTMENT AND COMPOSITION

- 9.1 The Sanlam Limited Board (in consultation with Nominations Committee) will nominate and appoint not less than 3 (three) directors to be members of the Committee. The Committee members shall comprise a combination of executive and non-executive members, with the majority being non-executive members;
- 9.2 Each member of the Committee will have one vote to exercise for the purposes of decision-making;
- 9.3 The Board will appoint the Committee Chair and determine the period for which s/he will hold office;
- 9.4 The Chair must be an independent non-executive director serving on the Board;
- 9.5 The Chairperson of the Board of Directors may be a member of the Committee, but he/she may not be the Chair of the Committee
- 9.6 The Company Secretary of Sanlam Limited will act as the secretary to the Committee;
- 9.7 If the Chair of the Committee is absent from a meeting:
 - 9.7.1 The members present shall elect one of the members present, to act as Chair; and
 - 9.7.2 Such an elected Chair must be an independent non-executive director serving on the Board;

- 9.8 At least 1 (one) member of the Audit, Actuarial and Finance Committee shall serve as an *ex officio* member of the Committee;
- 9.9 The members of the Committee, as a collective, must have sufficient qualifications and experience to fulfil their duties. All the members of the Committee must be financially literate, whereas risk management, compliance, legal or regulatory expertise as well as actuarial and related financial management expertise must be present. Committee members should enhance and maintain their risk management, actuarial, regulatory, IIT and accounting knowledge by participating in educational programmes arranged by Sanlam. Risk management, compliance, legal or regulatory expertise including actuarial and financial management expertise is defined as past employment experience in either risk, compliance, legal, regulatory, actuarial or finance, professional certification or any other comparable experience or background, including being or having been a chief executive officer, chief financial officer, chief actuary, chief risk officer, chief compliance officer or other senior officer with risk, compliance or actuarial oversight responsibilities;
- 9.10 The Committee may request any other officer or employee of Sanlam or Sanlam's outside counsel to attend a meeting as invitees of the Committee or to meet with any members of, or consultants to, the Committee. The following people (and/or designations) will have a standing invitation to attend the Committee meetings:
- 9.10.1 Chair of the Sanlam Ltd Board;
 - 9.10.2 Group Chief Executive Officer ("CEO");
 - 9.10.3 The CEOs of the various business Clusters and other Sanlam executive managers;
 - 9.10.4 The Chair of Sanlam's Social, Ethics and Sustainability Committee;
 - 9.10.5 The Group Chief Risk Officer;
 - 9.10.6 The Head of Group Actuarial
 - 9.10.7 The Head of the Sanlam Risk Management Control Function;
 - 9.10.8 The Risk Managers of the various business divisions (when issues that affect their businesses are discussed);
 - 9.10.9 The Head of the Sanlam Compliance Control Function;
 - 9.10.10 The Chief Actuary of Sanlam;
 - 9.10.11 The Head of the Sanlam Life Actuarial Control Function;
 - 9.10.12 The Chief Audit Executive;
 - 9.10.13 The Head: Group Forensic Services;
 - 9.10.14 The Group CIO
 - 9.10.15 The Head: Group Enterprise Architecture and Governance in GTI
 - 9.10.16 The Engagement Partners of the External Audit firm; and
 - 9.10.17 All Sanlam Limited Board members may attend Committee meetings as and when necessary.

10. MEETINGS

- 10.1 Meetings of the Committee will be held as often as the Chair of the Committee deems to be appropriate; however, the Committee will meet at least 4 (four) times per year;
- 10.2 Further meetings may be called by the Chair of the Committee, as well as by any Committee member or the Group Chief Risk Officer (via the Chair of the Board). Meetings should be organised so that attendance is maximised;
- 10.3 The notice of each meeting of the Committee, confirming the venue, the medium, time and date and enclosing an agenda of items to be discussed will, other than under

exceptional circumstances, be forwarded to each member of the Committee not less than 5 (five) working days prior to the date of the meeting;

- 10.4 Committee members must attend all scheduled meetings of the Committee, including meetings called on an *ad hoc* basis for special matters, unless prior apology, with reasons, has been submitted to the Chair of the Committee and/or the Company Secretary;
- 10.5 The quorum for the Committee to transact business will be more than one half of the members appointed to the Committee;
- 10.6 The Committee will conduct its meetings in accordance with a Board approved annual work plan to ensure that it fulfils all of its responsibilities;
- 10.7 The Committee has the prerogative to, and shall meet separately with management, the Group Chief Risk Officer, Internal Audit and the External Auditors on a regular basis; and
- 10.8 Individuals in attendance at Committee meetings by invitation, may participate in the discussions but do not form part of the quorum for Committee meetings and may not vote.

11. PROCEEDINGS

- 11.1 Unless varied by these Terms of Reference, meetings and proceedings of the Committee will be governed by Sanlam's Memorandum of Incorporation (the "MOI") regulating the meetings and proceedings of directors and committees;
- 11.2 The Committee Secretary will take minutes of meetings;
- 11.3 The minutes of all meetings, after preliminary approval thereof by the Chair, will be circulated to all the members of the Committee, and may also, if the Chair of the Committee so decides, be circulated to other members of the Board. Any director may, provided that there is no perceived or actual conflict of interest and with the agreement of the Chair, obtain copies of the Committee's minutes;
- 11.4 A round robin resolution in writing adopted by the majority of the Committee members will be valid and effective as if it had been passed at a duly called and constituted meeting – i.e. provided that each Committee member received notice of the matter to be decided. Such resolution will be presented at the next meeting for ratification and record purposes;
- 11.5 The Chair of the Committee will regularly provide summarised feedback to the Board on the Committee's activities and deliberations. He will also attend the Company's Annual General Meeting ("AGM") to respond to questions from shareholders on the Committee's activities;
- 11.6 The number, timing and length of meetings as well as the agendas are to be determined in accordance with the Committee's annual work plan; and
- 11.7 The Committee must report at least annually to the Sanlam Board on its function, responsibilities and activities. It will include the evaluation of the effectiveness of the Committee as well as recommending amendments (if any) to its Charter.

12. FEES

- 12.1 The remuneration of the Committee members will annually be set for the next year by the shareholders of Sanlam Limited at the AGM upon the recommendation of the Sanlam Limited Board.
- 12.2 Having regard to the functions performed by the members of the Committee (in addition to their functions as directors) in relation to the activities of the Committee,

and pursuant to the specific power conferred upon the Board by the Sanlam Memorandum of Incorporation, non-executive members of the Committee may, on the recommendation of the Board, be paid special Committee fees as permitted under the Sanlam Limited Board approved Remuneration Policy; and

- 12.3 Such special Committee fees would be in addition to the annual fees payable to non-executive directors.

13. PERFORMANCE, EVALUATION AND TRAINING

- 13.1 The Committee must assess its performance each year – i.e. to ensure that its own performance as a collective, its Chair and its individual members supported the Committee to improve its performance and effectiveness;
- 13.2 The Chair of the Committee shall ensure that the results of the Committee's performance review and any proposed changes to its terms of reference are reported to the Board; and
- 13.3 The Committee, via the Company Secretary, shall make available to new members of the Committee a suitable induction process, and for existing members, ongoing training where appropriate, as discussed with the Committee.

14. REVIEW AND APPROVAL OF THE TERMS OF REFERENCE

- 14.1 These terms of reference were recommended to the Board by the Chair of the Committee and subsequently approved by the Sanlam Limited Board and will be due for a review annually hereafter.
- 14.2 These Terms of Reference shall be published on Sanlam's website, or such other platforms as is appropriate.