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...financially confident, secure and prosperous

Sanlam

Remuneration Report 2020

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Report from the GHRRC Chair

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2020 was an "1 in 100 year" with the COVID-19 pandemic. It impacted our clients, our employees and the Sanlam Group in various ways. A severe second wave of the pandemic in the African continent at the end of 2020 and early 2021 added to the uncertainty with regard to forecasts for growth rates, insurance experience and the general trading environment.

These factors make setting competitive remuneration policies and implementing them extremely challenging. It is a delicate balance to be struck between a remuneration structure which continues to motivate and retain our best people, and one which is aligned to shareholders and other stakeholders' interests.

The global pandemic has severely impacted all areas of life as we know it, including business and livelihoods. Sadly, job losses in South Africa and the continent have sky-rocketed. During 2020 the people focus of Sanlam was aimed at ensuring that our employees are safe, equipped and fully productive while working remotely. This was achieved through an agile IT, digital and human resources approach and investment in infrastructure. We enabled more than 90% of our workforce to continue working remotely during the pandemic. For those employees not able to work remotely leave and time off arrangements, coupled with UIF TERS mechanisms were implemented. When lock-down provisions were relaxed due care was taken to return employees not able to work remotely to office buildings in a safe, diligent and compliant manner. The Group wellness offering and specifically employee counselling on financial wellness, physical and emotional wellness was significantly enhanced and visibility and access to these offerings were improved for employees.

Agility, resilience and job security for employees were some of the people principles for 2020.

The COVID-19 landscape informed the remuneration decisions taken for guaranteed pay, bonuses and long-term incentives (LTI) namely:

- In April 2020 we continued with salary increases for employees, however for 2021 pay increases will generally be frozen for senior and executive employees, with inflationary and performance based increases for junior employees.
- Bonuses across the Sanlam Group in respect of the 2020 financial year reduced considerably from the prior year and in certain business areas no bonuses were paid. The impact on bonuses was dependent on the business circumstances and the overall performance of the Sanlam Group. Where discretionary bonuses were granted, these were based on exceptional individual performance and to aid retention. Such bonuses could be subject to retention agreements or are deferred in restricted shares (the case for Exco members).
- Long-term Incentive (LTI) outcomes and setting financial performance conditions with the current economic uncertainty has also proved to be a major challenge. This was researched, consulted on and debated. The conditions imposed on the performance shares awarded in 2020 we deem to be fair to shareholders in terms of value creation and takes into account the current economic circumstances. The unusual and extreme conditions experienced in 2020 financial results would mean that shares granted historically with performance conditions would not vest if conditions remain unchanged. A decision has been taken to extend the term of all historic share grants by one year and to exclude the 2020 year for purposes of measurement. This implies that all shares granted previously are subject to the same duration of measurement, but that vesting takes place a calendar year later. This is regarded as fair to shareholders and provides an opportunity for employees to still achieve vesting of historic awards.
- In order to support retention of key employees, the GHRRC approved that unvested Restricted Shares (RSPs), awarded as bonus supplements to Exco members and key employees in the past (and represent a very small component of LTIs) will only be subject to individual performance and time conditions for future vesting. The GHRRC deemed this change to the RSP conditions a better approach than awarding new retention LTIs with shortened vesting conditions or paying retention bonuses to address the retention risk due to the uncertain outcome of historic performance awards.
- We increased our minimum shareholding requirements (MSR) for Exco to support direct alignment with shareholders and investment by our leaders in Sanlam shares.

In 2020 we embraced the global trends on the future of work. Employee surveys and data driven analytics were utilised to ensure we understand how our people will be most productive into the future. These indicated the evolution to a hybrid approach as the preferred approach to work (i.e. remote working coupled with some work space in office buildings). We believe this approach, taking into account business requirements, will allow for increased flexibility as a competitive advantage, promote employee well-being and work-life balance, enable an engaged workforce, but importantly without compromising the employee's performance and business productivity.

Our people recognised and supported each other during this challenging year and 80 000 recognition messages were sent during the year. More than R7m of e-vouchers were sent across the Group using our digital platform Applause and smartphones. A true testimony to our culture of collaboration and caring for each other. 2020 also marked the year in which the Sanlam Group embarked on an exciting culture journey, this provided all employees with an opportunity to identify all the positive aspects of our culture, to build on these, but also to recognise where we can do better. This journey was embraced by all and was led by our executives.

In 2020 we also welcomed our new Group CEO, Paul Hanratty and a number of executives to our Group Exco. Paul is leading the Sanlam business strategy with his team of executives and supported by all our people. In terms of remuneration Paul has a 5-year arrangement designed to support short, medium and long term value creation aligned with the Sanlam business strategy. Details on this remuneration structure and how it drives value creation for all stakeholders is contained in this report.

This year we also said good-bye to Ian Kirk as former Group CEO. Ian retired at the end of December 2020 and Sanlam is extremely grateful to him for his valuable contribution over almost 15 years in the Group. Ian's retirement arrangement is detailed in this report.

Although 2020 was a surreal year with many unexpected events, we are energised by the potential opportunities which 2021 will bring. We see the opportunities and embrace them and believe that our remuneration philosophy and people practices are agile and long term focused to create value for all stakeholders.

Remuneration Report voting results

At the 2020 annual general meeting (AGM) (relating to the 2019 financial year) our remuneration policy received a positive vote of **94,85%**, while our implementation report received a positive vote of **78,12%**.

See summary below of shareholder voting outcomes over the past four years.

Shareholder voting results at AGM for the past 4 years

	For	Against
AGM in respect of 2019 remuneration policy	**94,85%**	**5,15%**
AGM in respect of 2019 implementation report	**78,12%**	**21,88%**
AGM in respect of 2018 remuneration policy	**98,35%**	**1,65%**
AGM in respect of 2018 implementation report	**93%**	**7%**
AGM in respect of 2017 remuneration policy	**94,67%**	**5,33%**
AGM in respect of 2017 implementation report	**71,52%**	**28,48%**
AGM in respect of 2016 remuneration report (one vote)	**95,91%**	**4,09%**

Key policy changes

Our approach to this year's reporting is to highlight the changes to the remuneration policy, the rationale therefore and to provide an indication of focus areas for 2021.

In 2020 there were changes to our remuneration policy in response to the changes in the environment. These included changes to performance conditions, deferral of discretionary bonuses into restricted shares, and the use of restricted share plan awards (RSPs) was clarified. A short term adjustment to LTI performance conditions on share awards was introduced, historic share conditions were reviewed and a new recovery target was introduced in order to address the impact of the COVID pandemic. Amendments were informed by a review of market best practice and the need to remain competitive in the market.

The improvements and changes in 2020 were as follows:

Changes to performance conditions	Rationale
Review of minimum shareholding requirements policy	Increased all levels of minimum shareholding to support investment in Sanlam shares in line with market best practice levels.
Setting performance conditions for the 2020 award relevant to current market conditions	Adjusted RoGEV (40%) and Dividend Growth (30%) conditions remain the same as was set for 2019 awards, but resilience and a rapid recovery with regard to profit and value of new business is incentivised with a newly introduced strategic recovery metric (30%). As explained later this will be measured from 2021. [See page 18 in this regard]
Measuring of unvested performance shares	In order to retain the originally agreed performance measurement period, but to allow for the extra-ordinary effect of the pandemic in respect of the 2020 year, the performance period is extended by 1 year (and 2020 is excluded from measurement as explained earlier in this report). The rationale is to incentivise recovery and performance into the future, but also to enable a longer retention period for our key employees. [See page 17 in this regard]
Restricted shares operating as part of the bonus design and refinement of our discretionary bonus policy	Our policy provides that where individuals out-performed the Group CEO can motivate an award of restricted shares as a supplementary bonus. Our policy was reviewed and amended to provide that time and individual performance will apply to vesting of these shares. This amendment is supported by market best practice on bonus deferral and aids the business retention need as explained earlier in this report. [See page 19 in this regard] Our bonus policy was refined to provide for a discretionary bonus pool, as motivated by the Group CEO, subject thereto that such discretionary bonuses where appropriate be subject to a retention agreement. Discretionary bonus amounts can also be delivered in restricted shares subject to time and individual performance conditions which provide for a natural retention mechanism. [See page 19 in this regard]

Ongoing engagement with shareholders

In terms of our approach to ongoing shareholder dialogue, we proactively engaged with a selection of shareholders on the material changes to the design of performance conditions by way of individual conversations during 2020. We had a number of these consultations after the 2020 AGM and again after the appointment of Paul Hanratty as Group CEO.

Our general approach to shareholder consultation is:

- The GHRRC welcomes engagement with shareholders and encourages shareholders to put their ideas to the GHRRC.
- Once shareholders have had time to study the Remuneration Report we would appreciate feedback, preferably in writing. The GHRRC Chair will then respond to queries and input from shareholders in writing and will be available for a discussion in this regard.
- If shareholders would like to make suggestions or provide input to the GHRRC at other times during the year, it will be appreciated and will be handled in the same manner as set out above.

The feedback received from shareholders on the 2020 policy changes was positive. We commit to ongoing transparent shareholder dialogue on all material remuneration matters.

For the 2021 AGM the remuneration policy and the implementation report of the Remuneration Report will be tabled separately for non-binding advisory votes by shareholders. In the event that either or both the policy or implementation report are voted against by 25% or more of the voting rights exercised, the ongoing engagement process as outlined herein will be followed.

Key matters **considered**

During 2020, the GHRRC considered and where applicable approved the following matters:

- Review and approval of the structure and performance conditions applicable to the five-year remuneration arrangement of the new CEO
- Review and approval of the ex-CEO's retirement arrangements
- Review of market benchmarking on LTI design and providing flexibility and the parameters to make adjustments for the short-term impact of the COVID pandemic on long term performance conditions for unvested and new awards
- Review of the policy on restricted shares and updating the policy to provide for bonus deferral in restricted shares which are subject to time and individual performance conditions for vesting coupled with malus and claw-back conditions.
- Review Restricted Share Plan (RSP) conditions and ensuring that RSPs can be used as a retention mechanism and enables bonus deferral.
- Review and updates to the minimum shareholding requirement policy to ensure it is competitive and supports shareholder interests
- Review the variable remuneration structure of executives in order to simplify the design
- Benchmarking of Sanlam executive directors and members of the Executive committee's remuneration against a suitable market
- Review of Sanlam's remuneration policy and practices in South Africa against prudential standards, King IV™, applicable governance principles and market best practice
- The remuneration design of heads of control functions and persons whose actions may have a material impact on the Group's risk exposure
- The appointment of Group Executive committee members (internal and external appointments) to support our business transformation strategy and the ratification of the appointment of certain executive employees
- Short term incentives (STI) and LTI awards to Group Executive committee members
- The detail of the STI measures achieved for the accrual of bonus pool/s and the validation of achievement of performance conditions for the vesting of LTIs
- The succession plan of the Group at senior levels as well as the people transformation approach
- The work and decisions of other Sanlam Group companies' human resources (HR) and remuneration committees and approval of overall mandates on remuneration increases and variable remuneration (short and long term) per the delegation of authority framework

Future areas **of focus**

In 2020 the Committee did an initial review of the current variable pay structure of Exco members to simplify this structure, aligned with market best practice. This is to ensure competitiveness and appropriate performance metrics which support the business strategy and execution.

The proposed design entails a combined incentive potential (earned based on a weighted set of performance metrics which supports the Sanlam business strategy). The format of delivery to include a limited cash component, deferral in Sanlam shares and for some roles a share incentive component which has out-performance conditions. The proposed design will be refined during 2021 and engagements with stakeholders will take place.

I present our remuneration policy and implementation report as set out in this Remuneration Report and trust it will be met with your voting support at the upcoming AGM to be held on 9 June 2021.

Our commitment to ongoing consultation on an individual shareholder level is confirmed and the GHRRC welcomes any feedback or input from shareholders and other stakeholders throughout the year.

Prof S Zinn
Chair: Group Human Resources and Remuneration Committee

Overview of remuneration policy

Remuneration philosophy

The Board recognises that appropriate remuneration for Sanlam executive directors, members of its Executive committee and other employees is inextricably linked to the attraction, development and retention of top-level talent and human capital within the Group. Given the current economic climate, changes in the regulatory requirements and the ongoing war for talent, it is essential that adequate measures are in place to attract and retain the required skills. In order to meet the strategic objectives of a high-performance Group, the remuneration philosophy is positioned to reward exceptional performance and to maintain that performance over time.

The primary objectives of the policy are to:

- attract, motivate, reward and retain key talent;
- promote the Group's strategic objectives, within its risk appetite;
- promote positive outcomes across the inputs and resources which the Group uses or affects; and
- promote an ethical culture and behaviour that are consistent with our values and which encourage responsible corporate citizenship.

Sanlam's remuneration philosophy aims to:

- inform stakeholders of Sanlam's approach to rewarding its employees;
- identify those aspects of the reward philosophy that are prescribed and to which all businesses should adhere;
- provide a general framework for all the other elements of the reward philosophy;
- offer guidelines for short and long-term incentive and retention processes; and
- offer general guidelines about how the businesses should apply discretion in their own internal remuneration allocation and distribution.

The Board recognises certain industry-specific and other relevant differences between Sanlam businesses and where appropriate, allows the businesses relative autonomy in positioning themselves to attract, retain and reward their employees appropriately within an overarching framework. In this regard, there are some areas where the dictates of good corporate governance, the protection of shareholder interests and those of the Sanlam brand or corporate identity require full disclosure, motivation and approval by the HR committees, either at Group or business level.

The principle of management discretion with regard to individual employees is central to the remuneration philosophy on the basis that all rewards are based on merit. However, the overarching principles and design of the remuneration structure are consistent, to support a common philosophy and to ensure good corporate governance, with differentiation where appropriate. In other instances, the Sanlam remuneration philosophy implies that the businesses are mandated to apply their own discretion, given the role that their own remuneration/HR committees will play in ensuring good governance. Sanlam has continued to apply a total reward strategy for its employees. This offering comprises remuneration (which includes cash remuneration, STIs and LTIs), benefits (retirement funds, group life, etc.), learning and development, an attractive working environment and a range of lifestyle benefits.

Read more about Sanlam's Employee Value Proposition in the online Sustainability portal.

Remuneration governance and GHRRC terms of reference

The Sanlam Limited Board of directors (Board) has responsibility for the governance of remuneration in the Sanlam Group. The GHRRC is mandated by the Board to ensure that the organisation remunerates fairly, responsibly, and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium, and long term. Sanlam's remuneration philosophy and policy support the Group strategy by incentivising the behaviour required to meet and exceed predetermined strategic goals. Both short and long-term strategic objectives are measured and rewarded. This blended approach mitigates excessive risk-taking and balances longer-term strategic objectives with short-term operational performance. The remuneration philosophy is therefore an integral part of Sanlam's risk management structure. In setting up the reward structures, cognisance is taken of prevailing economic conditions as well as local and international governance principles.

A great deal of attention is given to correctly position both the nature and the scale of remuneration relative to relevant comparator groups and international best practice.

Steps are also taken to ensure alignment with the applicable regulatory and governance requirements in each of the countries in which Sanlam operates. In South Africa, those specifically include the Prudential Standards (Governance and Operational Standards for Insurers, issued in terms of the Insurance Act) and the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV™)[1], while also conforming to the remuneration principles contained in the Codes of Good Practice which support employment equity legislation.

Sanlam is the sole or part owner of a number of subsidiaries, joint ventures and associates. While compliance with the Sanlam Group remuneration strategy and policy is primarily targeted at operating subsidiaries, Sanlam will use its influence to encourage the application of sound remuneration practices in those businesses where it does not hold a controlling interest. In businesses outside South Africa, where the Group remuneration policy is in conflict with local statutes or regulations, the local standards will apply.

The GHRRC is responsible for overseeing and monitoring the development, implementation and execution of the remuneration policy and strategy of the Group and ensuring that the policy objectives are met. The GHRRC is responsible for presenting the policy to the Board for approval. Its activities include approving the guidelines and philosophy to be applied in formulating mandates for all bonus and long-term incentive schemes, and setting remuneration packages of the Sanlam Group Executive committee (Executive committee) and the Sanlam heads of control functions (actuarial control, internal audit, compliance and risk management), relative to industry benchmarks. Recommendations made by business and subsidiary human resources and remuneration committees on the remuneration design of key persons (as defined in the Prudential Standards), other than the GHRRC's fees, are reviewed and approved by the GHRRC.

The GHRRC has the prerogative to make all remuneration decisions it deems appropriate within an approved framework and may propose amendments to any part of the remuneration policy as necessitated by changing circumstances. It also makes recommendations to the Board regarding the fees of Sanlam directors, other than the GHRRC's fees. To fulfil the role described above, the GHRRC undertakes the following:

- Oversees and recommends to the Board for approval, STI and LTI plans for the Group, subject to shareholder approval where applicable. This includes the setting of guidelines for annual remuneration mandates and a regular review of the appropriateness and structure of the variable remuneration plans to ensure alignment with Sanlam's strategy and shareholder and other stakeholder interests
- Sets appropriate performance drivers for STI and LTI as well as monitoring and testing those drivers and vesting outcomes
- Ensures that the remuneration policy applies in a proportionate and risk-based way and contains specific arrangements for the review of remuneration for the roles of the directors, executives, heads of control functions, other key persons and persons whose actions may have a material impact on the insurer or Group's risk exposure
- Reviews the management of the contracts of employment of Sanlam executive directors, members of the Executive committee and heads of control functions to ensure that their terms are aligned with good practice principles
- Reviews the remuneration strategy for and finalises the remuneration of Sanlam executive directors, members of the Executive committee and heads of control functions, including total guaranteed pay (TGP), STIs and LTIs, and other conditions of employment

[1] Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

- Develops and recommends to the Board for approval, STI and LTI schemes for the Group Chief Executive (CEO) and other members of the Executive committee. It includes the setting of annual targets, monitoring those targets and reviewing the incentive schemes on a regular basis to ensure that there is a clear link between the schemes and performance in support of the Group strategy. Further to this, the GHRRC ensures that incentives are appropriate, supported by corporate governance standards and that the design thereof is aligned to long-term value creation for shareholders and other stakeholders
- Reviews the succession plans in place for the CEO and members of the Executive committee and provides for succession in both emergency situations and over the long term
- Recommends to the Board the remuneration of the Sanlam non-executive directors for approval at the AGM

Read more about the GHRRC's terms of reference online and about the composition and summarised terms of reference for the GHRRC in the online Corporate Governance Report.

The Companies Act, 71 of 2008 (Companies Act) introduced the concept of a prescribed officer. The duties and responsibilities of directors under the Companies Act also apply to "prescribed officers" as well as members of Board committees who are not directors. The Board has considered the definition of "prescribed officers" and resolved that the Sanlam executive directors and members of its Executive committee are the prescribed officers of Sanlam.

None of the Sanlam executive directors or members of the Executive committee occupy a control function at Sanlam as defined in the Insurance Act, 18 of 2017 (Insurance Act). Remuneration details of the Sanlam executive directors and members of the Executive committee are accordingly disclosed in this report.

Design principles for our policy

In applying the remuneration philosophy and implementing the total reward strategy, a number of principles are followed:

- **Pay for performance:** Performance is the cornerstone of the remuneration philosophy. On this basis, all remuneration practices are structured in such a way as to provide for clear differentiation between individuals with regard to performance. It is also positioned so that a clear link is maintained between performance hurdles and the Sanlam strategy.
- **Competitiveness:** A key objective of the remuneration philosophy is that remuneration packages should enable the Group and its businesses to attract and retain employees of the highest quality in order to ensure the sustainability of the organisation.
- **Leverage and alignment:** The reward consequences for individual employees are, as far as possible, aligned with, linked to and influenced by:
  - the interests of Sanlam shareholders (and, where applicable, minority shareholders in subsidiaries);
  - the interests of other stakeholders (for example, employment equity, client service, the community);
  - sustainable performance of Sanlam as a whole;
  - the performance of any region, business unit or support function; and
  - the employee's own contribution
- **Consistency and fairness:** The reward philosophy strives to provide a framework that encourages consistency, but allows for differentiation where it is fair, rational and explainable. Differentiation in terms of market comparison for specific skills groups or roles is necessary and differentiation concerning performance is imperative. Unfair differentiation is unacceptable.
- **Attraction and retention:** Remuneration practices are recognised as a key instrument in attracting and retaining the required talent to meet Sanlam's objectives and ensure its sustainability over the long term.
- **Shared participation in relevant components of remuneration:** Employee identification with the success of Sanlam is important owing to the fact that it is directly linked to both Sanlam's and individual performance. All employees should have the chance to be recognised and rewarded for their contribution and the value they add to Sanlam, and, in particular, for achieving excellent performance and results, in relation to Sanlam's stated strategic objectives. The performance management process contributes significantly towards obtaining this level of participation and towards lending structure to the process.
- **Best practice:** Reward packages and practices reflect local and international best practice, where appropriate and practical.
- **Communication and transparency:** The remuneration philosophy, policy and practices, as well as the processes to determine individual pay levels, are transparent and communicated effectively to all employees. In this process the link between remuneration and Sanlam's strategic objectives is understood by all employees.
- **Market information:** Accurate and up-to-date market information and information on best practice are crucial factors in determining the quantum of the remuneration packages.
- **Malus and clawback:** Where defined trigger events take place provision is made for redress against remuneration through either malus (pre-vesting forfeiture) or clawback (post-vesting forfeiture). Malus and clawback provisions and the application thereof to trigger events are governed by the Sanlam Group Malus and Clawback policy, which is a related policy to this Group remuneration policy and these provisions will be incorporated in relevant remuneration governance documents/rules.

For Sanlam to remain competitive, remuneration policies and practices are evaluated regularly against both local and international remuneration best practice and governance frameworks, most notably King IV™ and the Prudential Standards.

Executive **contracts**

Sanlam executive directors and members of the Executive committee are contracted as full-time, permanent employees for employment contracting purposes. As a standard element of these contracts, a restraint of trade (up to 12 months) is included, which Sanlam has the discretion to enforce depending on the circumstances at the time of the individual's departure. Sanlam can also provide under certain circumstances that a longer restraint of trade is necessary to protect the Group's interests.

Notice periods are three months' written notice. Bonus payments and the vesting of long-term incentives that are in place at the time of an individual's termination of service are subject to the rules of the relevant scheme/s with some discretion being allowed to the GHRRC based on the recommendations of the Group CEO. No clauses are included in employment contracts that relate to any form of payments in the event of a change in control of Sanlam. In the event of a change in control, the vesting of share awards will only be accelerated if an offer is made that does not substitute unvested LTIs with arrangements on terms similar to the existing terms and conditions.

Remuneration **overview**

Structure

The different components of remuneration applied are summarised in the table below. These are applicable to all South African-based employees and are used as guidance by other international Sanlam businesses. A detailed description of each component follows in the next section.

Where applicable, the quantum of the different components of the package is determined as follows:

- The guaranteed component is based on market-relatedness in conjunction with the individual's performance, competence and potential.
- The short-term incentive component of remuneration is based on a combination of individual, annual business and in certain instances Group performance.
- The long-term incentive component is based on the individual's performance, potential and strategic contribution to Sanlam and/or the business, and above a certain allocation level the award is also subject to Sanlam and/or the business/cluster's performance for vesting.

Element	Purpose	Performance period and measures	Operation and delivery
Total guaranteed package (TGP)	Core element that reflects market value of role and individual performance.	Reviewed annually based on performance against contracted output and market surveys. Benchmarked against comparator group and positioned on average on the 50th percentile of market.	Guaranteed package is delivered to the employee as a cash salary and a mix of compulsory and discretionary benefits.
Short term incentives (STIs)	Creates a high-performance culture through a cash bonus in relation to performance against predetermined outputs.	Annual, based on 12-month (financial year) performance with the aim to remunerate outstanding performance in excess of market mean.	Based on different levels and predetermined performance hurdles for business and individual/strategic targets. Cash settlement generally capped at 200% of TGP/or 200% of the on-target earning potential. On certain levels and in certain businesses deferral principles apply, specifically to Executive committee members and to the investment and capital businesses.

Remuneration overview continued

Element	Purpose	Performance period and measures	Operation and delivery
LTIs	Alignment with shareholder interests.	Annual awards vesting in tranches in years 3 (40%), 4 (30%) and 5 (30%). One legacy award may vest up to 6 years.	Upon satisfaction of financial performance hurdles as well as individual/strategic performance measures.

Effects of COVID-19 on remuneration policy in 2020

The COVID-19 landscape and the material impact it had on business performance informed decisions taken on remuneration policy for guaranteed pay, bonuses and LTIs as follows:

- **Guaranteed Pay:** 2021 pay increases were generally frozen for senior and executive employees, with inflationary and performance informed increases for junior employees.
- **Bonuses:** Pay-outs across the Sanlam Group for 2020 reduced considerably and in certain business areas no bonuses were paid. The impact on bonuses were dependent on the business circumstances and the overall performance of the Sanlam Group. Where discretionary bonuses were granted these were based on exceptional individual performance and to aid retention. Such awards are subject to retention agreements, where appropriate or are deferred in restricted shares.
- **LTIs:** ROGEV related performance conditions for the 2020 award of performance shares will remain at the same level as set in the past, but to provide for the impact of the pandemic a short term reduction to the measures will be applied for the measurement from the 2021 year. This interim reduction will be reviewed by the GHRRC as appropriate in respect of subsequent years. Dividend related performance conditions for the 2020 award reference the 2020 dividend and a new target to support short term recovery of profits, sales and VNB has been introduced. Sanlam has absolute financial conditions for LTI as relative measures are not deemed appropriate due to the limited number of direct competitors. Using 2020 data for historic share awards would result in almost all shares failing to vest creating material retention risks. Therefore, the GHRRC resolved to exclude 2020 from the measurement period, but to extend the performance measurement periods of historic unvested LTIs by 1 year to ensure that the originally agreed performance periods stay in-tact and employees are retained for a further year.
- **Review of Executive committee members' pay mix for retention purposes:** In order to aid the retention requirement, unvested RSPs, awarded as bonus supplements to Exco members and key employees will only be subject to individual performance and time conditions for future vesting. This approach is preferred above cash retention bonuses or awarding LTIs with very short vesting periods for retention.
- **Shareholder alignment:** We increased our minimum shareholding requirements (MSR) to support direct alignment with shareholders and investment by our leaders in Sanlam shares.

For more details on the COVID-19 impact and positioning for remuneration please refer to the **chair of the HRRC's report** at the beginning of this Remuneration Report.

Total guaranteed package

Purpose

TGP is a guaranteed component of the remuneration offering. It forms the basis of Sanlam's ability to attract and retain the required skills. In order to create a high-performance culture, the emphasis is placed on the variable/performance component of remuneration rather than the guaranteed component. For this reason, TGP on average is positioned around the 50th percentile of the market.

As an integral part of TGP, Sanlam provides a flexible structure of benefits that can be tailored, within certain limits, to individual requirements. These include:

- retirement funding;
- Group life cover; and
- medical aid/insurance.

Process and benchmarking

Average TGP is normally set by reference to the median paid by a group of comparator companies which Sanlam considers to be appropriate. The comparator group is made up of a sizeable and representative sample of companies that have similar characteristics to Sanlam in terms of being in the financial services sector (but not limited only to this sector), market capitalisation and international footprint. In terms of the process followed in benchmarking TGP against these comparator companies, Sanlam obtains and analyses data from a number of local and global salary surveys. In addition to this benchmarking process, Sanlam also takes into account the skills, potential and performance of the individual concerned as well as the current economic environment and outlook and the consumer price index of the country.

GHRRC's role

Upon conclusion of the benchmarking process, proposals regarding increases for the following year are considered and approved by the GHRRC. The GHRRC also reviews and approves the adjustments to TGP for each of the Sanlam executive directors and members of the Executive committee.

Levels

TGP levels are positioned on average around the 50th percentile of the comparator market. Where specific skills dictate, TGP levels may be set in excess of the 50th percentile. Benefits form part of TGP and in certain instances there may be a salary sacrifice in favour of a flexible benefit.

Short-term incentives

Purpose

The purpose of the annual bonus plan is to align the performance of employees with the goals of the Group and to motivate and reward employees who outperform the agreed performance hurdles. Growing the business and ensuring that it is managed in a sustainable way are key performance drivers for bonuses. The design and quantum of the annual performance bonus is regularly reviewed against best market practice and the quantum is benchmarked against the market using a relevant comparator group.

Group and business performance measures are multi-dimensional and are required to support positive outcomes on a range of strategic indicators, including financial, social and sustainability metrics.

GHRRC's role

The GHRRC's role with regard to the annual performance bonus plan is to:

- determine the overall structure of the annual bonus plan, ensure that it provides a clear link to performance and is aligned with the Group's business strategy.
- set the overall principle in respect of thresholds, targets and stretch levels for the annual bonus plan as well as the percentage of total guaranteed package that can be earned at each employment level.
- in respect of Sanlam executive directors and members of the Executive committee:
  - agree on the performance drivers for their annual bonus plan; and
  - agree on the split between business, Group and individual/strategic performance criteria.
- the GHRRC has discretion regarding the final quantum of bonus payments across the Group to avoid any unintended consequences of bonus design principles and to support risk alignment.

Vesting levels

The annual bonus plan is a cash-based bonus scheme. Where the annual business and individual bonus targets are achieved in full, 100% of the bonus will, under normal circumstances and subject to applicable bonus deferral rules in the Group, be paid.

In instances where targets have been exceeded, the cash component is capped at a percentage of TGP or a percentage of on-target bonus, however, outperformance value can be awarded in terms of the RSP (refer to RSP design later in this report) or in Sanlam shares subject to vesting restrictions.

Where the bonus targets are not achieved in full, a reduced bonus, based on a sliding scale, will be paid only if a threshold performance level has been achieved.

Discretionary bonus

Where the annual financial bonus targets are not achieved, a modest amount may at the discretion of the GHRRC (on the Group CEOs recommendation) be set aside to reward exceptional individual performance and/or retain key talent.

Discretionary bonuses are subject to conditions imposed on award, which may include deferral for a period of time, deferral in Sanlam shares (specifically relevant for Executive committee members) and/or be subject to retention periods.

For the 2020 financial year a discretionary pool for group office employees was added of R11,5 million. This discretion was exercised to reflect the performance of the underlying businesses, their bonus achievements and for parity in the Group. It resulted in an overall 50% of on-target bonus pool (29% primary pool based on scorecard calculations and 21% discretionary pool awarded on exceptional performance, critical skills and retention requirements). Across the Group, discretion was further exercised relating to underlying businesses to provide for discretionary bonuses amounting to R39 million where bonus pools were zero. This pertained to the Emerging Markets business and the capital business within investments. This was deemed necessary for retention requirements and to recognise exceptional individual performance.

See implementation report page 30 for disclosure of the primary and discretionary pool outcomes.

Businesses within the Group and overall Group performance

For certain individuals within the investment business, cash bonuses are capped at a multiple of TGP. Any bonus payable in excess of this cap, is deferred in a combination of cash and restricted Sanlam shares and vests in equal tranches over three years. Malus is applicable to deferred bonuses. Deferred cash bonuses to the value of R21 million were converted into a total of 370 288 shares in 2020 in respect of 20 individuals.

Companies within the broader Sanlam Group may use other mechanisms such as deferred cash or equity (restricted shares of that specific company) for bonus deferral and alignment.

The annual performance bonus targets at a business level incorporate a number of financial and non-financial performance measures that are directly linked to the Group strategy and key performance indicators, including net result from financial services, adjusted RoGEV, value of new business covered, investment performance, net insurance premiums, transformation (including employment equity) and strategic measures like partnerships, client centricity, digital enablement etc.

Remuneration overview continued

Adjusted RoGEV for STIs

In order to exclude the impact of investment market volatility during the performance period in question, adjusted RoGEV is used. This assumes that the embedded value investment return assumptions as at the beginning of the reporting period were achieved for purposes of the investment return earned on the supporting capital of covered business and the valuation of Group operations. Any other ad hoc items, which are not under the control of management are also excluded, for example tax changes, interest rate movements and exchange rate volatility.

The adjustment for uncontrollable items ensures that the incentive is based on achievement and not "windfalls" or undue penalisation due to external circumstances.

Retention arrangements

Retention arrangements are for the retention of specific employees for a specific period of time, where it is a strategic business imperative. Such retention arrangements (cash payments or share awards) are subject to a retention period, in certain instances performance conditions or agreed outputs, and where the condition of continued employment is not met the payment is repayable in full or shares are forfeited.

Sanlam's non-executive directors are not eligible for any STIs or retention arrangements.

Long-term incentives

Overview and general policy

Sanlam currently makes awards under the following LTIs:

- The Sanlam Deferred Share Plan (DSP)
- The Sanlam Performance Deferred Share Plan (PDSP)
- The Sanlam Restricted Share Plan (RSP)
- The Sanlam Outperformance Plan (OPP)

GHRRC's role

The GHRRC's role as far as the LTI plans are concerned is to:

- ensure that their structure contributes to shareholder value through performance, employee retention and the long-term sustainability of Sanlam;
- set appropriate performance measures for each award and take responsibility for monitoring and agreeing on the level of achievement of performance measures; and
- approve award levels and at vesting ensure that performance and other vesting conditions have been met, or subsequently that incentives are forfeited where conditions are not met.

With the exception of the OPP, all LTIs are equity-settled plans from a Sanlam perspective. OPPs can be cash or share-based plans, which rewards long-term performance, equity settlement for OPPs is the preferred remuneration approach.

In respect of the DSP and the PDSP, Sanlam's general policy is that awards are made annually to ensure that the total face value of unvested awards (calculated on their face value at date of grant) is equal to a set multiple of the individual's TGP.

Sanlam's policy is therefore not to make the same annual DSP or PDSP award (expressed as percentage of TGP), but to ensure that employees' award value of unvested awards (or share lock-in/multiple) is maintained. The set multiples are determined by reference to the individual's role. In addition, transformation considerations and the performance of an individual and the need to attract and/or retain key talent are taken into account when determining the final multiple.

In general, the total multiple for award ranges from 35% to 280% of TGP but may exceed this in the specific circumstances referred to above.

LTIs awards granted are split between:

- individual/strategic performance awards (granted under the DSP and awards made without financial performance conditions under the RSP); and
- performance awards (granted under the PDSP with financial conditions and awards made with financial performance conditions under the RSP).

Awards granted to any one individual under all equity-settled plans (the DSP, PDSP, RSP and OPP) are subject to an overall limit of 5 million unvested shares.

Participation

The LTIs are aimed at attracting and retaining key employees and aligning employees' interests with that of shareholders. While participation is available to all employees, the practice is to allocate to employees in management or key functional roles. Non-executive directors do not participate in any of the LTIs.

Deferred Share Plan

Awards granted in terms of the DSP are conditional rights to acquire shares for no consideration on predetermined future dates, subject to vesting conditions being satisfied. The award has individual/strategic performance hurdles attached to it. For senior employees and Group Executive committee members, these hurdles are derived from business scorecards reflecting key financial and strategic objectives.

The Group Executive committee members have the following financial and strategic metrics for vesting of DSPs:

Financial: Group and Business level(1)	Paul Hanratty	Heinie Werth	Anton Gildenhuys	Lizé Lambrechts	Robert Roux	Jurie Strydom	Jeanett Modise*	Sydney Mbhele*	Wikus Olivier
Value of new covered business	X	X				X			X
Net result from financial services	X	X			X	X			X
RoGEV/Return on Capital	X	X		X	X	X			X
Investment performance					X				
Net fund flows					X				
Optimisation of capital		X		X					X
Share price performance (relative and absolute)	X								X
Net insurance revenue				X					

(1) *Weighting >65% – Except for:*

* *Group HR Director and Group Executive Brand have 50% exposure to Group financial outcomes (albeit not direct business financial targets)*

Strategic measures supporting Group business strategy(1)	Paul Hanratty	Heinie Werth	Anton Gildenhuys*	Lizé Lambrechts	Robert Roux	Jurie Strydom	Jeanett Modise**	Sydney Mbhele**	Wikus Olivier
Cost efficiencies/optimisation	X	X		X	X	X	X	X	X
Growth and diversification	X	X		X		X			
Strategic partnerships		X				X			X
Transformation and sustainability factors	X		X	X	X	X	X	X	
Leadership and collaboration	X	X	X	X	X	X	X	X	X
Governance and risk management	X	X	X				X	X	X
Regulatory strategy			X						
Balance sheet management(2)			X						
Advanced analytics			X			X			
New products and channels/effective distribution channels		X				X			
Actuarial compliance			X						
Treating your clients fairly (TCF)				X		X			
Brand and Marketing								X	
Successful handover									

(1) *Weighting >20% – 35%*

(2) *Includes elements of embedded value enhancements*

* *Chief Actuary and Risk Officer has 100% weighting to strategic objectives due to the role.*

** *Group HR Director and Group Executive Brand have 50% exposure to strategic objectives*

Executive committee members appointed during the last quarter of the year, namely Abigail Mukhuba, Kanyisa Mkhize, Lotz Mahlangeni, Karl Socikwa and Bongani Madikiza are not reflected on this table. From 2021 their strategic objectives will be disclosed together with the strategic objectives of the rest of the Executive committee (all objectives aligned to the revised Sanlam business strategy).

Remuneration overview continued

Executive committee members' performance per these strategic metrics are measured over the vesting period. In addition, they need to meet the continued employment condition. See page 33 of the implementation report for vesting outcomes of DSPs that qualified for vesting in 2020.

Only individual/strategic performance achievement for 2020 will be used for purposes of measuring individual performance under any of the long term incentive plans (this particularly includes DSPs) and not business or Group financial performance.

Typically, the total award granted to employees under the DSP has a face value of up to 105% of TGP, with awards higher than 175% of TGP granted as PDSPs (see below). For Executive committee members DSPs comprise less than 30% of their total LTI multiple/lock-in value.

In line with the Sanlam LTI policy to maintain an unvested value equal to a set multiple of TGP, to the extent that this percentage falls, whether through annual vesting or due to a promotion or salary increase, an additional award may be granted on an annual basis to maintain the level of participation under the DSP.

For the year ended 31 December 2020 allocations in respect of 5 578 576 shares (2019: 4 513 920) were made to 864 participants (2019: 916) under the DSP.

Performance Deferred Share Plan

To the extent that the face value of the awards granted under the DSP does not satisfy the applicable total multiple of TGP to be granted as LTIs awards, the individual will be granted an award under the PDSP. Awards granted under the PDSP are conditional rights to acquire shares for no consideration on predetermined dates in future, subject to financial and other vesting conditions being satisfied.

In addition to the individual remaining employed by the Group throughout the measurement period and achieving agreed individual/strategic performance hurdles, the vesting of the award is also subject to financial performance conditions.

The current Group performance measures applied are the following:

- **Adjusted RoGEV:** RoGEV is the key driver of the Group's strategy as it is a measure of our current and expected future growth in earnings and the use of this measure ensures a direct link between the incentive plans and the Group's business strategy. The GHRRC applied an once-off discretion to measure all unvested performance shares (awarded prior to 2019) against Adjusted RoGEV as opposed to Actual RoGEV. This is in accordance with the discretion allowed to the GHRRC to adjust for the impact of extra-ordinary events. RoGEV hurdles (which were increased in 2019) will apply up to financial year 2019 and the 2020 conditions (as disclosed) will apply from 1 January 2021.
- **Dividend growth:** Indication of the efficiency of cash flow generation and is an important part of Sanlam's investor value proposition.
- **Strategic:** Recovery to 2019 levels for profit, new business volumes and value of new business covered. This is aimed at driving rapid recovery and resilience for all stakeholders.

Below is a summary of the performance conditions applicable to the relevant unvested tranches held by employees:

2016 award conditions and vesting profile

Adjusted RoGEV and the measurement is over 6 years with the opportunity of early vesting after year three (40%), year four (30%) and year five (30%).

2017 and 2018 award conditions and vesting profile

Adjusted RoGEV and the awards are measured over fixed periods for vesting: 40% over 3 years, 30% over four years and 30% over five years. Where performance conditions are not achieved and the GHRRC does not exercise its discretion to adjust or determine otherwise the awards will forfeit and lapse.

2019 award conditions

Adjusted RoGEV and dividend growth for the different classes of PDSPs. The performance conditions have threshold and target levels, with linear vesting in between. The higher the PDSP multiple, the more stretching the performance conditions, as summarised below:

Total LTI multiple[1] as % of TGP	Category of shares	Group adjusted RoGEV (70% weighting)[3]					Dividend growth (30% weighting)		
		CoC = i + 500bps[2]	CoC = i + 600bps	CoC = i + 675bps	CoC = i + 750bps	CoC = i + 850bps	CPI + 200bps	CPI + 300bps	CPI + 400bps
105% – 175%	PDSP A shares	50% vesting	100% vesting				50% vesting	100% vesting	
175% – 245%	PDSP B shares[3]		50% vesting	100% vesting				50% vesting	100% vesting
245% – 315%	PDSP C shares[3]			50% vesting	100% vesting				100% vesting
315% – 380%	PDSP D shares[3]				50% vesting	100% vesting			100% vesting

Notes

CoC is the nine-year South African risk-free rate (i) plus the basis points (bps) as indicated.

Linear vesting is between 50% threshold and 100% target.

[1] *The total LTI multiple does not constitute an annual award, but depicts the total award value of unvested awards as a percentage of TGP.*

[2] *The 2018 hurdle based on actual RoGEV was i + 400bps. The target was increased by 200bps upon the move from Actual RoGEV to adjusted RoGEV, but to address the cliff vesting risk a threshold target of 50% vesting was introduced at i + 500bps.*

[3] *Group Adjusted RoGEV represents 50% of the RoGEV hurdle and Business Adjusted RoGEV 20% for these categories with similar targets in respect of cluster staff members.*

GHRRC discretion pertaining to unvested LTIs

See "Effects of COVID-19 on remuneration policy in 2020" earlier in this report which details the discretion applied to unvested LTIs.

- The 2020 year will be excluded from measurement periods, but an extra measurement year will be added to historic awards affected by this and will result in the originally agreed measurement term remaining the same, but adding 12 months from an employee incentive and retention perspective.
- Adjusted RoGEV will be the basis of measurement for historic awards (for the component subject to RoGEV).
- Up until 31 December 2019 the unvested awards will be measured per the measurement conditions disclosed above, however from 1 January 2021 the 2020 award performance conditions will apply for measurement of the remaining measurement period (see below).

Remuneration overview continued

2020 performance award conditions

Measures and weighting (Measured from 1 January 2021)

Adjusted RoGEV (40%)

Measures and categories of PDSPs are the same for 2020 as for the 2019 award disclosed in the table above.

The only differences being:

- recognising the impact of COVID on returns, a short term reduction of 200bps will be made for 2021 to the threshold and target, and this adjustment will be reset for subsequent years, having regard to the impact of the pandemic.
- the same interim adjustment is made for the threshold (50% vesting) that will start at risk free + 300bps for PDSP A shares.

The interim adjustment will be applied consistently for PDSP B, C and D shares.

Dividend Growth (30%)

Measures and categories of PDSPs are the same for 2020 as for the 2019 award disclosed in the table above.

The only difference being:

- dividend growth will be measured on the 2020 dividend (paid in 2021) as a base. Growth in the dividend paid in 2021 (in respect of 2020) over the 2020 payment (in respect of 2019) is excluded from the calculation.
- the principle is applicable in the same increments to PDSP A, B, C and D as was disclosed for the 2019 awards.

Strategic recovery (30%)

To drive rapid recovery the following recovery targets are set for 2021 and 2022 financial years (measured against the actual 2019 results):

2021 recovery target	Achievement for 100% vesting	50% vesting
Profit (NRFS*)	95%	85%
New business volumes	110%	100%
VNB	100%	90%

2022 recovery target	Achievement for 100% vesting	50% vesting
Profit (NRFS*)	110%	100%
New business volumes	120%	110%
VNB	130%	120%

* *Net result from financial services*

Each target will have an equal weighting (of 5%) and to the extent that the shares meet the performance target it will remain restricted until the agreed vesting dates and subject to individual/strategic performance conditions, continued employment and malus and clawback.

For category B, C and D PDSPs, the targets will be adjusted to higher achievement percentages relative to 2019 as base as follows:

2021 recovery target	Achievement for 100% vesting	50% vesting
Profit (NRFS)	110%	100%
New business volumes	110%	100%
VNB	100%	90%

2022 recovery target	Achievement for 100% vesting	50% vesting
Profit (NRFS)	115%	105%
New business volumes	125%	115%
VNB	135%	125%

The exact performance conditions (and their weightings) are determined annually by the GHRRC at the relevant date of award and are based on Group business strategy, market benchmarking and institutional best practice.

See page 32 of the implementation report regarding the achievement of RoGEV targets for the three, four and five-year measurement periods that qualified for vesting during 2020.

To the extent that the value of performance awards falls below the applicable total multiple of TGP, whether through vesting or due to a promotion or salary increase, an additional award may be granted on an annual basis to maintain the level of performance awards and encourage ongoing long-term performance.

For the year ended 31 December 2020 allocations in respect of 1 444 269 shares (2019: 1 215 891) were made to 182 participants (2019: 215) under the PDSP.

Discretion of the GHRRC in relation to LTIs performance conditions

In order to ensure that performance conditions do not result in unintended consequences, the GHRRC can apply discretion in reviewing performance condition outcomes when considering/approving vesting for LTIs.

Where GHRRC discretion is exercised it will be fully disclosed in the annual Remuneration Report.

Restricted Share Plan

The RSP has, to date, largely been operated in conjunction with the short-term bonus scheme for Executive committee members and key senior staff. Awards granted under the RSP are motivated by the Group CEO and approved by the GHRRC. The GHRRC also approves the vesting conditions linked to the award and specifically the performance conditions for vesting.

Instances where RSPs may be awarded include:

- Recognition of outperformance (motivated by Group CEO): where cash bonus levels are limited or capped, the GHRRC may award RSPs subject to appropriate vesting conditions. These RSP awards will not have further financial performance conditions (as the performance was tested on the way in as part of the bonus metrics) but will be subject to maintaining satisfactory individual/strategic performance, continued employment, malus and clawback provisions and a pledge to the minimum shareholding requirements.
- To aid critical retention requirements or attract key talent by compensating for LTIs which may be forfeited upon sign-on: Applicable vesting conditions, i.e. minimum levels of individual performance, strategic conditions and continued employment will apply.
- In exceptional circumstances the RSP may be used as a long-term incentive which may be subject to specific strategic and/or financial performance conditions for vesting.

In terms of the RSP, individuals receive fully paid-up Sanlam shares. The individual owns the shares from the date of award and is entitled to receive dividends. However, the shares are subject to appropriate vesting conditions and may be forfeited and dividends repayable if these conditions are not met during the measurement period.

Awards granted under the RSP require the individual to remain employed within the Group until the final vesting date and achieve agreed individual performance hurdles. Awards may also be subject to strategic and financial performance conditions.

Where a financial performance condition is attached to RSP, the weighting of performance condition may vary between 0% and 100% of the award depending on the individual's role.

For the year ended 31 December 2020 allocations in respect of 3 847 089 shares (2019: 433 037) were made to 14 participants (2019: 20) under the RSP, including the first tranche of the restricted shares of the CEO remuneration arrangement.

Out-performance Plan (OPP)

From time to time, at the discretion of the GHRRC, participation in an individual OPP is extended to the Group CEO and certain members of the Executive committee who are leaders of the Group's main operating businesses or in very limited circumstances to key business executives. The GHRRC will set relevant and stretching targets applicable to the particular business area. The OPP rewards superior performance over a three to five-year period and is used infrequently. No payment/equity settlement is made in terms of the OPP unless minimum growth targets over the period are exceeded and full payment/equity settlement is only made if the agreed stretch performance target is met. OPPs are designed to be fully self-funded from exceptional income generated over the OPP vesting period. As a principle, all policy principles applicable to performance share awards, taking into account any changes made in light of COVID, will equally apply (to the extent practical) to OPPs.

The maximum payment/equity settlement that can be made in terms of the OPP is 200% of TGP per annum over the respective three to five-year measurement period (e.g. six or ten times the annual TGP of the final measurement year) if the payment is made in cash. In the event that the OPP is equity-settled, the number of shares is calculated with reference to the TGP at the date that the award is made. Of the shares awarded the percentage of shares which ultimately vest (if any) depends upon the OPP achievement between minimum and maximum hurdles.

See page 38 of the implementation report for further details, measurements and outcomes for all OPPs to Executive committee members.

In exceptional circumstances, OPP arrangements may be extended to senior leaders not part of the Executive committee.

Remuneration overview continued

Use of Sanlam shares subject to vesting conditions

To support long-term alignment with shareholders where remuneration is deferred (subject to certain conditions) the preference is to award this remuneration value in Sanlam shares. Such shares will be held by the individual in a restricted account and will become unrestricted only if vesting and continued employment conditions are met.

Instances where cash amounts may be converted into restricted Sanlam shares include, but are not limited to, deferred remuneration and deferred sign-on payments/bonuses.

These Sanlam shares are also subject to malus and clawback provisions per the malus and clawback policy and could contract with executives to pledge these shares to the minimum shareholding requirements.

Ex-CEO retirement arrangement

Ian Kirk retired on 31 December 2020. He stepped down as Group CEO with effect from 1 July 2020 when Paul Hanratty was appointed as Group CEO. Ian's responsibilities changed from 1 July 2020 and were focused on support to Paul Hanratty and handover activities.

Ian Kirk's remuneration arrangement upon retirement is governed by the rules of the bonus plans and the LTIs applicable to him.

The salient features hereof are:

- Total guaranteed pay (TGP) until 31 December 2020.
- The short-term incentive (STI) is payable subject to normal performance testing, for a full 12-month period to December 2020. Details of the Group CEO annual bonus targets and achievement is disclosed on page 29 of the Implementation Report.
- Good leaver status provisions will be applied to the participation in all long-term incentive plans, i.e. DSP, PDSP and RSP (referred to as "LTI") and the rules of performance testing will apply in the same manner as they apply to all LTI participants in the Group.
- The Ex-CEO's OPP will be measured in accordance with the OPP agreement, consistently applying the Committee discretion applicable to PDSPs insofar as Adjusted RoGEV and exclusion of 2020 from the measurement period. See page 38 of the Implementation Report for measurement and outcome of the OPP.

It is in the best interest of all stakeholders to protect Sanlam's interests by enforcing restraint of trade conditions on the ex-CEO for 36 months as provided for in his remuneration agreement (based on 36 months' TGP to the value of R30,3 million).

The restraint will be settled by transferring Sanlam shares to a restricted account for the duration of the restraint period. The number of restricted shares was determined at a 5 day VWAP prior to 31 December 2020 and release will only happen after the expiry of the restraint period of 36 months. If any of the restraint of trade conditions are breached the restricted shares will be forfeited.

The restricted shares provide a holding condition of 36 months post 31 December 2020 and provides natural alignment with shareholders post retirement.

Group CEO remuneration arrangement

Upon appointment as Group CEO a 5 year remuneration arrangement was agreed with Paul Hanratty as part of his employment agreement.

This arrangement is designed to provide the Group CEO with a high level of investment in Sanlam shares and to provide close alignment between his remuneration structure and shareholders' interest.

The arrangement provides that the Group CEO's remuneration arrangement is almost entirely in Sanlam shares and therefore directly linked to the performance of Sanlam.

The total Rand value potential over 5 years is approximately R332m and the components are as follows:

- Only 10% is cash salary (guaranteed pay).
- The remaining 90% value is made up of Sanlam shares linked to conditions for vesting:
  - **5%** – vests based on time served and acceptable individual performance;
  - **40%** – could vest based on short term performance of which more than 80% is measured annually with the remainder measured over a rolling 5 year period;
  - **20%** – could vest based on long term achievement of financial targets which are the same as for participants of the performance share plan (PDSP); and
  - **35%** – could vest based on strategic delivery on top of a required base of financial hurdles

The 5-year arrangement is more long term focused than short term and any share vesting is heavily weighted towards financial achievement. Taking into account the time of joining Sanlam (amidst the COVID-19 pandemic) and that the next 5 years will be challenging financially, the targets are stretching.

The potential was benchmarked to comparable CEO's total pay at stretch and is at market benchmarks and is therefore competitive. The remuneration arrangement was implemented within the rules of the LTI plans.

The arrangement places the CEO fully on risk and short term, long term and strategic measures are all balanced in the design.

The performance measures are summarised in the table below as they pertain to the different categories of share awards (including the conditions applicable to the OPP share component for the Group CEO remuneration arrangement).

* *At a R60,41 share price when design was approved.*

Group CEO categories of shares, quantum of shares and applicable performance conditions

Shares	Remuneration category	Number of shares – 5 year period	Performance condition
A	Guaranteed Pay (cash) R6 130 000 per year fixed for 5 years		
	Restricted shares	328 590	Achieve satisfactory individual performance and continued employment
B	Bonus shares	1 671 910	Assessed annually based on Group CEO performance contract. The first annual assessment is after 31 December 2021 for 18 months. Vested shares have to be held until the end of the employment period and shares forfeited annually will lapse and such forfeiture will be disclosed.
C	Performance Shares (individual performance)	334 380	Same conditions as DSPs for Executive committee members. Refer to page 33 for DSP vesting conditions. Assessed over a 5 year period. Measured by actual achievement of Group CEO performance contract targets over the on-target achievement (average) for the 5 years.
D1	Performance Restricted Shares	496 605	Measured from 1 January 2021. Measurement is the same as disclosed for the 2020 PDSP A award conditions, see page 32 of this report. Measured until 31 December 2025 for 5 financial years. The weighting of the conditions are: • Adjusted RoGEV **(40%)** • Dividend Recovery and Growth **(30%)** • Strategic recovery to 2019 levels **(30%)**
D2	Performance Restricted Shares	496 605	Measured from 1 January 2021. Measurement is the same as disclosed for the 2020 PDSP B award conditions which are incrementally more stretching than PDSP A conditions, see page 32 of this report. Measured until 31 December 2025 for 5 financial years. Same weighting of the metrics applies as above for D1 shares.

Remuneration overview continued

<table>
<tr><th>Shares</th><th>Remuneration category</th><th>Number of shares – 5 year period</th><th>Performance condition</th></tr>
<tr><td>E</td><td>Outperformance (OPP) Restricted Shares*</td><td>1 671 910</td><td>
<table>
<tr><th>Financial Measure</th><th>Description</th><th>Target (below threshold 0% and at stretch 100%)</th><th>Weighting</th></tr>
<tr><td>Stock rating P/GEV</td><td>Improve the rating from H2 2020 over the 5 years to a better average in 2024/2025</td><td><1 = 0%
1.15 = 100%</td><td>25%</td></tr>
<tr><td>Dividend growth 2021 – 2025</td><td>Average annual rate of growth between dividend paid in 2021 and the dividend paid in 2026 relating to the 2025 financial year</td><td>CPI + 1 = 0%
>CPI + 3% = 100%</td><td>25%</td></tr>
<tr><td>ROGEV 2021 – 2025</td><td>Average return implied by dividends and change in GEV from 1 January 2021 to 31 December 2025, adjusted for normalised investment returns if required</td><td>Risk free rate (RFR) + 4% = 0%
RFR + 8% = 100%</td><td>25%</td></tr>
<tr><td>GEV Added</td><td>Change in GEV: 1 January 2021 to 31 December 2025 plus dividends paid over the period in reference to years 2021 to 2025</td><td>R100 billion = 0%
R150 billion = 100%</td><td>25%</td></tr>
<tr><td>Total</td><td></td><td></td><td>100%</td></tr>
</table>
</td></tr>
<tr><td></td><td>Total number of shares</td><td>5 000 000**</td><td></td></tr>
</table>

* *The Board may moderate the vesting that arises from the financial metrics to reflect a number of areas that impact the long-term sustainability and value of the Group. These include, inter alia, transformation of the workforce, development of a sound culture within the Group, diversification of earnings streams and future proofing of the business. A maximum adjustment upwards or downwards of 25% may be made at the Board's discretion to reflect each of these factors.*

** *Due to the annual share scheme award limit, the 5 million shares were split into two transfers. 3 million shares were transferred in September 2020 and 2 million shares will be transferred after the closed period (March 2021). A SENS announcement will be issued upon transfer.*

The factors used for moderation are:

Focus Area	Description	Weight
Reshaping the Sanlam Group through M&A and strategic partnerships	Creating a better long-term platform for Sanlam by selling non-core assets, strengthening the SA franchise in key areas, strengthening the African franchise excluding SA in key markets, developing a long-term base in India. Capital allocation and capital management to ensure value creation from deals and that the risk profile of the Group is not inappropriately increased. **Modifier: -25% for unsatisfactory, 0 for adequate, +25% for good**	25%
Creating Value from Mergers and Acquisitions (M&A)	Once acquisitions are made or partnerships developed, the successful integration or operation of the business to achieve the deal benefits. **Modifier: -25% for unsatisfactory, 0 for adequate, +25% for good**	15%
Modernisation of the business through data and digital transformation	Ongoing development of the business' digital and data capabilities to ensure competitiveness of offerings, reduction in operating expenses and reach to a potentially much wider customer base. **Modifier: -25% for unsatisfactory, 0 for adequate, +25% for good**	15%
Fortress South Africa	Strengthen the competitive position in South Africa by driving deeper customer relationships through use of a wider product set, improved customer proposition. **Modifier: -25% for unsatisfactory, 0 for adequate, +25% for good**	15%
Transformation of the employee base	In South Africa to achieve a leading position among financial services companies for employment equity. Across Africa to ensure the highest quality employees and technical professionals who are African. Suitable Group CEO internal successors in place, as well as strength for succession into key Exco roles. **Modifier: -25% for unsatisfactory, 0 for adequate, +25% for good**	15%
Culture and ESG	Build and evolve the Sanlam culture so that it has the strength to take the company forward as the leader for the next 20 years. Diversity, innovation, digital ability, financial strength and customer orientation to be seen as strengths within the culture. Ensure ESG principles permeate the running of the Group and its investment processes. **Modifier: -25% for unsatisfactory, 0 for adequate, +25% for good**	15%

The Board may, exercise discretion to vest an award of up to 25% of the OPP shares if circumstances outside of the company's control are judged to give rise to a failure to meet the financial targets of the scheme. Such discretionary award would take into account performance on the modifying factors.

Risk adjustment

Provision is made to protect the Company from inappropriate risk-taking behaviour in relation to remuneration. These include:

- The mix of short-term and long-term financial performance conditions combined with a material weighting towards non-financial/strategic conditions ensures that risk-taking behaviour is not encouraged
- Minimum shareholding requirements which require executives to hold a percentage of vested LTIs as shareholders and not to sell LTIs upon vesting
- Deferral of bonuses above the cash cap to enable risk alignment provisions
- A measurement period of three to five (and in some instances six years) for LTI performance hurdles, before vesting takes place

Remuneration overview continued

- Malus and clawback of remuneration for "trigger events". Defined trigger events include dishonesty, fraud, misrepresentation, gross misconduct, misstated financial results and actions resulting in reputational damage for the Company attributable to the employee. In assessing whether defined trigger events have taken place, the GHRRC will work with the relevant Board committee, the Board, professional advisers and/or any other department within the Group to ensure that any assumptions are correct
- Compliance with legislation and governance best practice standards in the financial services industry

Minimum shareholding requirement (MSR)

During 2020 Sanlam's MSR levels were reviewed against market best practice. On all levels the MSR minimums were increased and differentiation was applied to the business roles in the Group. A category of "Other" was added for roles not on the Executive committee where MSR conditions are applicable. There is no cap on the number of Sanlam shares which Executive committee members may hold in terms of the MSR.

MSR is to drive alignment between executive and shareholder interests, Sanlam applies a minimum shareholding policy to all current and future members of the Sanlam Executive committee defined as prescribed officers, including Sanlam executive directors and any roles which fall within the categories below. In terms of these arrangements, the following minimum shareholding levels, expressed as a percentage of annual TGP, must be reached by the later of 31 December 2021 or within six years from the date of appointment of a participating executive:

Role	Minimum level
Group Chief Executive	**200%**
Group Financial Director	**150%**
Business executives (Life & Savings and Emerging Markets)	**150%**
Business executives (Sanlam Corporate, SA Retail Affluent, SA Retail Mass and Investment)	**100%**
Support executives (Chief Executives of functional portfolios, including Chief Risk Officer)	**75%**
Other*	**50%**

* *Where roles, driven by business requirements (which are not on Group Executive Committee) have the same remuneration design or elements as the Group Executive Committee, "Other" will apply.*

Participating executives are required to maintain the target shareholding throughout their tenure with the Group. Unvested shares under any LTI arrangement will not be taken into account when assessing compliance with the MSR policy.

Incentive arrangements implemented after 1 January 2016 may include MSR terms and conditions as determined by the GHRRC to ensure compliance with the prescribed levels in the prescribed periods, as well as the implications of not adhering to the MSR.

For purposes of determining compliance with the MSR levels, the value of a participating executive's shareholding at the end of each financial year will be determined by using the average closing price of Sanlam ordinary shares on the Johannesburg Stock Exchange Limited (JSE) for the trading days in that financial period and expressed as a percentage of the participating executive's annual TGP at the end of such financial year.

Non-executive directors' fees

Fee structures are reviewed annually based on data from independent service providers and, where applicable, external advice. Recommendations are reviewed for reasonableness by the GHRRC and the Board and are then proposed to shareholders for approval at the AGM. See special resolution number 8 in the 2020 Notice of AGM. For the period 1 July 2021 to 30 June 2022 a nil (0%) increase is proposed for all Non-executive directors' fees. This is in line with the salary principle applicable to management and executive roles in the Group.

The fee structure will remain in place for one year, from 1 July until 30 June the following year. Non-executive directors receive annual Board and committee retainers. In addition, a fee is paid for attending Board meetings. Sanlam pays for all travelling and accommodation expenses in respect of Board meetings. The Chair receives a fixed annual fee that is inclusive of all Board and committee attendances, as well as all other services performed on behalf of the Group.

Non-executive directors are not eligible to participate in incentive plans (whether short-term or long-term) and do not receive fees which are linked to the share price growth or corporate performance hurdles.

Implementation report

Remuneration details for executive directors and members of the Group Executive committee that are defined as prescribed officers

Executive remuneration summary

Remuneration earned by executive directors and members of the Sanlam Executive committee were as follows:

Remuneration for the year ended 31 December 2020

For the purposes of total remuneration, the vesting value of LTIs is disclosed in the table below as opposed to the fair value of LTIs on award date, which was disclosed in prior years. The disclosure approach was amended in 2019 to align closer with King IV™ recommendations. Separate disclosure is provided in respect of the number and value of LTIs that were awarded and vested in the year (refer to pages 34 to 37).

2020 R'000	Months in service	Salary	Company contri-butions	Subtotal: Guaran-teed package	Annual cash bonus	Attri-butable value of LTIs vested[1]	Other payments	Total remune-ration
Paul Hanratty	6	3 065	–	3 065	–	–	–	3 065
Ian Kirk[2]	12	9 758	245	10 003	6 161	6 125	1 803	24 092
Abigail Mukhuba[3]	3	1 296	83	1 379	1 000	–	5 900	8 279
Temba Mvusi[4]	12	4 513	789	5 302	2 250	2 066	1 008	10 626
Jeanett Modise	12	3 920	230	4 150	2 000	1 600	–	7 750
Heinie Werth	12	6 100	210	6 310	2 750	3 247	–	12 307
Subtotal: executive directors		**28 652**	**1 557**	**30 209**	**14 161**	**13 038**	**8 711**	**66 119**
Thinus Alsworthy-Elvey[5]	8	3 367	142	3 509	–	1 356	4 008	8 873
Anton Gildenhuys[6]	12	5 332	210	5 542	3 100	4 685	–	13 327
Lizé Lambrechts	12	5 889	210	6 099	–	4 718	–	10 817
Bongani Madikiza[7]	4	1 350	150	1 500	2 050	–	–	3 550
Lotz Mahlangeni[8]	4	1 661	172	1 833	900	–	–	2 733
Sydney Mbhele	12	4 225	213	4 438	1 800	–	–	6 238
Kanyisa Mkhize[9]	4	1 275	142	1 417	800	–	1 200	3 417
Junior Ngulube	12	3 975	254	4 229	1 250	3 042	–	8 521
Wikus Olivier[10]	12	4 235	210	4 445	2 400	2 678	–	9 523
Robert Roux	12	5 313	210	5 523	4 000	3 017	–	12 540
Karl Socikwa[11]	4	1 463	70	1 533	2 100	1 988	–	5 621
Jurie Strydom[12]	12	5 853	210	6 063	3 000	3 243	–	12 306
Executive committee		**72 590**	**3 750**	**76 340**	**35 561**	**37 765**	**13 919**	**163 585**

(1) Fair value of LTI's (excluding equity-settled OPPs) vested during the year – refer to page 37.
(2) Other payments of R1,8 million in lieu of accrued leave. Prescribed officer until 30 June 2020.
(3) Appointed as Financial Director on 1 October 2020. A sign-on retention cash bonus of R5,9 million was granted on appointment.
(4) Includes an amount of R369 250 paid by Santam. Other payments in lieu of accrued leave.
(5) Chief Executive of Sanlam Corporate until 31 August 2020. The lump sum (other) is in lieu of notice period, handover obligations and accrued leave.
(6) Appointed as Chief Executive: SA Retail Affluent effective on 14 September 2020.
(7) Appointed as Chief Executive: SA Retail Mass on 1 September 2020.
(8) Appointed as Chief Risk Officer and Chief Actuary with effect on 14 September 2020.
(9) Appointed Chief Executive of Sanlam Corporate on 1 September 2020. A sign-on retention cash bonus of R1,2 million was granted on appointment.
(10) Appointed as Group Executive: Strategy on 1 October 2020.
(11) Appointed as Group Executive: Market development on 1 September 2020.
(12) Appointed as Chief Executive: Sanlam Life and Savings on 1 September 2020.

Remuneration for the year ended 31 December 2019

2019 R'000	Months in service	Salary	Company contri-butions	Subtotal: Guaran-teed package	Annual bonus	Attri-butable value of LTIs vested[(2)]	Total remune-ration
Ian Kirk	12	9 385	210	9 595	10 000	7 191	26 786
Heinie Werth	12	5 693	210	5 903	4 600	3 882	14 385
Temba Mvusi[(1)]	12	4 345	757	5 102	3 650	2 423	11 175
Jeanett Modise[(3)]	6	1 840	160	2 000	2 800	1 757	6 557
Subtotal: executive directors		**21 263**	**1 337**	**22 600**	**21 050**	**15 253**	**58 903**
Anton Gildenhuys	12	4 878	210	5 088	5 100	3 223	13 411
Lizé Lambrechts	12	5 620	210	5 830	7 200	6 135	19 165
Junior Ngulube	12	4 364	279	4 643	2 500	2 113	9 256
Robert Roux	12	5 048	210	5 258	5 600	2 731	13 589
Jurie Strydom[(4)]	12	5 283	210	5 493	4 300	8 535	18 328
Sydney Mbhele[(5)]	9	3 038	172	3 210	2 250	–	5 460
Thinus Alsworthy-Elvey[(6)]	9	3 571	171	3 742	3 000	–	6 742
Wikus Olivier[(6)]	5	1 696	88	1 784	2 800	–	4 584
Executive committee		**54 761**	**2 887**	**57 648**	**53 800**	**37 990**	**149 438**

(1) *Includes an amount of R369 250 paid by Santam.*

(2) *Fair value of LTI's (excluding equity-settled OPPs) vested during the year – refer to page 36.*

(3) *Appointed as Chief Executive: Human Resources on 1 July 2019. From September 2020 Group HR Director.*

(4) *Appointed Chief Executive of Sanlam Personal Finance on 1 June 2017. An OPP was granted with effect from 1 January 2016 in respect of his role as Deputy Chief Executive: Sanlam Personal Finance. Achievement in respect of this OPP was measured on 31 December 2017 with the amount converted into RSP shares awarded in March 2018 that vested in April 2019.*

(5) *Appointed as Chief Executive: Brand on 1 April 2019.*

(6) *Appointed as Chief Executive: Sanlam Corporate on 1 April 2019.*

Remuneration details for executive directors and members of the Group Executive committee that are defined as prescribed officers continued

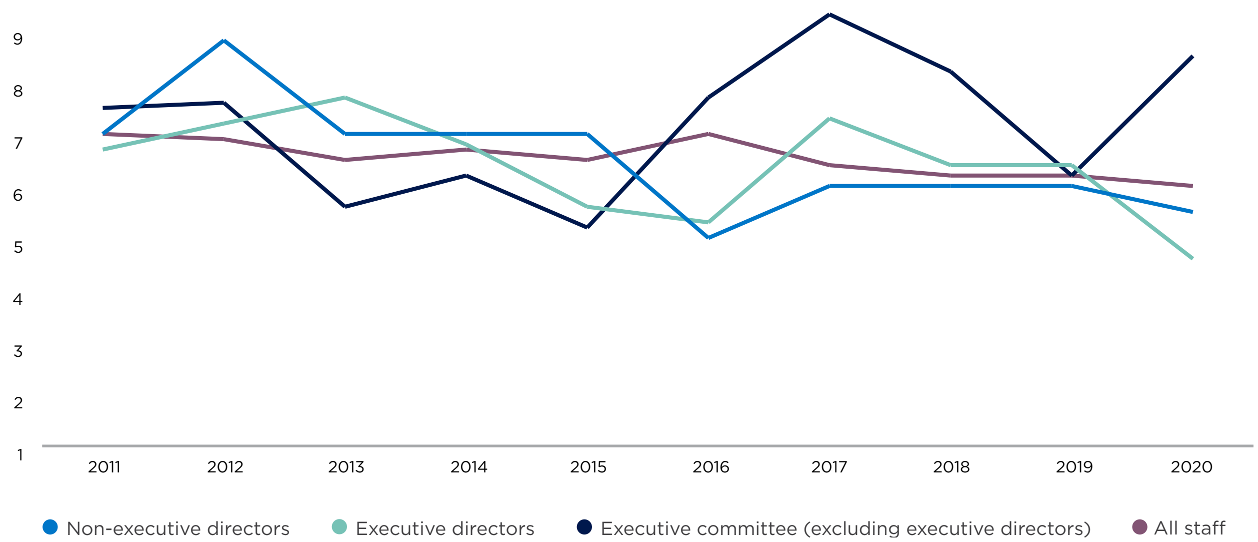
Total guaranteed package

The TGP (in rand) of the executive directors and members of the Group Executive committee that are defined as prescribed officers are reflected in the table below. Due to increases in TGP being granted during the year (i.e. April), the TGP amounts reflected in the table will not correspond to those included in the summary remuneration tables above, which relate to the financial year January to December.

Individual	TGP as at 31-Dec-20	TGP as at 31-Dec-19	TGP as at 31-Dec-18	% increase in TGP 2020	% increase in TGP 2019
Paul Hanratty[(1)(2)]	**6 130 000**	–	–	n/a	n/a
Ian Kirk[(1)]	**10 100 000**	9 710 000	9 250 000	4,02	4,97
Abigail Mukhuba[(1)(3)]	**5 515 400**	–	–	n/a	n/a
Thinus Alsworth-Elvey[(4)]	**–**	5 100 000	–	(100,00)	n/a
Anton Gildenhuys[(5)]	**6 000 000**	5 150 000	4 900 000	16,50	5,10
Lizé Lambrechts	**6 165 000**	5 900 000	5 620 000	4,49	4,98
Bongani Madikiza	**4 500 000**	–	–	n/a	n/a
Lotz Mahlangeni	**5 500 000**	–	–	n/a	n/a
Sydney Mbhele	**4 490 000**	4 280 000	–	n/a	n/a
Kanyisa Mkhize	**4 250 000**	–	–	n/a	n/a
Jeanett Modise[(1)]	**4 200 000**	4 000 000	–	n/a	n/a
Temba Mvusi[(1)(6)]	**4 980 000**	4 790 000	4 560 000	3,97	5,04
Junior Ngulube[(7)]	**4 270 000**	4 104 000	4 890 000	4,04	(16,07)
Wikus Olivier	**4 500 000**	4 281 000	–	5,12	n/a
Robert Roux	**5 590 000**	5 320 000	5 070 000	5,08	6,00
Karl Socikwa	**4 600 000**	–	–	n/a	n/a
Jurie Strydom[(8)]	**6 600 000**	5 620 000	5 110 000	17,44	9,98
Heinie Werth[(1)]	**6 400 000**	6 040 000	5 490 000	5,96	10,02

[(1)] *Executive director.*
[(2)] *Appointed as CEO from 1 July 2020.*
[(3)] *Appointed as Financial Director at 1 October 2020. TGP as at 31 December 2020 reflects remuneration at date of appointment.*
[(4)] *Resigned from Executive committee at 31 August 2020.*
[(5)] *Appointed as Chief Executive of SA Retail Affluent in August 2020. TGP as at 31 December 2020 reflects remuneration on date of appointment as Chief Executive: SA Retail Affluent.*
[(6)] *Receives an additional amount of R369 250 (2019: R369 250) from Santam for services rendered to Santam and retired on 31 December 2020.*
[(7)] *Decrease in TGP 2019 reflects adjustment for the change in responsibilities and flexible working arrangements at Sanlam Emerging Markets.*
[(8)] *Appointed as Chief Executive of Sanlam Life and Savings effective 1 September 2020. TGP as at 1 January 2021 reflects remuneration on date of appointment as Chief Executive: Sanlam Life and Savings.*

The average salary increase paid to executive directors for 2020 was 4,6% (2019: 6,4%) and that of members of the Executive committee (defined as prescribed officers) for 2020 was 8,5% (2019: 6,2%), excluding new members compared with an average salary increase paid to all employees of 6% (2019: 6,2%). The Executive committee increase of 8,5% takes into account Group Exco role changes. The remuneration increase trends for the last 10 years are as follows:



Short-term incentives

Performance targets

The performance targets for the annual bonus plan are set by the GHRRC on an annual basis for executive directors and Executive committee members. In respect of the 2020 annual bonus, the split between business, Group and individual/strategic performance criteria for executive directors and Executive committee members was as follows:

Individual	Business %	Group %	Individual/ strategic[(1)] %
Ian Kirk		50	50
Heinie Werth	50	25	25
Anton Gildenhuys (as Chief Risk Officer)			100
Anton Gildenhuys (Chief Executive: RA)	50	25	25
Lizé Lambrechts	100*		
Temba Mvusi		35	65
Junior Ngulube		35	65
Robert Roux	60	15	25
Jurie Strydom	50	25	25
Jeanett Modise		50	50
Sydney Mbhele		50	50
Wikus Olivier		50	50

* *Includes Santam financial and non-financial/strategic measures.*

(1) *Only individual/strategic performance achievement for 2020 will be used for purposes of measuring individual performance under any of the long term incentive plans (this particularly includes DSPs) and not business or Group financial performance.*

Executive committee members appointed during the last quarter of the year, namely Abigail Mukhuba, Kanyisa Mkhize, Lotz Mahlangeni, Karl Socikwa and Bongani Madikiza are not reflected on this table. From 2021 their weighting between business, Group and individual/strategic objectives will be disclosed together with the weighting of the rest of the Executive committee.

The payments that can be achieved by executive directors and Executive committee members at the target and stretch levels are as indicated below. These levels are benchmarked with comparator groups together with other components of remuneration.

Individual	% of TGP (on-target)	% TGP (stretch)
Ian Kirk	100	200
Heinie Werth	56	112
Anton Gildenhuys	56	112
Lizé Lambrechts	112	160
Temba Mvusi	56	112
Junior Ngulube	56	112
Robert Roux	100	200
Jurie Strydom	56	112
Jeanett Modise	56	112
Sydney Mbhele	56	112
Wikus Olivier	56	112
Abigail Mukhuba	56	112
Kanyisa Mkhize	56	112
Lotz Mahlangeni	56	112
Karl Socikwa	56	112
Bongani Madikiza	56	112

Remuneration details for executive directors and members of the Group Executive committee that are defined as prescribed officers continued

Short term incentives

Sanlam's performance measures applied in 2020 to group employees' short term incentives are summarised below. This also applied to Executive Committee members in relation to the weighting they have to group measures (see table detailing performance targets on page 29). The Group CEO's measures are disclosed in greater detail separately later in this report.

The group measures can be summarised as:

- Adjusted RoGEV: RoGEV is the key performance indicator of Sanlam's strategy;
- Group net result from financial services;
- Underlying businesses aggregate performance against targets
- Performance against transformation measures

The actual achievement of Sanlam's group performance measures for 2020 is as follows:

	Weight	Threshold	Target	Stretch	Score	Weighted score %
Sanlam Group		0%	100%	200%	0% – 200%	
Adjusted RoGEV	18,2%	13,5%	15,5%	17,5%	0%	0%
Group net result from financial services	27,3%	R10 109 m	R10 525 m	R10 805 m	0%	0%
Clusters' actual performance against targets	36,3%					26,4%
Transformation: weighted Financial Sector Charter score	9,1%	22,4%	23,4%	24,3%	0%	0%
Achievement (for participants' with "meet expectations" rating)	90,9%					26,4%
Differentiated for participants with "exceed expectations rating"	9,1%					2,6%
Total	100%					29,0%

Add discretionary (+21%)

For the 2020 financial year a discretionary amount for group employees was added to the total bonus pool. This discretion was exercised to reflect the performance of the underlying businesses, their bonus achievements and for parity in the Group. It resulted in an overall 50% of on-target bonus pool. 29% primary pool as reflected in the table and 21% to provide for discretionary bonuses to a small number of group employees based on exceptional performance, critical and scarce skills and retention requirements. Refer to page 13 for additional information.

Group Chief Executive 2020 annual bonus targets

KPI	Weighting	Minimum hurdle	Hurdle for achievement	Stretched hurdle
RoGEV	**20%**	**13,3%**	**15,3%**	**17,3%**
Growth in net result from financial services	**15%**	**4,5%**	**6,5%**	**9,5%**
Growth in value of new business (VNB)	**10%**	**7,9%**	**10,9%**	**13,9%**
Share price performance:	**2,5%**	**0%**	**15%**	**25%**
• share price premium to GEV on 31/12/2020, based on volume weighted traded price in December 2020 and January 2021				
• share price change relative to FTSE/JSE FINI and FTSE/JSE SWIX	**2,5%**	**90%**	**100%**	**110%**
Strategic initiatives:				
• Capital and cost efficiencies	**50%**	**Achievement measured by GHRRC on a quantitative basis.**		
• Growth and diversification of the business (e.g. acquisitions, grow and consolidate offshore capacity, Pan-African footprint, deliver on new business cases and strategic partnerships, alternative distribution/markets/products through strategic partnerships and alliances, disruptive businesses)				
• Transformation and sustainability				
• Leadership				
• Optimisation of business structure				
• Governance and risk management				

The business-level performance measures applicable to the business chief executives are based on the specific strategic objectives of each business, which are aligned to the achievement of the Group performance measures.

The individual/ strategic performance measures for Group Executive committee members that are defined as prescribed officers are based on the contracted output of each individual (as agreed with the Group Chief Executive) for the 2020 financial year and are summarised on page 15 of this report.

Remuneration details for executive directors and members of the Group Executive committee that are defined as prescribed officers continued

Payments

The table below shows the annual bonus payments (in rand) to each of the executive directors and Executive committee members in respect of the performance achieved in 2020. Final individual payments are based on the outcome relative to the set performance criteria, but may be adjusted by the GHRRC within a discretionary margin to take account of any relevant facts or circumstances that may have impacted on performance during the measurement period. These bonuses are paid in March 2021:

Individual	% of TGP achieved[1] 2020	Payment 2021 R	% of TGP achieved 2019	Payment 2020 R
Ian Kirk	**61**	**6 161 000**	103	10 000 000
Abigail Mukhuba[2]	**54**	**1 000 000**	–	–
Anton Gildenhuys	**52**	**3 100 000**	99	5 100 000
Lizé Lambrechts	**–**	**–**	122	7 200 000
Bongani Madikiza[2]	**46**	**2 050 000**	–	–
Lotz Mahlangeni[2]	**54**	**900 000**	–	–
Temba Mvusi	**45**	**2 250 000**	76	3 650 000
Sydney Mbhele	**40**	**1 800 000**	70	2 250 000
Kanyisa Mkhize[2]	**57**	**800 000**	–	–
Jeanett Modise	**48**	**2 000 000**	70	2 800 000
Junior Ngulube	**29**	**1 250 000**	61	2 500 000
Wikus Olivier	**53**	**2 400 000**	65	2 800 000
Robert Roux	**72**	**4 000 000**	105	5 600 000
Karl Socikwa[2]	**46**	**2 100 000**	–	–
Jurie Strydom	**45**	**3 000 000**	77	4 300 000
Heinie Werth	**43**	**2 750 000**	76	4 600 000

[1] *Only individual/strategic performance achievement for 2020 will be used for purposes of measuring individual performance under any of the long term incentive plans (this particularly includes DSPs) and not business or Group financial performance.*

[2] *Appointed to the Executive committee in 2020 and percentage achieved weighted for a full year.*

LTIs

PDSP and RSPs subject to Company financial performance conditions

Due to Sanlam's vesting profile three LTI tranches were performance measured in 2020 for vesting (June 2020) from a financial metric perspective, namely:

- Award 2017 (40% of award and three financial years reviewed for performance testing) for vesting
- Award 2016 (30% of award and four financial years reviewed for performance testing) for early vesting
- Award 2015 (30% of award and five financial years reviewed for performance testing) for final vesting

A summary of the performance measurement and achievement for LTI vesting in June 2020 is shown below as it pertains to the Group RoGEV condition:

Group RoGEV	Award 2015 %	Award 2016 %	Award 2017 %
Target			
PDSP category A/RSP	13,2	15,4	15,2
PDSP category B	13,9	16,2	16,0
PDSP category C	14,5	16,9	16,7
Actual achievement (Adjusted RoGEV)	15,9	16,2	15,7
PDSP category A/RSP	y	y*	y*
PDSP category B	y	y*	y**
PDSP category C	y	n*	n***

* *Even though the 2016 partially met the condition, the GHRRC decided not to apply its discretion to allow for early vesting.*

** *Portion vesting due to threshold achievement, remainder forfeited.*

*** *Shares forfeited.*

The outcome of RoGEV achievement resulted in 100% vesting in June 2020 in relation to the 2015 awards where performance measurement was met in respect of Group RoGEV and partial vesting for the 2017 award.

The Sanlam Investment Group RoGEV hurdle is applicable to the vesting of Robert Roux's PDSPs awarded in 2015 in addition to the Group RoGEV hurdle.

Sanlam Investment Group RoGEV	Award 2015 %
Measurement period	5 years
Target	15,8
Actual achievement	15,9
Vesting achievement	100

As both the Group and Sanlam Investment Group RoGEV hurdles were met, 100% LTI vesting in June 2020 was applied to Robert Roux's 2015 award.

DSP

For DSP vesting, Executive committee members' cluster/business scorecard achievement is evaluated. Due to their roles and line of sight, these scorecards are based on financial metrics and some strategic metrics which support the Sanlam business strategy. Refer to page 15 of the remuneration policy above for more information in respect of the metrics applied as well as the weighting attributed to each. Due to the nature of their roles, the chief actuary and risk officer and chief executives: Group HR Director and Group Executive: Brand have higher exposure to strategic metrics with significant exposure to the Sanlam Group performance outcome.

The applicable Executive committee members' scorecard achievements were evaluated over the DSP performance period/s for June 2020 vesting as follows:

Measurement of Exco members' DSP vesting over 3, 4 and 5 years

Name	Policy on-target % bonus of TGP	Calculated as the average of the actual achievement over the on-target achievement for the respective measurement period/s %	> 100% achievement warrants achieving DSP target for vesting
Ian Kirk	100	116%	Vesting 100%
Heinie Werth	56	144%	Vesting 100%
Anton Gildenhuys	56	162%	Vesting 100%
Lizé Lambrechts(1)	101	122%	Vesting 100%
Robert Roux	100	153%	Vesting 100%
Temba Mvusi	56	138%	Vesting 100%
Junior Ngulube(2)	56	126%	Vesting 100%
Jurie Strydom(2)	56	146%	Vesting 100%
Thinus Alsworth-Elvey(3)	56	139%	Vesting 100%
Sydney Mbhele(3)	56	125%	Vesting 100%
Jeanett Modise(4)	56	125%	Vesting 100%

(1) *For the last 3 financial years' Lizé Lambrechts' on-target was 112% and the 2 years prior to that it was 90%. An average 5 year on-target is therefore 101%.*

(2) *For Junior Ngulube this achievement is over 4 years as he joined the Group Exco in 2016. For Jurie Strydom this achievement is over 3 years as he joined the Group Exco in 2017.*

(3) *Thinus Alsworth-Elvey and Sydney Mbhele joined the Group Exco in 2019 and as such they do not have any DSPs vesting.*

(4) *Jeanett Modise was appointed to Group Exco and Group Board in 2019, the disclosed DSP vesting for her is by virtue of her previous role and not her Group Exco role.*

Remuneration details for executive directors and members of the Group Executive committee that are defined as prescribed officers continued

The participation by executive directors and Executive committee members defined as prescribed officers in the Group's LTI schemes (excluding the OPP) at 31 December 2020 was as follows:

Number of shares

	Balance 31-12-19	Awarded in 2020	Shares vested	Shares forfeited	Balance 31-12-20	Vesting in 2021	Vesting in 2022	Vesting in 2023	Vesting in 2024	Vesting in 2025
Ian Kirk[1]										
Sanlam	**473 076**	**–**	**(99 207)**	**(1 915)**	**371 954**	**140 952**	**231 002**	**–**	**–**	**–**
Santam	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
DSP										
Sanlam	158 178	–	(42 597)	–	**115 581**	115 581	–	–	–	–
Santam	–	–	–	–	**–**	–	–	–	–	–
PDSP										
Sanlam	277 037	–	(56 610)	(1 915)	**218 512**	25 371	193 141	–	–	–
Category A[2]	*113 664*		*(19 721)*	*–*	**93 943**	*13 847*	*80 096*	*–*	*–*	*–*
Category B[2]	*111 268*		*(23 133)*	*(1 374)*	**86 761**	*10 744*	*76 017*	*–*	*–*	*–*
Category C[2]	*52 105*		*(13 756)*	*(541)*	**37 808**	*780*	*37 028*	*–*	*–*	*–*
Santam	–	–	–	–	**–**	–	–	–	–	
RSP	37 861	–	–	–	**37 861**	–	37 861	–	–	–
Paul Hanratty[8]										
RSP	–	3 000 000	–	–	**3 000 000**	–	–	–	–	3 000 000
Heinie Werth	**310 808**	**99 028**	**(52 614)**	**(2 802)**	**354 420**	**78 264**	**75 107**	**102 257**	**62 398**	**36 394**
DSP	99 311	33 567	(24 248)	–	**108 630**	25 470	26 156	28 838	18 096	10 070
PDSP	122 551	38 950	(20 478)	(2 802)	**138 221**	10 828	32 033	48 525	28 464	18 371
Category A[2]	*72 225*	*22 346*	*(11 459)*	*–*	**83 112**	*10 828*	*16 513*	*26 371*	*17 251*	*12 149*
Category B[2]	*50 326*	*16 604*	*(9 019)*	*(2 802)*	**55 109**	*–*	*15 520*	*22 154*	*11 213*	*6 222*
RSP	88 946	26 511	(7 888)	–	**107 569**	41 966	16 918	24 894	15 838	7 953
Anton Gildenhuys[5]	**478 317**	**203 403**	**(76 994)**	**–**	**604 726**	**117 834**	**139 617**	**169 636**	**112 679**	**64 960**
DSP	84 532	38 827	(20 316)	–	**103 043**	22 452	22 228	29 227	17 488	11 648
PDSP – *category A[2]*	60 984	28 044	(11 922)	–	**77 106**	8 150	13 966	25 271	17 367	12 352
RSP[5]	332 801	136 532	(44 756)	–	**424 577**	87 232	103 423	115 138	77 824	40 960
Lizé Lambrechts										
Santam	**51 486**	**17 724**	**(16 411)**	**–**	**52 799**	**10 794**	**11 747**	**14 960**	**9 981**	**5 317**
Sanlam	**31 292**	**–**	**(4 924)**	**–**	**26 368**	**11 287**	**9 387**	**5 694**	**–**	**–**
DSP										
Santam	22 047	7 328	(6 588)	–	**22 787**	5 365	5 157	6 010	4 057	2 198
Sanlam	14 950	–	(3 093)	–	**11 857**	5 207	4 485	2 165	–	–
PDSP – *category A*										
Santam	29 439	10 396	(9 823)	–	**30 012**	5 429	6 590	8 950	5 924	3 119
Sanlam	16 342	–	(1 831)	–	**14 511**	6 080	4 902	3 529	–	–
RSP – Sanlam	–	–		–	**–**	–	–	–		
Temba Mvusi[1]	**182 792**	**–**	**(33 536)**	**–**	**149 256**	**99 319**	**49 937**	**–**	**–**	**–**
DSP	78 772		(16 866)	–	**61 906**	61 906	–	–	–	–
PDSP	34 524	–	(6 984)	–	**27 540**	7 856	19 684	–	–	–
Category A[2]	*31 539*		*(4 577)*	*–*	**26 962**	*7 451*	*19 511*	*–*	*–*	*–*
Category B[2]	*2 985*		*(2 407)*	*–*	**578**	*405*	*173*	*–*	*–*	*–*
RSP	69 496	–	(9 686)	–	**59 810**	29 557	30 253	–	–	–
Junior Ngulube[4]	**197 805**	**–**	**(50 679)**	**–**	**147 126**	**78 739**	**68 387**	**–**	**–**	**–**
DSP	87 119		(26 545)	–	**60 574**	60 574	–	–	–	–
PDSP – *Category A[2]*	61 848		(18 394)	–	**43 454**	5 322	38 132	–	–	–
RSP	48 838		(5 740)	–	**43 098**	12 843	30 255	–	–	–
Robert Roux	**255 770**	**68 917**	**(50 100)**	**–**	**274 587**	**74 728**	**59 929**	**69 326**	**46 027**	**24 577**
DSP	88 676	32 372	(24 931)	–	**96 117**	24 152	21 326	24 390	16 537	9 712
PDSP	57 335	18 870	(13 688)	–	**62 517**	–	13 075	23 578	16 302	9 562
Category A[2]	*51 497*	*18 870*	*(7 850)*	*–*	**62 517**	*–*	*13 075*	*23 578*	*16 302*	*9 562*
Category B[2]	*3 308*		*(3 308)*	*–*	**–**	*–*	*–*	*–*	*–*	*–*
Category C[2]	*2 530*		*(2 530)*	*–*	**–**	*–*	*–*	*–*	*–*	*–*
RSP	109 759	17 675	(11 481)	–	**115 953**	50 576	25 528	21 358	13 188	5 303
Jurie Strydom	**300 625**	**174 559**	**(53 842)**	**–**	**421 342**	**125 857**	**55 055**	**110 267**	**74 210**	**55 953**
DSP	92 050	49 164	(27 126)		**114 088**	20 157	23 475	33 697	22 010	14 749
PDSP	72 156	98 884	(14 180)	–	**156 860**	14 672	18 439	56 108	34 390	33 251
Category A[2]	*72 156*	*34 990*	*(14 180)*	*–*	**92 966**	*14 672*	*18 439*	*30 550*	*15 222*	*14 083*
Category B[2]	*–*	*63 894*		*–*	**63 894**	*–*	*–*	*25 558*	*19 168*	*19 168*
RSP	136 419	26 511	(12 536)	–	**150 394**	91 028	13 141	20 462	17 810	7 953

	Balance 31-12-19	Awarded in 2020	Shares vested	Shares forfeited	Balance 31-12-20	Vesting in 2021	2022	2023	2024	2025
Jeanett Modise[3]										
Sanlam	**85 045**	**46 581**	**(644)**	**–**	**130 982**	**23 507**	**27 075**	**41 981**	**24 444**	**13 975**
Santam	**7 098**	**–**	**(5 421)**	**–**	**1 677**	**1 530**	**147**	**–**	**–**	**–**
DSP										
Sanlam	63 510	3 873	(549)	–	**66 834**	17 668	20 792	20 240	6 972	1 162
Santam	4 628	–	(4 201)	–	**427**	325	102	–	–	–
PDSP – *Category A*[2]	–	–	–	–	**–**	–	–	–	–	–
Sanlam	21 535	25 033	(95)	–	**46 473**	5 839	6 283	14 672	12 169	7 510
Santam	2 470	–	(1 220)	–	**1 250**	1 205	45	–	–	–
RSP	–	17 675	–	–	**17 675**	–	–	7 069	5 303	5 303
Sydney Mbhele[7]	**64 476**	**79 698**	**–**	**–**	**144 174**	**–**	**25 790**	**51 221**	**43 253**	**23 910**
DSP	64 476	4 066	–	–	**68 542**	–	25 790	20 969	20 563	1 220
PDSP – *Category A*[2]	–	57 957	–	–	**57 957**	–	–	23 183	17 387	17 387
RSP	–	17 675	–	–	**17 675**	–	–	7 069	5 303	5 303
Thinus Alsworth-Elvey[6]	**118 637**	**17 675**	**(22 016)**	**–**	**114 296**	**114 296**	**–**	**–**	**–**	**–**
DSP[8]	73 816	–	–	–	**73 816**	73 816	–	–	–	–
PDSP – *Category A*	789	–	–	–	**789**	789	–	–	–	–
RSP	44 032	17 675	(22 016)	–	**39 691**	39 691	–	–	–	–
Wikus Olivier	**155 604**	**207 817**	**(44 010)**	**–**	**319 411**	**41 943**	**37 785**	**102 326**	**73 310**	**64 047**
DSP	58 617	35 626	(15 802)	–	**78 441**	14 594	15 142	23 004	15 013	10 688
PDSP – *Category A*[2]	18 309	44 495	(2 392)	–	**60 412**	4 796	3 422	21 099	16 045	15 050
RSP	78 678	127 696	(25 816)	–	**180 558**	22 553	19 221	58 223	42 252	38 309
Abigail Mukhuba[7]	**–**	**259 901**	**–**	**–**	**259 901**	**–**	**121 075**	**55 530**	**41 648**	**41 648**
DSP	–	106 789		–	**106 789**			42 715	32 037	32 037
PDSP – *Category A*[2]	–	32 037		–	**32 037**			12 815	9 611	9 611
RSP	–	121 075		–	**121 075**		121 075			
Bongani Madikiza[7]	**–**	**87 129**	**–**	**–**	**87 129**	**–**	**–**	**34 851**	**26 139**	**26 139**
DSP	–	87 129		–	**87 129**			34 851	26 139	26 139
PDSP – *Category A*[2]	–			–	**–**					
RSP	–			–	**–**					
Lotz Mahlangeni[7]	**–**	**334 090**	**–**	**–**	**334 090**	**68 997**	**68 997**	**78 440**	**58 828**	**58 828**
DSP	–	106 491		–	**106 491**			42 597	31 947	31 947
PDSP – *Category A*[2]	–			–	**–**					
RSP	–	227 599		–	**227 599**	68 997	68 997	35 843	26 881	26 881
Kanyisa Mkhize[7]	**–**	**82 288**	**–**	**–**	**82 288**	**–**	**–**	**32 916**	**24 686**	**24 686**
DSP	–	82 288		–	**82 288**			32 916	24 686	24 686
PDSP – *Category A*[2]	–			–	**–**					
RSP	–			–	**–**					
Karl Socikwa[7]	**117 087**	**39 065**	**(33 238)**	**–**	**122 914**	**25 807**	**32 527**	**32 678**	**16 931**	**14 971**
DSP	70 849	37 787	(25 547)	–	**83 089**	20 551	21 605	17 209	12 388	11 336
PDSP – *Category A*[2]	33 096	1 278	(7 691)	–	**26 683**	–	6 979	11 526	4 543	3 635
RSP	13 142			–	**13 142**	5 256	3 943	3 943		

[1] *Retired on 31 December 2020.*
[2] *The performance conditions of the PDSP categories (in addition to the individual performance conditions) are as follows:*
   a. Category A: Adjusted RoGEV for the Group exceeds the Group's cost of capital
   b. Category B: Adjusted RoGEV for the Group exceeds 105% of the Group's cost of capital (in addition to the Sanlam Group hurdle, a Sanlam Investments business hurdle is also applicable for Robert Roux)
   c. Category C: Adjusted RoGEV for the Group exceeds 110% of the Group's cost of capital (in addition to the Sanlam Group hurdle, a Sanlam Investments business hurdle is also applicable for Robert Roux)
[3] *Participated in the Santam LTIs as a former employee of Santam.*
[4] *Retired on 31 January 2021.*
[5] *The majority of the allocation is in respect of an incentive arrangement rewarding enbedded value enhancement and balance sheet management deliverables.*
[6] *The shares are held in a restricted share account subject to certain vesting conditions.*
[7] *Appointed to the Executive committee in 2020.*
[8] *Refer to the Group CEO remuneration arrangement.*

Remuneration details for executive directors and members of the Group Executive committee that are defined as prescribed officers continued

Value

R'000	2020 Value of shares awarded[1]	2020 Value of shares vesting[2]	2020 Value of shares forfeited[2]	2019 Value of shares awarded[1]	2019 Value of shares vesting[2]	2019 Value of shares forfeited[2]
Ian Kirk	**–**	**6 125**	**115**	**8 098**	**7 191**	**–**
DSP	–	2 630	–	2 653	3 138	–
PDSP	–	3 495	115	4 445	4 053	–
RSP	–	–	–	1 000	–	–
Paul Hanratty[4]	**161 580**	**–**	**–**	**–**	**–**	**–**
DSP	–	–	–	–	–	–
PDSP	–	–	–	–	–	–
RSP[3]	161 580	–	–	–	–	–
Abigail Mukhuba[4]	**12 863**	**–**	**–**	**–**	**–**	**–**
DSP	5 285	–	–	–	–	–
PDSP	1 586	–	–	–	–	–
RSP[3]	5 992	–	–	–	–	–
Heinie Werth	**5 311**	**3 247**	**168**	**5 180**	**3 882**	**–**
DSP	1 808	1 497	–	1 735	1 726	–
PDSP	2 098	1 264	168	1 445	698	–
RSP[3]	1 405	486	–	2 000	1 458	–
Temba Mvusi	**–**	**2 066**	**–**	**2 860**	**2 423**	**–**
DSP	–	1 039	–	1 039	1 113	–
PDSP	–	430	–	821	581	–
RSP	–	597	–	1 000	729	–
Jeanett Modise	**2 746**	**1 600**	**–**	**–**	**–**	**–**
DSP	234	1 243	–	–	–	–
PDSP	1 512	357	–	–	–	–
RSP[3]	1 000	–	–	–	–	–
Subtotal: executive directors	**182 500**	**13 038**	**283**	**16 138**	**13 496**	**–**
Anton Gildenhuys	**11 765**	**4 685**	**–**	**11 463**	**3 223**	–
DSP	2 346	1 215	–	1 262	1 461	–
PDSP	1 694	713	–	851	605	–
RSP[3][5]	7 725	2 757	–	9 350	1 157	–
Lizé Lambrechts	**4 775**	**4 718**	**–**	**4 732**	**6 135**	**–**
DSP	1 974	1 959	–	1 886	2 137	–
PDSP	2 801	2 759	–	2 846	3 141	–
RSP[3]	–	–	–	–	857	–
Junior Ngulube	**–**	**3 042**	**–**	**3 000**	**2 113**	**–**
DSP	–	1 588	–	1 683	2 113	–
PDSP	–	1 100	–	317	–	–
RSP[3]	–	354	–	1 000	–	–
Robert Roux	**4 096**	**3 017**	**–**	**4 318**	**2 731**	**–**
DSP	1 956	1 491	–	1 475	1 780	–
PDSP	1 140	819	–	843	951	–
RSP	1 000	707	–	2 000	–	–
Jurie Strydom	**10 444**	**3 243**	**–**	**4 844**	**8 535**	**–**
DSP	2 970	1 623	–	1 569	1 477	–
PDSP	5 974	848	–	775	–	–
RSP[3]	1 500	772	–	2 500	7 058	–
Sydney Mbhele[4]	**4 747**	**–**	**–**	**4 181**	**–**	**–**
DSP	246	–	–	4 181	–	–
PDSP	3 501	–	–	–	–	–
RSP[3]	1 000	–	–	–	–	–

R'000	2020 Value of shares awarded[1]	2020 Value of shares vesting[2]	2020 Value of shares forfeited[2]	2019 Value of shares awarded[1]	2019 Value of shares vesting[2]	2019 Value of shares forfeited[2]
Thinus Alsworth-Elvey	**1 000**	**1 356**	**–**	**8 187**	**–**	**–**
DSP	–	–	–	4 786	–	–
PDSP	–	–	–	51	–	–
RSP[3]	1 000	1 356	–	3 350	–	–
Wikus Olivier[4]	**11 590**	**2 678**	**–**	**–**	**–**	**–**
DSP	2 152	945	–	–	–	–
PDSP	2 688	143	–	–	–	–
RSP[3]	6 750	1 590	–	–	–	–
Bongani Madikiza[4]	**5 263**	**–**	**–**	**–**	**–**	**–**
DSP	5 263	–	–	–	–	–
PDSP	–	–	–	–	–	–
RSP[3]	–	–	–	–	–	–
Lotz Mahlangeni[4]	**19 133**	**–**	**–**	**–**	**–**	**–**
DSP	6 433	–	–	–	–	–
PDSP	–	–	–	–	–	–
RSP[3]	12 700	–	–	–	–	–
Kanyisa Mkhize[4]	**4 971**	**–**	**–**	**–**	**–**	**–**
DSP	4 971	–	–	–	–	–
PDSP	–	–	–	–	–	–
RSP[3]	–	–	–	–	–	–
Karl Socikwa[4]	**2 360**	**1 988**	**–**	**–**	**–**	**–**
DSP	2 283	1 528	–	–	–	–
PDSP	77	460	–	–	–	–
RSP[3]	–	–	–	–	–	–
Executive committee	**262 644**	**37 765**	**283**	**56 863**	**36 233**	**–**

[1] *Based on fair value of shares on grant date, assuming 100% vesting. Actual vesting percentage will be determined on final measurement date.*
[2] *Based on market value of shares on vesting and forfeiture dates respectively.*
[3] *Grants during a year relates to performance in the prior financial year (refer description of scheme) and carry an individual performance condition. Awards have a three, four and five-year vesting profile.*
[4] *Appointed to Executive committee in 2020.*
[5] *The majority of the allocation is in respect of an incentive arrangement rewarding embedded value enhancement and balance sheet management deliverables.*

It is anticipated that LTIs awards will be granted in 2021 to executive directors and Executive committee members on a basis consistent with that described above.

Remuneration details for executive directors and members of the Group Executive committee that are defined as prescribed officers continued

OPP

There were four (4) OPPs which operated during 2020. The consistent policy approach is to treat OPPs in the same manner as performance LTIs. The treatment of performance LTIs in 2020 (taking into account the impact of COVID) is disclosed in detail in this report. In essence it provides for an extension of the OPPs to 2021, excluding 2020 performance from the measurement period and adding 2021 into the financial measurement period.

However, for Ian Kirk retiring from Sanlam and for Jurie Strydom, where his role in the Group changed materially the current OPP measures are not entirely applicable and should not be extended. Therefore, the principles were applied in a differentiated manner based on the facts applicable to them.

For Ian Kirk the measurement was up to 31 December 2019 applying all the performance LTI principles to his OPP targets. The final outcome was pro-rated taking into account one less year of measurement. The principles for Ian Kirk's retirement arrangement are disclosed under "Ex-CEO retirement arrangement" in this report as well.

For Jurie Strydom the measurement was up to 31 December 2019 applying all the performance LTI principles to his OPP targets and pro-rating the outcome to address the reduced measurement period. Jurie's shares will be held in a restricted share account, subject to continued employment, individual performance and malus and clawback conditions. This provides for an additional year of retention to replace the 2020 financial year excluded from measurement. If the conditions are met the shares will become unrestricted 31 March 2022.

The OPP outcomes and achievements are detailed below:

Individual	Measurement period and description	Performance measures	Achievement to 2020	Vesting
Ian Kirk	1 January 2016 – 31 December 2019 1 375 000 Sanlam shares were awarded in 2016 and will vest in accordance with performance hurdles for net result from financial services (40% weighting) and RoGEV (60% weighting).	***Net result from financial services [40%]:*** • Base value: 2015 net result from financial services of R7 270 million • Minimum hurdle: annualised real growth of 5% • Hurdle for 100% vesting: annualised real growth of 15%	0%	92 400 shares vesting based on RoGEV achievement
		Adjusted RoGEV [60%]: • Base rate: annual Group RoGEV hurdle, e.g. 14,1% in 2016 • Minimum hurdle: average annual out-performance of base rate by 2% • Hurdle for 100% vesting: average annual out-performance of base rate by 7%	14%	

Individual	Measurement period and description	Performance measures	Achievement to 2020	Vesting
Robert Roux	1 January 2017 – 31 December 2020 550 454 Sanlam shares were awarded in 2016 and will vest in accordance with performance hurdles for net result from financial services (30% weighting), RoGEV (40% weighting) and net new business flows (30% weighting).	***Net result from financial services [30%]:*** • Base value: 2016 SI cluster net result from financial services of R1 093 million • Minimum hurdle: annualised real growth of 5% • Hurdle for 100% vesting: annualised real growth of 15% ***Adjusted RoGEV [40%]:*** • Base rate: annual SI cluster RoGEV hurdle • Minimum hurdle: average annual RoGEV equal to base rate • Hurdle for 100% vesting: average annual outperformance of base rate by 7% ***Net new business flows [30%]:*** • Base value: aggregate investment management fees earned (after acquisition costs) on net new third-party business flows (NF) of R43,75 million • Minimum hurdle: annual NF equal to base value • Hurdle for 100% vesting: annual NF of R87,5 million	N/A	Final measurement end of financial year 2021 and vesting in March 2022

Remuneration details for executive directors and members of the Group Executive committee that are defined as prescribed officers continued

Individual	Measurement period and description	Performance measures	Achievement to 2020	Vesting
Jurie Strydom	1 January 2018 – 31 December 2019 338 480 Sanlam shares were awarded in 2018 and will vest in accordance with performance hurdles for net result from financial services (30% weighting), RoGEV (30% weighting), net value of new covered business (25% weighting) and key strategic initiatives (15% weighting).	***Net result from financial services [30%]:*** • Base value: 2018 SPF budgeted net result from financial services of R4 292 million • Minimum hurdle: year 1 growth of 2,5% on base value, thereafter annualised real growth of 2,5% • Hurdle for 100% vesting: year 1 growth of 5% on base value, thereafter annualised real growth of 5% ***Adjusted RoGEV [30%]:*** • Base rate: SPF budgeted RoGEV hurdle for each year as determined by Sanlam Group • Minimum hurdle: budgeted RoGEV hurdle rate • Hurdle for 100% vesting: budgeted RoGEV plus 4,5% ***Net value of new covered business [25%]:*** • Base value: 2018 SPF budgeted net value of new covered business of R1 636 million • Minimum hurdle: year 1 growth of 5% on base value, thereafter annualised real growth of 10% • Hurdle for 100% vesting: year 1 growth of 10% on base value, thereafter annualised real growth of 10%	54% achievement of RoGEV component (30% weighting). Net result from financial services and net value of new covered business outcomes were below the minimum.	Total of 61 942 shares vested, with an employment restriction and malus and clawback provisions until 31 March 2022.
		Key strategic initiatives [15%]: Critical partnerships such as the Capitec partnership rendered good results. Digital transformation of the Retail Affluent and Retail Mass (previously SPF) contributed to client experience and the omni channel approach. Cost optimisation clearly indicated by value optimisation, which added to the business resilience during the COVID pandemic. Growth in the retail mass market aligned to the business strategy.	75% of strategic achievement (weighted 15%)	

Individual	Measurement period and description	Performance measures	Achievement to 2020	Vesting
Heinie Werth	1 January 2020 – 31 December 2023 702 000 Sanlam shares were awarded on 1 August 2019 and will vest in accordance with performance hurdles for RoGEV for Saham and SEM (weighted 75%) and Net Result from Financial Services for SEM (weighted 25%).	***Adjusted RoGEV (Saham) (50%):*** • Base rate: 12% return on Moroccan dirham (MAD) purchase price paid. • Minimum hurdle (below which nil shares will vest): <10,8% return based on the 12% MAD base rate • Hurdle for 100% vesting: >15,2% return based on the 12% MAD base rate ***Adjusted RoGEV (SEM) (25%):*** • Base rate: SEM budgeted RoGEV hurdle for each year as determined by Sanlam Group • Minimum hurdle (below which nil shares will vest): Risk-free rate (Rfr) + 700bp • Hurdle for 100% vesting: Rfr + 1 200bps ***Net Result from Financial Services (NRFS) (SEM) (25%):*** • Base rate: 2019 NRFS for SEM R2 632 million • Minimum hurdle (below which nil shares will vest): cumulative annual real growth of 7,5% • Hurdle for 100% vesting: cumulative annual real growth of 12,5%	The OPP targets will be reviewed for relevance in 2021, taking into account the current economic environment, alignment with the Group business strategy and the COVID pandemic.	Measurement end of financial year 2024 and vesting in March 2025

Notes applicable to all OPPs

- *Nil vesting will happen below minimum achievement, with full vesting of shares at maximum achievement.*
- *Sliding scales will be used to do extrapolation between minimum and maximum achievements for vesting outcomes.*
- *The GHRRC will approve OPP share vesting at the end of the measurement periods (taking cognisance of any significant conditions, for example exchange rate movements, inflation, investment markets, acquisitions, corporate actions).*

To the extent that any awards are granted under the OPP in 2021, it will occur on a basis consistent with that described above.

Remuneration details for executive directors and members of the Group Executive committee that are defined as prescribed officers continued

Minimum shareholding requirement

The table below reflects the actual qualifying Sanlam shares held by executive directors and Executive committee members relative to the minimum shareholding requirement (MSR).

Number of shares as at 31 December 2020

Individual	Minimum shareholding requirement	Actual qualifying shareholding	Date at which minimum shareholding must be reached
Paul Hanratty[(1)]	**n/a**	**n/a**	**n/a**
Ian Kirk[(2)]	**337 199**	**324 622**	**n/a**
Heinie Werth	**160 253**	**243 513**	**31 December 2021**
Jeanett Modise	**52 583**		**30 June 2025**
Temba Mvusi[(2)]	**62 348**	**113 603**	**n/a**
Anton Gildenhuys	**100 158**	**108 992**	**31 December 2021**
Sydney Mbhele	**56 214**		**30 June 2025**
Junior Ngulube[(3)]	**53 459**		**n/a**
Robert Roux	**93 314**	**154 449**	**31 December 2021**
Jurie Strydom	**165 261**	**83 577**	**30 June 2023**
Wikus Olivier	**75 119**	**18 194**	**30 September 2026**
Karl Socikwa	**57 591**		**30 September 2026**
Abigail Mukhuba	**138 103**		**30 September 2026**
Bongani Madikiza	**75 119**		**30 September 2026**
Lotz Mahlangeni	**68 859**		**30 September 2026**
Kanyisa Mkhize	**53 209**		**30 September 2026**

[(1)] *Refer to the 5-year CEO remuneration arrangement on page 20.*
[(2)] *Retired 31 December 2020.*
[(3)] *Retired 31 January 2021.*

Sanlam share scheme allocation (dilution limits)

As approved by shareholders the scheme has an allocation of 110 million shares with a limit on annual usage of 11 million shares and the limit for any individual of 5 million shares.

The following table illustrates the usage for 2020 and the capacity position as at 31 December 2020:

		Number of shares
Scheme allocation originally approved		110 000 000
Allocation under DSP and PDSP in 2019	(5 729 811)	
Allocation under RSP in 2019	(433 037)	(6 162 848)
Shares forfeited in 2019		1 020 238
Balance of scheme allocation carried forward at 31 December 2019		104 857 390
Allocation under DSP and PDSP in 2020	**(7 011 922)**	
Allocation under RSP in 2020	**(3 847 089)**	**(10 859 011)**
Shares forfeited in 2020		**504 933**
Balance of scheme allocation carried forward at 31 December 2020		**94 503 312**

Remuneration details for non-executive directors

The policy for non-executive directors' fees is summarised under the remuneration policy part of this report.

Disclosure of individual directors' emoluments, as required in terms of the JSE Listings Requirements, is detailed below.

Non-executive directors' emoluments for the year ended 31 December 2020[(1)]

R'000	Directors' fees	Attendance and committees	Fees from Group	Total
AS Birrell (Non-resident)	**888**	**1 319**	**394**	**2 601**
AD Botha	**396**	**850**	**595**	**1 841**
PB Hanratty (Non-resident NED to 30 June 2020)	**403**	**570**	**–**	**973**
NAS Kruger	**224**	**716**	**–**	**940**
E Masilela (Chair from 11 June 2020)	**1 837**	**214**	**–**	**2 051**
M Mokoka	**377**	**928**	**150**	**1 455**
JP Möller	**377**	**1 072**	**3 110**	**4 559**
PT Motsepe (Deputy Chair)	**573**	**497**	**–**	**1 070**
KT Nondumo	**377**	**1 388**	**1 116**	**2 881**
SA Nkosi	**537**	**716**	**–**	**1 253**
RV Simelane	**377**	**319**	**–**	**696**
CG Swanepoel (to 30 June 2020)	**183**	**635**	**1 538**	**2 356**
J van Zyl (Chair until 10 June 2020)	**1 761**	**259**	**–**	**2 020**
S Zinn	**377**	**574**	**–**	**951**
Total non-executive directors	**8 687**	**10 057**	**6 903**	**25 647**

(1) *Excluding VAT.*

Travel and subsistence paid in respect of attendance of Board and committee meetings amounted to R399 311 (2019: R920 322).

Non-executive directors' emoluments for the year ended 31 December 2019

R'000	Directors' fees	Attendance and committees	Fees from Group	Total
AS Birrell (Non-resident)	403	253	–	656
AD Botha	410	1 194	654	2 258
PB Hanratty (Non-resident)	902	1 842	–	2 744
E Masilela	105	37	–	142
M Mokoka	410	660	49	1 119
PT Motsepe (Deputy Chair)	624	482	–	1 106
KT Nondumo	410	1 233	1 456	3 099
SA Nkosi (LID)	768	1 055	–	1 823
RV Simelane	410	346	–	756
CG Swanepoel	410	1 319	2 078	3 807
J van Zyl (Chair)	3 503	–	–	3 503
SA Zinn	384	398	–	782
Total non-executive directors	8 739	8 819	4 237	21 795

Travel and subsistence paid in respect of attendance of Board and committee meetings amounted to R920 322.

Remuneration details for non-executive directors continued

Fees from Group companies for the year ended 31 December 2020[1]

R'000	Directors' fees	Attendance fees	Committee fees	Total
AS Birrell	**266**	**–**	**128**	**394**
AD Botha	**251**	**268**	**76**	**595**
M Mokoka	**105**	**–**	**45**	**150**
JP Möller	**628**	**544**	**1 938**	**3 110**
KT Nondumo	**271**	**478**	**367**	**1 116**
CG Swanepoel	**111**	**–**	**1 427**	**1 538**
Total fees from Group companies	**1 632**	**1 290**	**3 981**	**6 903**

[1] *Excluding VAT.*

Fees from Group companies for the year ended 31 December 2019

R'000	Directors' fees	Attendance fees	Committee fees	Total
AD Botha	236	296	122	654
M Mokoka	26	23	–	49
KT Nondumo	956	200	300	1 456
CG Swanepoel	353	200	1 525	2 078
Total fees from Group companies	1 571	719	1 947	4 237

Interest of directors in share capital

Sanlam Limited Board information

as at 31 December 2020

Total interest of directors in share capital at the date of this report

Directors	Beneficial Direct	Beneficial Indirect	UB shares
Executive directors			
HC Werth	351 082	578 438	–
I Kirk	324 622	–	–
TI Mvusi	113 603	–	4 000
J Modise	17 675	–	–
PB Hanratty	3 000 000	–	–
AM Mukhuba	121 075	–	–
Total executive directors	3 928 057	578 438	4 000
Non-executive directors			
J van Zyl	–	2 894 288	–
PT Motsepe (Deputy Chair)	–	–	Refer note**
AD Botha*	–	–	–
AS Birrell*	–	–	–
NAS Kruger	–	–	–
E Masilela (Chair)	–	–	–
MG Mokoka	–	–	–
JP Moller	600 000	–	–
KT Nondumo	–	–	–
SA Nkosi	–	–	–
RV Simelane	–	–	10 092
CG Swanepoel	10 000	–	–
SA Zinn	–	–	–
Total non-executive directors	610 000	2 894 288	10 092
Total	4 538 057	3 472 726	14 092

* *UK citizen.*

** *Ubuntu-Botho Investments (Pty) Ltd (UBI) is the direct beneficial holder of 292 471 806 Sanlam ordinary shares. Sizanani-Thusanang-Helpmekaar Investments (Pty) Ltd (Sizanani), beneficially holds approximately 61% of the ordinary share capital (which includes the "A" ordinary shares) in UBI. Approximately 4,8% of Sizanani's beneficial holding in UBI is attributable to interests in UBI which have been acquired, directly or indirectly, by a subsidiary of UBI. The entire share capital of Sizanani is held by a company, the entire issued share capital of which is in turn held by trusts which, with the exception of the Motsepe Foundation Trust, hold those shares for the benefit of Dr Patrice Motsepe and his family. This results in Dr Patrice Motsepe having an indirect interest in the securities of Sanlam amounting to approximately 61% of the UBI shareholding in Sanlam. Dr Motsepe also has an indirect non-beneficial interest of 20% of UBI's shareholding in Sanlam as a trustee of Sanlam's Ubuntu-Botho Community Development Trust. A number of other directors also have a beneficial interest in the share capital of Ubuntu-Botho through its shareholding structure. Their effective holdings in the 10 000 000 Ubuntu-Botho shares in issue are: RV Simelane has 10 092. Mr Temba Mvusi holds 4 000 Ubuntu-Botho shares after he sold 10 000 shares in November 2010.*

Total interest of directors in share capital at 31 December 2019

Directors	Beneficial Direct	Beneficial Indirect	UB shares
Executive directors			
HC Werth	306 140	578 438	–
IM Kirk	263 276	–	–
TI Mvusi	192 303	–	4 000
J Modise	–	–	–
Total executive directors	761 719	578 438	4 000
Non-executive directors			
J van Zyl (Chair)	–	2 894 288	–
PT Motsepe (Deputy chair)	–	–	Refer note[(3)]
AD Botha	–	–	–
AS Birrell[(2)]	–	–	–
PB Hanratty[(2)]	–	–	–
E Masilela	–	–	–
M Mokoka	–	–	–
KT Nondumo	–	–	–
SA Nkosi	–	–	–
RV Simelane	–	–	10 092
CG Swanepoel	10 000	–	–
SA Zinn	–	–	–
Total non-executive directors	10 000	2 894 288	10 092
Total	771 719	3 472 726	14 092

(1) *At the date of this report there are no material differences with the shareholding disclosed above as at 31 December 2019.*

(2) *UK citizen*

(3) *Ubuntu-Botho Investments Proprietary Limited (UB) is the direct beneficial holder of 292 471 806 Sanlam ordinary shares. Sizanani-Thusanang-Helpmekaar Investments Proprietary Limited (Sizanani), beneficially holds 56% of the ordinary share capital (which includes the "A" ordinary shares) in UB. The entire share capital of Sizanani is held by a company, the entire issued share capital of which is in turn held by trusts which, with the exception of the Motsepe Foundation, hold those shares for the benefit of Dr Patrice Motsepe and his family. This results in Dr Patrice Motsepe having an indirect interest in the securities of Sanlam amounting to 56% of UB's shareholding in Sanlam. Dr Motsepe also has an indirect non-beneficial interest in another 20% of UBI's shareholding in Sanlam which he holds as a trustee of the Sanlam Ubuntu-Botho Community Development Trust. A number of other directors also have a beneficial interest in the share capital of UB through its shareholding structure as disclosed above.*

(4) *Dr Motsepe also has an indirect interest through UB and the Sanlam Ubuntu Botho Community Development Trust's 20% indirect interest in SU BEE Funding SPV (RF) Pty Ltd (SU BEE Funding), the holding company of SU BEE Investment SPV (RF) Pty Ltd (SU BEE Investments) that acquired 111 349 000 Sanlam ordinary shares during 2019 (with external funding and Sanlam shareholder approved financial assistance). UB has the ability to appoint the majority of the directors of both SU BEE Funding and SU BEE Investments.*

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