



**SANLAM LTD AND SANLAM LIFE INSURANCE LTD (“SANLAM”)  
INDEPENDENT NON-EXECUTIVE DIRECTORS (“INED”) COMMITTEE CHARTER**

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## **1. CONSTITUTION**

- 1.1 The Independent Non-Executive Director (“INED”) Committee (“the Committee”) is a Committee of the Board of Directors (“the Board”) of Sanlam Limited (“Sanlam”/“the Group”/“the Company”);
- 1.2 The Committee is constituted in alignment with the King IV Report on Corporate Governance 2016 (“King IV”) to the extent that its recommended practices have been adopted by the Company;
- 1.3 The duties and responsibilities of the Committee as set out in this document are in addition to those duties and responsibilities that they have as members of the Board.
- 1.4 The deliberations of the Committee members do not reduce their individual and collective responsibilities as members of the Board in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their legal obligations; and
- 1.5 These terms of reference are subject to the provisions of the Companies Act (Act 71 of 2008) as amended, Sanlam’s Memorandum of Incorporation (“Mol”), the JSE Listings Requirements (to the extent applicable), the Prudential Authority’s Governance of Insurers Standards (“GOI 2”) as well as the recommendations outlined in King IV including any other applicable law, regulatory provision or other criteria evidencing objectivity and independence as established by the Board from time to time.

## **2. PURPOSE OF THE TERMS OF REFERENCE**

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

## **3. DELEGATION**

- 3.1 Any delegation by the Board of any of its responsibilities to the Committee will not by or of itself constitute a discharge of the Board’s accountability or abdicating its own responsibilities.
- 3.2 The Board remains accountable to apply its collective mind to the information, opinions, recommendations, reports and statements presented and recommended by the Committee.

## **4. ROLE OF THE COMMITTEE**

- 4.1 The Committee has an independent role, operating as an overseer and a maker of recommendations to the Board for its consideration and final approval;
- 4.2 The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management; and

- 4.3 The role of the Committee includes, but is not limited to, assisting the Board to discharge its governance role and responsibilities objectively and independently.

## **5. RESPONSIBILITIES OF THE COMMITTEE**

The Committee's responsibilities include, but are not limited to, the following:

- 5.1 To strengthen the independence on the Board as a collective as well as in those instances when the Chair of the Board is not an independent non-executive member serving on the Board;
- 5.2 To provide leadership and advice to the Board in respect of matters where the Chair of the Board has an actual or a perceived conflict of interest, including the identification of circumstances where the Chair of the Board may have a conflict of interest that may impact on his/her independent decision-making;
- 5.3 To review and recommend for approval by the Board, any Related Party transaction, including but without limitation, to any financial, economic interest, position, association or relationship, which when judged from the perspective of a reasonable and informed third party could unduly or cause bias in decision-making in the best interest of Sanlam;
- 5.4 To periodically review and assess the ongoing relationships with related persons to ensure that Sanlam, at all times, complies with the principles of good corporate governance;
- 5.5 Where applicable, to review and consider any actual and/or perceived conflicts of interests as it may occur from time to time;
- 5.6 To make periodic reports available to the Board or as and when required;
- 5.7 To periodically review and reassess the adequacy of this Charter and to recommend any proposed changes to the Board as and when necessary; and
- 5.8 Attend to any other matter that would ordinarily fall within the ambit of the Committee's mandate.

## **6. THE CHAIR OF THE COMMITTEE**

- 6.1 The Board will annually elect and appoint an independent director to serve as the Company's Lead Independent Director ("LID") [if required] to assist the Board to, amongst other, deal with the management of any actual and/or perceived conflicts of interest that may arise from time to time;
- 6.2 The Chair of the Committee's appointment shall at all times be in alignment with the requirements outlined in King IV, the Companies Act and GOI 2; and
- 6.3 In the event of the Chair not being present, the members of the Committee in attendance at the meeting shall designate one of the Committee members as the Acting Chair of such a meeting.

## **7. COMPOSITION**

- 7.1 The members of the Committee shall be appointed by the Board, upon the recommendation of the Nominations Committee;
- 7.2 The Committee shall comprise of not less than 3 (three) members;
- 7.3 Each member of the Committee shall be an independent non-executive director serving on the Board;
- 7.4 The Group Company Secretary of Sanlam will act as the secretary to the Committee;
- 7.5 The members of the Committee as a whole must have sufficient qualifications, an appropriate balance of knowledge, skills, experience, diversity and independence

for it to discharge its governance role and responsibilities objectively and effectively;  
and

- 7.6 The Committee may request any other officer or employee of Sanlam or Sanlam's external counsel to attend a meeting as an invitee of the Committee or to meet with any members of, or act as consultants to, the Committee.

## **8. INDEPENDENCE AND CONFLICTS**

- 8.1 Subject to legal provisions, each member of the Committee should submit to the Board a declaration of all financial, economic and other interests held by the member and related parties at least once per annum, or alternatively whenever there are significant changes;
- 8.2 At the beginning of each Committee meeting, all members should be required to declare whether any of them have any conflict of interest in respect of a matter on the agenda. Any such conflicts should be proactively managed as determined by the Board from time to time, subject to legal provisions;
- 8.3 Non-executive members of the Board and as such the Committee, may be categorised by the Board as "independent" if and when the Board concludes that there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making in the best interest of Sanlam;
- 8.1 The Committee, in consultation with the Nominations Committee, shall consider the following and other indicators holistically, and on a substance-over-form basis, when assessing the independence of a member of the Board and the Committee for purposes of categorisation. None of the members of the Committee, shall hence be:
- 8.1.1 A significant provider of financial capital, or ongoing funding to the organisation, or be an officer, employee or a representative of such a provider of financial capital or funding;
- 8.1.2 Participates in a share-based incentive scheme offered by the Company;
- 8.1.3 Owns securities in the Company, the value of which is material to the personal wealth of the director (Sanlam's threshold is 25% of the director's personal wealth);
- 8.1.4 Has been in the employ of the Group as an executive manager during the preceding 3 (three) financial years, or is a related party to such executive manager;
- 8.1.5 Has been the designated external auditor responsible for performing the statutory audit for the organisation, or a key member of the audit team of the external audit firm, during the preceding 3 (three) financial years;
- 8.1.6 Is a significant or ongoing professional adviser to the organisation, other than as a member of the Board;
- 8.1.7 Is a member of the Board or the executive management of a significant customer of, or supplier to, the organisation;
- 8.1.8 Is a member of the Board or the executive management of another organisation which is a Related Party to the Group; or
- 8.1.9 Is entitled to remuneration contingent on the performance of the organisation.
- 8.5 A non-executive member of the Board may continue to serve, in an independent capacity, for longer than 9 (nine) years if, upon an assessment by the Board conducted every year after 9 (nine) years, it is concluded that the member exercises

objective judgement and that there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making.

## **9. QUORUM AND VOTING**

- 9.1 A representative quorum for the Committee to transact business, will be more than one half (fifty percent) of the members appointed to the Committee;
- 9.2 Each member will have one vote to exercise for the purposes of decision-making;
- 9.3 Individuals, assurance providers and/or professional advisors in attendance at Committee meetings by invitation, may participate in discussions but do not form part of the quorum for Committee meetings;
- 9.4 The members of the Committee must attend all scheduled meetings, including meetings called on an *ad hoc* basis for special matters, unless prior apology with reasons, has been submitted to the Chair of the Committee or the Group Company Secretary.

## **10. MEETING PROCEEDINGS**

- 10.1 Unless varied by these Terms of Reference, meetings and proceedings of the Committee will be governed by Sanlam's Memorandum of Incorporation (the "MOI") regulating the meetings and proceedings of directors and Committees;
- 10.2 At the commencement of each Committee meeting, each of the members of the Committee should declare whether they have any conflict of interests in respect of a matter on the agenda;
- 10.3 The Group Company Secretary shall maintain a declaration of interests register, to be completed by each of the Committee members and updated regularly. Those Committee members with personal financial interests and/or conflicts of interest are not allowed to vote or participate in the consideration of the matter and must follow the provisions of Section 75 of the Companies Act and the MOI in this regard;
- 10.4 The Group Company Secretary will take minutes of each meeting and shall note in the minutes any abstention from voting or deliberation as a result of a conflict of interest;
- 10.5 The minutes of Committee meetings, after preliminary approval thereof by the Chair, will be circulated to all the members of the Committee, and may also, if the Chair of the Committee so decides, be circulated to other members of the Board. Any director may, provided that there is no conflict of interest and with the agreement of the Chair, obtain copies of the Committee's minutes;
- 10.6 A round robin resolution in writing adopted by the majority of the Committee members will be valid and effective as if it had been passed at a duly called and constituted meeting – i.e. provided that each Committee member received notice of the matter to be decided. Such resolution will be presented at the next meeting for noting and record purposes.
- 10.7 The Chair of the Committee will regularly provide summarised feedback to the Board on the Committee's activities and deliberations. He/she will also attend the Company's Annual General Meeting ("AGM") to respond to questions from shareholders on the Committee's activities;
- 10.8 The number, medium, timing and length of meetings as well as the agendas are to be determined in advance; and

10.9 The Committee must report at least annually to the Sanlam Board on its function, responsibilities and activities. It will include the evaluation of the effectiveness of the Committee as well as recommending amendments (if any) to its Charter.

## **11. COMMITTEE AUTHORITY**

- 11.1 The Committee acts in terms of the delegated authority of the Board as recorded in these Terms of Reference;
- 11.2 The Committee, in the fulfilment of its duties, is authorised to call upon the Chairs of the other Board Committees, any of the executive directors, company officers, the company secretaries and/or assurance providers including any employees within the Sanlam Group, to provide it with information as and when required;
- 11.3 The Committee will also have the power to delegate its authority and duties to sub-committees or individual members of the Committee as it deems appropriate, provided it is not precluded by legal or regulatory requirements from doing so;
- 11.4 The Committee is authorised to investigate any activity within its terms of reference and to seek any information it requires from any employee in the Sanlam Group. All employees are expected to co-operate with any request made by the Committee;
- 11.5 The Committee has reasonable access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities;
- 11.6 The Committee, in carrying out its tasks under these terms of reference, may after consultation with the Financial Director, and in cooperation with the Group Company Secretary, obtain such independent professional advice (from both inside and outside Sanlam) at the Company's cost subject to the relevant Board approved process being followed, as it considers necessary to carry out its duties; and
- 11.7 The Committee makes the recommendations to the Board that it deems appropriate on any area within the ambit of these terms of reference, where action or improvement is required.

## **12. DISCLOSURE REQUIREMENTS**

The Committee is required to, at least on an annual basis, disclose the following:

- 12.1 An overview of the Committee's mandate and role assigned to it by the Board;
- 12.2 Its composition, including each member's qualifications and experience;
- 12.3 The number of Committee meetings held during the year;
- 12.4 The key areas of focus during the reporting period;
- 12.5 The actions taken to assist the Board to strengthen the independence on the Board;
- 12.6 A statement on whether the Committee is satisfied that it has fulfilled its responsibilities in accordance with these terms of reference during the reporting period; and
- 12.7 The Committee is also required make a disclosure regarding any external advisors and/or invitees who regularly attend its meetings.

## **13. PERFORMANCE, EVALUATION AND TRAINING**

- 13.1 The Committee must assess its performance each year whether internally or independently, to ensure that its own performance, its Chair and its individual members support the Committee to improve its performance and effectiveness. This could be conducted as part of the full Board evaluation exercise;
- 13.2 The Chair of the Committee shall ensure that the results of the assessment of its effectiveness and any proposed changes to its terms of reference are reported to the Board; and.

13.3 The Committee shall ensure that its members undergo regular training in order to ensure that it effectively perform its responsibilities, if required.

#### **14. APPROVAL AND REVIEW OF THIS CHARTER**

14.1 On an annual basis, the Committee (in consultation with the Nominations Committee) shall review this Charter and recommend it to the Board for approval; and

14.2 A précised version of the Committee's terms of reference shall be published on Sanlam's website, or such other platforms as is appropriate.

#### **Nota Bene**

<sup>1</sup> King IV Glossary and Terms defines **Independence** to mean "the exercise of objective, unfettered judgment". When used as a measure by which to judge the appearance of independence, or to categorise a non-executive member of the governing body or its committees as independent, it means "the absence of an interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making".

<sup>1</sup> King IV Glossary and Terms defines **Conflict of Interest**, used in relation to members of the governing body and its committees to occur when "there is a direct or indirect conflict, in fact or in appearance, between the interests of such member and that of the organisation. It applies to financial, economic and other interests in any opportunity from which the organisation may benefit, as well as use of the property of the organisation, including information". It also applies to the member's related parties holding such interests.

<sup>1</sup> King IV Glossary and Terms defines **Related Party** to mean "a person or entity set out in Section 2(1) of the Companies Act, 2008. It applies mutatis mutandis to organisations other than companies."