



**SANLAM LIFE INSURANCE LIMITED**

**AUDIT, ACTUARIAL & FINANCE  
COMMITTEE (“AAFC”)  
CHARTER**

**(Terms of Reference)**

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## 1. CONSTITUTION

- 1.1 The Audit, Actuarial and Finance Committee (“the Committee”) is a Committee of the Board of Directors of Sanlam Life Insurance Limited (“Sanlam Life” or “the Company”). This document sets out the duties assigned to it by the Board over and above its statutory duties.
- 1.2 The Committee is constituted as a statutory committee and performs its statutory duties in terms of Section 94 (7) of the Companies Act, 71 of 2008 (the “Companies Act”) as amended from time to time, the Insurance Act 2017, the King IV Report on Corporate Governance™ for South Africa 2016 (“King IV™”) to the extent that its recommended practices have been adopted by the Company;
- 1.3 The Committee is also constituted in alignment with the Insurance Act, 2017 and the Prudential Standard on the Governance of Insurers (“GOIs”) and more specifically GOI1;
- 1.4 The Committee accepts responsibility for the statutory duties assigned to it as outlined and prescribed in Section 94 of the Companies Act (Act 71 of 2008) as amended from time to time;
- 1.5 The Committee has an oversight role over the specific responsibilities that are applicable to the Company and/or assigned to it from time to time by the Sanlam Life Board of directors (“the Board”), unless indicated otherwise;
- 1.6 The duties and responsibilities of the Committee as set out in this document are in addition to those duties and responsibilities that they have as members of the Board. The deliberations of the Committee 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.
- 1.7 The Sanlam Life Audit Committee and the Sanlam Limited Audit Committee operate independently from one another. The meetings held in both instances are however conducted jointly to improve effectiveness and efficiency. A separate set of minutes is in each instance kept on record to reflect on the meeting proceedings, the deliberations and the decisions taken at each meeting;
- 1.8 As and where required, some of the Committee’s responsibilities are executed jointly with, or under control of, the Sanlam Limited Board Committees; and
- 1.9 These terms of reference are subject to the provisions of the Companies Act, Sanlam Life’s Memorandum of Incorporation, the Insurance Act 2017, the Prudential Governance and Operational Standards for Insurers and any other applicable law or regulatory provision.

## 2. PURPOSE OF THE TERMS OF REFERENCE

- 2.1. The purpose of these terms of reference is to *inter alia* document the Committee’s role and responsibilities delegated to it by the Board, in addition to the duties assigned to it under any applicable regulation; and
- 2.2. The terms of reference seek to outline:
  - 2.2.1. The Committee’s role and responsibilities;
  - 2.2.2. The requirements for its composition;
  - 2.2.3. Process and criteria for appointment of any Committee members;
  - 2.2.4. Meeting procedures; and
  - 2.2.5. The assessment over the effective functioning of the Committee.

## 3. ROLE OF THE COMMITTEE

- 3.1 The Committee has an independent oversight role with accountability to both the Board and the Company's shareholders.
- 3.2 The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management;
- 3.3 The role of the Committee is to assist the Board with providing independent oversight of, *inter alia*:
  - 3.3.1 The integrity of financial information and financial reporting including annual financial statements and, to the extent delegated, other external reports issued by Sanlam Life;
  - 3.3.2 The effectiveness of Sanlam Life's assurance functions and services, with particular focus on combined assurance arrangements, including external assurance service providers, internal audit, the actuarial and finance functions respectively; and
  - 3.3.3 The adequacy and effectiveness of governance arrangements throughout the Company.
- 3.4 Unless otherwise indicated, the Committee will make recommendations to the Sanlam Life Board for the Board's consideration and final approval.

#### **4. RESPONSIBILITIES OF THE COMMITTEE – FINANCIAL INFORMATION**

- 4.1 In providing oversight over the integrity of financial information and financial reporting, the Committee's responsibilities include the following:
  - 4.1.1 Ensure the management of financial and other risks that affect the integrity of the Company's financial statements or the related external reports issued by Sanlam Life;
  - 4.1.2 Review and consider any anomalies and/or extraordinary transactions that might potentially have an impact on any financial reporting and/ or accounting aspects or the Company's financial disclosures;
  - 4.1.3 Approve Sanlam Life's reporting frameworks (including the reporting standards) to be used, taking into account applicable legal requirements, the intended audience and the purpose of each report as formulated by management;
  - 4.1.4 Review and consider that reports such as the annual financial statements, sustainability reports and any other non-financial reports published in print format and/or made available online, as is necessary, with the objective that it complies with the applicable suite of legal requirements, and/or meet the legitimate and reasonable information needs of key stakeholders;
  - 4.1.5 Review and consider the assessment of the going concern statement and assumptions, the solvency and liquidity tests that are being performed, dividend declarations; related party and off-balance sheet transactions, investments and investment performance, the adequacy of capital as well as the valuation of unlisted investments;
  - 4.1.6 Review and consider the management representations to the external auditors and the representation letters provided by the Finance Director (FD);
  - 4.1.7 Ensure that the Prudential Regulatory reports comply with the necessary regulatory requirements;
  - 4.1.8 Consider and recommend for approval by the Board, management's bases for materiality insofar financial or other reporting is concerned;

- 4.1.9 Evaluate the effectiveness of the internal risk management processes aimed at:
  - 4.1.9.1 Financial reporting risks;
  - 4.1.9.2 Internal financial controls;
  - 4.1.9.3 Fraud risks as it relates to financial reporting; and
  - 4.1.9.4 Information and Technology risks as it relates to financial reporting.
- 4.2 Ensure that the following statements are disclosed in the annual financial statements to be issued in respect of each financial year:
  - 4.2.1 How the Committee carried out its functions.
  - 4.2.2 Whether the Committee is satisfied that the External Auditors were independent of Sanlam Life as determined by the Committee in terms of the Companies Act and any other applicable legislation, specifically, in respect of:
    - 4.2.2.1 The policy and controls that address the provision of non- audit services rendered by the External Auditors, and the nature and extent of such services that were rendered during the relevant financial year;
    - 4.2.2.2 The tenure of the relevant External Audit firms and, in the event of the firm having been involved in a merger or acquisition, including the tenure of the predecessor firms;
    - 4.2.2.3 The rotation of the designated External Audit partners of the Company; and
    - 4.2.2.4 Significant changes in the management of the Company during the External Audit firms' tenure which may mitigate the attendant risk of familiarity between the External Auditors and management of the Company.
  - 4.2.3 Confirmation that it regarded all factors and risks that may impact on the integrity of the Company's disclosures, including factors that may predispose management to present a misleading picture, significant judgements and reporting decisions made, monitoring or enforcement actions by a regulatory body, any evidence that brings into question previously published information, forward-looking statements or information;
  - 4.2.4 A statement that it reviewed the annual financial statements, the interim reports, preliminary or provisional result announcements, the summarised integrated information, any other intended release of price-sensitive information and prospectuses, trading statements and/or similar documents;
  - 4.2.5 A statement that it reviewed the accounting practices and the effectiveness of the internal financial controls and disclosed its views on the effectiveness of the design and implementation of the internal financial controls, the nature and extent of any significant weaknesses in the design, implementation or execution of internal financial controls that resulted in material financial loss, fraud, corruption or error;
  - 4.2.6 A statement that it reviewed the disclosure of sustainability and non-financial related aspects to ensure that it is reliable and does not conflict with the financial information;
  - 4.2.7 A statement that it recommended to the Board, the engagement of an external assurance provider on material sustainability issues where appropriate;
  - 4.2.8 A statement that it recommended the annual integrated report for approval by the Board;
  - 4.2.9 A statement that it gave consideration to the frequency for issuing interim

- results as well as whether the External Auditors should perform assurance procedures on the interim results;
- 4.2.10 That it reviewed the content of the summarised information for whether it provides a balanced view; and
- 4.2.11 That it engaged the External Auditors to provide assurance on the summarised financial information.
- 4.3 The Committee annually reviews the expertise, resources and experience of the Company's finance function, and discloses its views on the effectiveness of the finance function and the results of the review that was conducted;
- 4.4 The Committee also considers and satisfies itself every year of the suitability of the expertise and experience of the FD and discloses its views on the effectiveness of the FD;
- 4.5 The Committee ensures that the Company has established appropriate financial reporting procedures (including internal financial controls) and that those procedures and controls are operating effectively; and
- 4.6 The Committee is supported by the Sanlam Actuarial Forum (which operates as a sub-committee of the Sanlam Limited AAFC) on actuarial related matters insofar it relates to the execution of the Committee's responsibilities, including but not limited to:
- 4.6.1 Reporting on the financial position of the Company as reported upon in the annual financial statements;
- 4.6.2 The review the Actuarial Valuation Reports including the Actuarial Valuation assumptions as well as the supporting statistical analyses;
- 4.6.3 The review of the regulatory solvency positions of Sanlam Life;
- 4.6.4 The review of bonus declarations to policyholders; and
- 4.6.5 The review reports on other actuarial related matters.
- 4.7 The Committee is, furthermore, also supported by the Sanlam Clusters' Finance and Risk Forums ("F&R Forums") in relation to the execution of the Committee's responsibilities and key deliverables. One of the core objectives of the Cluster F&R Forums (as sub-committees of the Sanlam Limited AAFC) is to provide assurance to the Sanlam Limited and Sanlam Life AAFCs and assist the Sanlam Limited and Sanlam Life AAFCs with its oversight responsibilities for financial reporting purposes, the oversight of assurance providers and coverage as well the management of financial risks and controls. Each Cluster F&R Forum's roles and responsibilities are governed by a Terms of Reference, which is annually reviewed and approved by the Sanlam Limited AAFC. Its mandate includes, but is not limited to, the review of:
- 4.7.1 The overall quality and integrity of the Cluster's financial and actuarial reporting;
- 4.7.2 The risks relating to financial reporting and disclosures;
- 4.7.3 The appropriateness and effectiveness of internal controls in general and more specifically, the appropriateness and effectiveness of internal financial controls; and
- 4.7.4 The quality of the work done by the professionals responsible for oversight and assurance over financial and actuarial reporting and the internal control environment.

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

In providing oversight over the effectiveness of Sanlam's assurance providers, the Committee's responsibilities include:

### **5.1 GROUP INTERNAL AUDIT**

Ensuring the effective functioning of the Group Internal Audit function and specifically the following:

- 5.1.1 Recommend for approval by the Sanlam Life Board, the appointment , succession and/or the removal of the Sanlam Life Head of Audit Control;
- 5.1.2 Regularly evaluate the performance of the Sanlam Life Head of Audit Control whilst taking due cognisance of the appraisals done on a Sanlam Group and Cluster level; and approve his/ her remuneration in conjunction with the Sanlam Limited AAFC and Sanlam Limited Human Resources and Remuneration Committee;
- 5.1.3 Ensure that the Sanlam Life Head of Audit Control reports to the Chair of the Sanlam Life Audit Committee, the performance of duties and functional responsibilities that relate to Internal Audit. On other duties and administrative matters, the Sanlam Life Head of Audit Control reports to the Finance Director or alternatively to an executive manager designated for this purpose as appropriate to Sanlam;
- 5.1.4 Review the quarterly Internal Audit progress reports for material breakdowns of governance, risk management or control and monitor management's progress with addressing audit observations;
- 5.1.5 Monitor on an ongoing basis that Internal Audit follows an approved risk-based Internal Audit plan and proposes adaptations to the Internal Audit plan based on Sanlam Life's risk profile; and
- 5.1.6 Approve the annual Sanlam Life Internal Audit plan taking due cognisance of audit plan approvals by the Cluster F&R Forums.

## **5.2 EXTERNAL AUDIT**

5.2.1 The Committee shall perform the following statutory duties as prescribed in terms of Section 94 (7) of the Companies Act:

- 5.2.1.1 Nominate, and recommend for approval, the appointment, re-appointment and removal as auditor of the Company under Section 90 of the Companies Act, a registered auditor who, in the opinion of the Committee, is independent to Sanlam Life; Determine the fees to be paid to the auditors and the auditors' terms of engagement;
- 5.2.1.2 Ensure that the appointment of the auditors complies with the provisions of the Companies Act and any other applicable legislation relating to the appointment of auditors;
- 5.2.1.3 Determine the nature and extent of any non-audit services that the auditors may provide to the Company, or any non-audit services that the auditors may not provide to the Company, or a related company;
- 5.2.1.4 Pre-approve any proposed agreement with the auditors for the provision of non-audit services in line with the Group's Board approved Non-Audit Services Policy;
- 5.2.1.5 Ensure that there is a process for the Audit Committee to be informed of any Reportable Irregularities identified and reported by the External Auditor (i.e. as outlined and defined in the Auditing Profession Act, 2005 as amended from time to time);
- 5.2.1.6 Review and disclose the quality and effectiveness of the External Audit process, with reference to audit quality indicators such as those that may be included in inspection reports issued by External Audit regulators or internally within the auditing firms; and

- 5.2.1.7 Consider whether the External Audit firms and, where appropriate, the individual auditors that will be responsible for performing the functions of auditors, are accredited as such.
- 5.2.2 Receive and deal appropriately with any complaints (whether from within or outside the Company) relating either to the accounting practices and Internal Audit of the Company or to the content or auditing of its financial statements, or to any related matter;
- 5.2.3 Insofar external assurance, the Committee's responsibilities include the following:
  - 5.2.3.1 The Committee should ensure the integrity of external reports issued by Sanlam Life by setting the direction for how assurance of these should be approached and addressed;
  - 5.2.3.2 The Committee should take into account all applicable legal requirements in relation to assurance when considering the underlying data used to prepare a report, or to the process for preparing and presenting a report, or both. The Committee should also consider whether the nature, scope and extent of assurance are suited to the intended audience and purpose of a report as well as the specification of the applicable criteria for the measurement or evaluation of the underlying subject matter of the report;
  - 5.2.3.3 The Committee should ensure that the external assurance reports disclose information about the type of assurance processes applied to each report. In addition to the independent, External Audit opinions provided in terms of applicable legal requirements, the reports should include the following:
    - 5.2.3.3.1 A brief description of the nature, scope and extent of the assurance functions, services and processes underlying the preparation and presentation of such reports; and
    - 5.2.3.3.2 A statement to the Sanlam Life Board on the integrity of the reports including the basis for this statement, with reference to the assurance applied.
  - 5.2.3.4 Insofar external assurance, the Committee's responsibilities include the following:
    - 5.2.3.4.1 The Committee must ensure and satisfy itself with the quality of the work done by the professionals responsible for financial and actuarial reporting and internal control; and
    - 5.2.3.4.2 The Committee shall ensure that the External Auditor possesses the appropriate qualification and experience, and is independent from Sanlam Life.
  - 5.2.3.5 The Committee shall provide assistance to the Board in setting the direction concerning combined assurance and thus ensuring that assurance arrangements achieve the following objectives:
    - 5.2.3.5.1 Enabling an effective internal control environment in Sanlam Life;
    - 5.2.3.5.2 Supporting the integrity of information used for internal decision-making by management, the Board and its committees;
    - 5.2.3.5.3 Supporting the integrity of external reports; and
    - 5.2.3.5.4 Ensuring that a methodology for combined assurance exists and that combined assurance is demonstrated effectively over Sanlam Life's significant risks and material matters.

## **5 RESPONSIBILITIES OF THE COMMITTEE – GOVERNANCE**



In providing oversight over the adequacy and effectiveness of the governance arrangements in Sanlam Life, the Committee's responsibilities include:

- 5.1 Ensuring the appropriateness and effectiveness of internal controls in general and in particular, the Company's internal financial controls;
- 5.1 Reviewing and considering the Sanlam Group's Governance Policy and the Sanlam Life's Board Authorisation Framework;
- 5.2 Reviewing Sanlam Life's compliance with mandatory corporate governance principles and disclosures in terms of the Act and King IV™ and all applicable laws and regulations adopted, non-binding rules, codes and standards;
- 5.3 Reviewing and recommending for approval to the Sanlam Life Board as and when required, any applicable policy and/or procedure as required from time to time by the Insurance Act; and
- 5.4 Reviewing the representation letters and other forms of assurances provided by other audit committees and the Cluster Finance and Risk Forums within Sanlam Life.

## **6 RESPONSIBILITIES OF THE COMMITTEE – DISCLOSURE**

In addition to the Committee's disclosure requirements referred to herein under paragraph 4 (i.e. in alignment with King IV™), the Committee has a duty to disclose in the Company's and annual financial statements:

- 6.1 The overall role and associated responsibilities and functions;
- 6.1 Its composition, including each member's qualifications and experience;
- 6.2 A statement on whether the Committee is satisfied that it has fulfilled its responsibilities in accordance with these terms of reference for the reporting period;
- 6.3 The Committee's views on the effectiveness of the Sanlam Life Head of Audit Control and the arrangements for Internal Audit;
- 6.4 Any external advisors or invitees who regularly attend its meetings;
- 6.5 The Committee's key areas of focus during the financial year; and
- 6.6 Number of Committee meetings held during the reporting period and the attendance at those meetings.

## **7 RELATIONSHIP WITH SANLAM GROUP COMPANIES**

- 7.1 The Sanlam Limited Board approved a Group Governance Policy which proposes certain principles to be applied throughout the Sanlam Group in respect of subsidiary and associate companies, partnerships, joint ventures as well as business divisions across statutory entities. This also includes the broader governance aspects such as financial reporting, branding, people management, risk management, culture, ethics and Information and Technology ("IT") governance;
- 7.1 Sanlam Life's interest in Group companies is managed primarily through its representatives on the boards of directors of these companies, shareholder agreements, memoranda of incorporation, adherence to Company policies where such policies exist and control functions that oversee the implementation of governance aspects at a business level;
- 7.2 The Board of directors of each company within Sanlam Life, has a fiduciary duty towards that specific company, which compels them to manage the business in a manner that will ensure appropriate risk management strategies, an effective control environment and accurate financial reporting. It is the responsibility of these directors to support the Company and Cluster functionaries to ensure that the respective companies practice proper governance and adhere to the Company's

policies and standards;

- 7.3 The Cluster Governance Structures and/or the Cluster Chief Executives are required to annually inform and report to the Sanlam Limited AAFC any material deviations from Sanlam policies and standards or the existence of any significant internal control breakdowns within these businesses. They may report directly or institute appropriate reporting mechanisms such as the tabling of Financial, Audit and Risk Committees' minutes, formal written reports by the Financial and Risk Committees' chair, or by personal attendance at the meeting;
- 7.4 Any deviations and/or permanent exceptions to the Sanlam Limited Board approved Group Governance Policy and/or the Sanlam Limited Board Approval Framework (if any), need to be reported to the Sanlam Limited AAFC for notification purposes by the Company Secretary – i.e. after the Group CEO granted his/her approval thereof; and The Sanlam Life Board requires that the Sanlam Life Audit Committee provides assurance regarding the quality of financial reporting and disclosures, as well as the internal control environment in Sanlam Life..

## **8 RELATIONSHIP WITH OTHER COMMITTEES**

- 8.1 The Committee will provide input to other Board Committees in such matters that are relevant to those Committees to enable it to perform its responsibilities, in circumstances where aspects of those same matters fall within the scope of responsibility of other Board Committees;
- 8.2 The Committee will also ensure an appropriate information flow between itself and other Board Committees such as the Sanlam Limited and Sanlam Life Risk and Compliance Committees, the Sanlam Customer Interest Committee and the Social, Ethics and Sustainability Committee, to enable the Committee access to financial and/or other information required to execute its responsibilities; and
- 8.3 The Committee will receive regular feedback from the Cluster Finance and Risk Forums and/or the Cluster Audit and Risk Committees of the respective Business Clusters regarding its effectiveness, significant risks, quality of financial reporting and assurance provider feedback.

## **9 COMMITTEE AUTHORITY**

- 9.1 The Committee takes primary responsibility for and has the ultimate decision making authority regarding its statutory duties. To this end the Chair must be present at all annual general meetings;
- 9.2 If and when differences of opinion should arise between the Board and the Committee where the Audit Committee's statutory functions are concerned, the Audit Committee's decision will prevail. However, as the Committee also serves as a committee of the Board for duties assigned to it by the Board over and above its statutory duties, the Board retains ultimate decision making ability on non-statutory matters;
- 9.3 The Committee will have the power to delegate its authority and duties to sub-committees or individual members of the Committee as it deems appropriate, provided that it is not precluded by legal or regulatory requirements from doing so;
- 9.4 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 and/or the Company Secretary or assurance providers including any employees within the Sanlam Group, to provide and assist it with information as and when required, at the Company's cost, subject to following the relevant Board-approved process; and

- 9.5 The Audit Committee, in carrying out its tasks under these terms of reference, may after consultation with the Chair of the Board, and in cooperation with the Company Secretary, obtain such independent professional advice (from both inside and outside Sanlam Life) at the Company's cost subject to the relevant Board approved process being followed, as it considers necessary to carry out its duties.

## 10 DELEGATION

- 10.1 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.
- 10.2 The Board remains accountable to apply its collective mind to the information, opinions, recommendations, reports and statements presented by the Committee.

## 11 COMMITTEE COMPOSITION

- 11.1 The shareholders of Sanlam Life must elect and appoint the members of the Committee at each annual general meeting. The Nominations Committee will assist the Sanlam Life Board to present and recommend to the shareholders suitable candidates for election or re-election as members of the Committee who comply with the applicable requirements of the Companies Act, the Insurance Act 2017, the Prudential Governance and Operational Standards for Insurance Groups, King IV (where applicable) and any other applicable law or regulatory provision;
- 11.2 The Chair of the Sanlam Life Board shall not be eligible to serve as a member of the Committee;
- 11.3 The Committee will consist of not less than three directors appointed by the shareholders, all of whom will be independent non-executive directors.
- 11.4 A member of the Committee is considered independent when the Board assesses on a "substance over form" basis that the member is not *inter alia*:
- 11.4.1 A significant provider of financial capital, or ongoing funder to Sanlam; or is not an officer, employee or a representative of such provider of financial capital or funding.
- 11.4.2 Participating in a share-based incentive scheme offered by Sanlam.
- 11.4.3 Owning securities in Sanlam, the value of which is material to the personal wealth of the director.
- 11.4.4 Under the employ of the Sanlam Group as an executive manager during the preceding three financial years or is a related party to such executive manager.
- 11.4.5 A designated External Auditor responsible for performing the statutory audit for Sanlam, or a key member of the External Audit firm, during the preceding three financial years.
- 11.4.6 A significant or ongoing professional adviser to Sanlam, other than as a member of the Board.
- 11.4.7 Entitled to remuneration contingent on the performance of Sanlam.
- 11.5 As per the Companies Act, the Sanlam Life Board must appoint a person to fill a vacancy on the Committee within 40 business days should such a vacancy arise. Such an appointment must be ratified by the shareholders at the subsequent annual general meeting;
- 11.6 The Sanlam Life Board will appoint the Committee Chair who shall be an independent non-executive director and the Board shall determine the period for which s/he will hold office;

- 11.7 The Chair of the Committee may invite members of management or other persons (as invitees) to attend and to be heard at Committee meetings. A standing invitation shall however be issued to the:
- 11.7.1 The Chair of the Sanlam Life Board;
  - 11.7.2 The Chief Executive Officer (CEO) of Sanlam Life, the FD as well as the Chief Actuary of Sanlam Life and the Chief Risk Officer;
  - 11.7.3 The CEOs of the respective Business Clusters and other Sanlam Group executive members;
    - 11.7.4 The Chairs of the Cluster F&R Forums;
    - 11.7.5 The Chair of the Sanlam Actuarial Forum;
  - 11.7.6 The Heads of the Control functions ; and
  - 11.7.7 Engagement partners of the joint External Audit firms.
- 11.8 All Sanlam Life Board members may attend the Committee meetings as observers;
- 11.9 The Company Secretary of Sanlam Life will act as the Secretary to the Committee;
- 11.10 All members of the Committee must be suitably skilled and experienced independent, non-executive directors. The Committee members must, as a whole, have the necessary financial literacy, skills and experience to execute their duties effectively. For noting purposes, financial literacy is defined as the ability to read and fundamentally understand financial statements, as exhibited by the following qualities:
- 11.10.1 An understanding of financial statements in general;
  - 11.10.2 An understanding of Sanlam Life's financial statements, including the actuarial reporting which is included in the financial statements;
  - 11.10.3 A sound knowledge of the industry and general accounting, auditing, governance and actuarial developments that could affect Sanlam's operations and financial statements; and
  - 11.10.4 A sound knowledge of integrated and sustainability reporting.
- 11.11 The Committee members must keep up to date with developments affecting their required skill-set;
- 11.12 The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties, including an understanding of the following:
- 11.12.1 Financial and sustainability reporting;
  - 11.12.2 Internal financial controls;
  - 11.12.3 External Audit processes;
  - 11.12.4 Internal Audit processes;
  - 11.12.5 Insurance laws and Regulations as well as Corporate law;
  - 11.12.6 Risk management;
  - 11.12.7 Sustainability issues;
  - 11.12.8 Information and technology governance as it relates to integrated reporting; and
  - 11.12.9 Governance processes within the Company.

## **12 MEETINGS**

- 12.1 Meetings of the Committee will be held as often as the Chair of the Committee deems to be appropriate. However, the Committee will meet at least four times each year. Further meetings may be called by the Chair of the Committee as well as by any Committee member, the External Auditors or the Chief Audit Executive. Meetings should be organised to ensure attendance is maximised;
- 12.2 The notice of each meeting of the Committee, confirming the venue, time and date and enclosing an agenda of items to be discussed, will other than under

- exceptional circumstances be forwarded to each member of the Committee not less than five working days prior to the date of the meeting;
- 12.3 The quorum for the Committee to conduct a meeting will be a majority of the members present;
  - 12.4 The Committee will conduct its meetings in accordance with an annual Board approved plan to ensure that it fulfils all of its responsibilities;
  - 12.5 The Committee has the prerogative to, and shall meet separately with management, the Heads of the Control functions and the External Auditors on a regular basis;
  - 12.6 The Committee must meet with Internal- and External Auditors at least once a year without management being present, to facilitate an exchange of views and concerns that may not be appropriate for discussion in an open forum;
  - 12.7 Individuals in attendance at Committee meetings by invitation, may participate in the discussions but do not form part of the quorum for Committee meetings and may not vote.

### **13 PROCEEDINGS**

- 13.1 Unless varied by these Terms of Reference, meetings and proceedings of the Committee will be governed by Sanlam Life's Memorandum of Incorporation ("Sanlam Life's MOI") regulating the meetings and proceedings of directors and Committees;
- 13.2 The Committee's Secretary will take minutes of meetings. The minutes of all meetings, after preliminary approval thereof by the Chair, will be circulated to all the members of the Audit Committee, and may also, if the Chair so decides, be circulated to other members of the Board. Any director may, provided that there is no perceived or actual conflict of interest and with the agreement of the Chair, obtain copies of the Audit Committee's minutes;
- 13.3 A round robin resolution in writing adopted by the majority of the Committee members will be valid and effective as if it had been passed at a duly called and constituted meeting – i.e. provided that each Committee member received notice of the matter to be decided. Such resolution will be presented at the next meeting for ratification and record purposes;
- 14.4 The Chair of the Committee will regularly provide summarised feedback to the Board on the Audit Committee's activities and deliberations; and
- 13.4 The Committee must report at least annually to the Sanlam Life Board on its function, responsibilities and activities. This will include the evaluation of the effectiveness of the Committee and the recommendation of amendments (if any) to its Charter.

### **14 REMUNERATION**

- 14.1 Having regard to the functions performed by the members of the Committee (in addition to their functions as directors) in relation to the activities of the Committee, and pursuant to the specific powers conferred upon the Board by Sanlam Life's MOI, the members of the Committee may, on the recommendation of the Nominations Committee and the Board, be paid special Committee fees as permitted under the Sanlam Life Board's approved remuneration policy. Such special Committee fees will be in addition to the annual fees payable to directors;
- 14.2 The remuneration of the Committee members will annually be approved for the next year by the shareholders of Sanlam Life at the annual general meeting upon the recommendation of the Sanlam Life Board.
- 14.3 The Chairs of the Cluster F&R Forums may, on the recommendation of the

Nominations Committee and the Board, be paid special Committee attendance fees.

## **15 PERFORMANCE, EVALUATION AND TRAINING**

- 15.1 The Committee must assess its performance each year, to ensure that its own performance as a collective, its Chair and its individual members supported the Committee to improve its performance and effectiveness;
- 15.2 The Chair of the Committee shall ensure that the results of the Committee's performance review and any proposed changes to its Terms of Reference are reported to the Board; and
- 15.3 The Committee shall make available to new members of the Committee a suitable induction process, and for existing members, ongoing training where appropriate to ensure that it effectively perform its responsibilities.

## **16 REVIEW AND APPROVAL OF THE TERMS OF REFERENCE**

- 16.1 These Terms of Reference were recommended to the Board by the Chair of the Committee and subsequently approved by the Sanlam Life Board and will be due for review annually thereafter.

*Reviewed: March 2023*