



We empower  
generations  
to be...

...financially  
confident, secure  
and prosperous



Corporate Governance Report  
2020

Insurance | Financial Planning | Retirement | Investments | Wealth

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# About Sanlam

Sanlam was established as a life insurance company in South Africa but has since transformed into a diversified financial services group operating across Africa, India and selected other emerging and developed markets, with listings on the Johannesburg, A2X and Namibian stock exchanges. The Group has been operating for more than 100 years, most of which as a mutual insurer. Sanlam demutualised and listed on the Johannesburg and Namibian stock exchanges in 1998.

It is one of the largest internationally active insurance groups worldwide. Sanlam operates through several subsidiaries, associated companies and joint ventures, with Sanlam Life Insurance Limited (Sanlam Life) as the largest operating subsidiary and the holding company of most of Sanlam's operations.

The Group's areas of expertise include insurance (life and general), financial planning, retirement and employee benefits, investments and wealth management. Operations are conducted through business clusters that deliver tailored, comprehensive and client-centric financial solutions to individual and institutional clients.

Sanlam's purpose is to empower generations to be financially confident, secure and prosperous. The Group's vision is to distinguish itself as the most admired financial services group in Africa.

## About this Corporate Governance report

The Sanlam Corporate Governance Report forms part of the 2020 annual reporting suite which covers the activities of the Sanlam Group for the financial year ended 31 December 2020. The Sanlam Board of directors (Board) acknowledges its responsibility to ensure the integrity of the annual reporting suite, which includes the Integrated Report (IR), Annual Financial Statements, Resilience Report, Remuneration Report, King IV Report and this Corporate Governance Report (the report).

The Board continues to be committed to good corporate governance in all the territories in which Sanlam operates. It is pleased to report that for the period ended 31 December 2020, the Group continued to illustrate its commitment towards ensuring that Sanlam implements and discloses all the core principles on good corporate governance as provided for under the King Report on Corporate Governance™ for South Africa, 2016 (King IV™)<sup>(1)</sup>. These include, but are not limited to, the mandatory corporate governance requirements that have been outlined in the JSE Listings Requirements and the Prudential Standards and

Framework for Governance and Operational Standards for insurers.

The Board has applied its mind to the preparation of all the Sanlam reporting elements and is of the view that the annual reporting suite addresses all material matters appropriately and in accordance with the International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework. Stakeholders are encouraged to access the Sanlam investor relations website ([www.sanlam.com](http://www.sanlam.com)) for all elements of the annual reporting suite, and additional detail on governance, shareholder information and sustainability matters.

The Sanlam Board oversees a group of companies that have been in business for more than a century. Its role includes safeguarding this legacy while ensuring that the Group continues to create value for future generations to come. The Board, in executing its fiduciary duties, among other things, remains the accountable custodian of corporate governance. It is committed to ensuring, collectively and individually, that sound governance principles are fully integrated into all aspects of the business. As a result, Sanlam's policies, processes and procedures are controlled and executed according to a structured and formal system. This encompasses responding to the legitimate expectations of Group's various stakeholders which include (but are not limited to) those stakeholders who are affected by our business, those who could potentially influence how we conduct business, as well as those stakeholders who have an interest in the Group's actions and how these are being performed.

In 2020, the Sanlam Board arranged the first virtual annual general meeting (AGM) due to COVID-19 restrictions. The notice of the meeting was distributed well in advance, enabling shareholders to attend and vote via a digital platform, while fully complying with the JSE listings requirements. The success of the meeting was evidence of Sanlam's ability to respond effectively to stakeholder requirements in a dynamic environment.

[www.sanlam.com](http://www.sanlam.com)

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# Our approach to good governance



# Organisational ethics

## Our approach to good governance

- Organisational ethics
- Group Business Philosophy areas of guidance
- An entrepreneurial culture
- Traditional values
- Innovation
- Stakeholder value
- Strong ties with business partners
- Client centricity
- Solution oriented Business responsibility

## Group Business Philosophy outcomes

- Optimised shareholder value
- Capital efficiency
- Operational excellence
- Client centricity

*Ethical leadership is paramount and an integral part of the Board's approach to corporate governance practices. It forms the basis for clients' and key stakeholders' trust in the Group. At Sanlam, leadership is influenced and ultimately shaped by the Sanlam Group Business Philosophy, the Group's Code of Ethical Conduct (the Code) and the Group Governance policy which includes the Group's tight principles and Authorisations Framework. The Sanlam Group Business Philosophy explains in further detail how the Group acts and conducts its business as a single entity and at the same time positions the Group as "One Brand". It includes a summary of Sanlam's culture, its values and responsibilities, encapsulating the way in which the Group does business and how it allocates resources.*

## The Sanlam values

**Lead with courage** to earn our clients' trust

**Serve with pride** as we are client focused

**Caring** that comes from respect for each other

**Winning with integrity** to be the unrivalled industry leader in Africa

**Creating value** in everything that we do

## Organisational ethics continued

The Sanlam Group Business Philosophy sets out the most appropriate methodology for how the Board, management and Sanlam's employees should conduct themselves when executing the Group's strategy. The Group Business Philosophy is underpinned by the Code, which in turn, underpins Sanlam's values.

### A synopsis of the Group Business Philosophy elements

<b>An entrepreneurial culture</b>	We have an "owner-manager" culture, which is underwritten by the key concepts of entrepreneurship, empowerment and accountability. Sanlam attracts, recruits, supports and develops entrepreneurial and "intrapreneurial" self-starters who have a passion for what they do. We empower them, hold them accountable and reward them appropriately.
<b>Traditional values</b>	The essence of our culture is captured in traditional values such as honesty, hardworking, ethical behaviour, commitment, innovation, stakeholder value and strong ties with business partners.
<b>Innovation</b>	To attract and retain clients, Sanlam provides innovative financial solutions along the full extent of the wealth creation, management and protection value chain. To develop these solutions, we invest in and value diversity in our people, particularly for their contribution to innovative thinking.
<b>Stakeholder value</b>	We only seek win-win relationships with stakeholders, characterised by traditional values that follow the spirit of mutual intent rather than the letter of agreements.
<b>Strong ties with business partners</b>	We seek long-term mutually beneficial relationships with business partners. When acquiring new businesses, Sanlam's general preference is for majority equity control.
<b>Client centricity</b>	To generate revenue, a loyal and satisfied client base is of pivotal importance. This includes a value proposition that incorporates tailored financial product and service offerings, continuous appropriate advice delivery and an omni-channel presence. One of the fundamental underlying principles informing our approach to clients is based on the Treating Customers Fairly (TCF) regulatory framework.
<b>Solution-oriented</b>	We provide innovative financial solutions along the full extent of the wealth creation, management and protection value chain. Effective services, product development and pricing, distribution and branding can only occur if they serve the needs of the selected target market.
<b>Business responsibility</b>	The four clusters are largely autonomous in their management of the business units within a framework of tight principles. The culture is one of "owner-manager", with synergy and co-operation among the clusters being maintained and supported by the Group Office combined with market and environment-related checks and balances. Inter-dependence and collaboration are clearly understood in the effort to generate maximum sustainable value and return on capital employed.

## Sanlam Code

### Key features

The Board is ultimately accountable for the governance of ethics by setting the direction for how ethics should be approached and addressed within the Group. It guides organisational ethics across the business by making sure that the Code guides the Group's interactions with external and internal stakeholders as well as broader society. This includes establishing the necessary platforms and means to address ethics-related risks.

The following key principles of the Code guide and govern how the Group conducts its business:

- Conformance to the Sanlam core values;
- Being committed to comply with all applicable legislation, regulatory requirements, standards and codes;
- Ensure that equitable and sustainable employer-employee relationships are fostered and maintained;
- Protect the property and information of Sanlam, its employees and its clients;
- Safeguard and nurture the interests of Sanlam's stakeholders;
- Manage and mitigate all actual and/or perceived conflicts of interest;
- Acknowledge innovation, ethical conduct and commitment; and
- Encourage persons who report any unlawful conduct or violations or suspected violations of the Code.

The Code is binding on all directors, managers, employees, independent contractors, agents, service providers and business partners irrespective of their status and whether they are a natural person, a legal entity or another entity. The Code serves as a guide to ensure that the highest level of integrity and ethical conduct is upheld at all times.

### Governance in all markets

To support and develop mature governance and ethics structures and processes in all the markets where Sanlam operates, all companies across the Group are expected to adhere to and confirm compliance with Sanlam's governance principles, including the Code of Ethical Conduct, in their respective annual Board representation letters. The Group continually engages with internal stakeholders to ensure that there is a common understanding of how to report on ethical matters and the types of ethics breaches to be included in reporting.

Sanlam's Group Governance policy provides the basis for the implementation of measures across the Sanlam Limited Insurance Group to enable Sanlam to discharge, amongst others, its regulatory obligations. In accordance with the Insurance Act, 18 of 2017 (the Act), and specifically the

Prudential Standard on the Governance of Insurance Groups (GOG), the governance principles and explicit requirements to be adhered to by an insurance group and the controlling company of the group had been outlined. To this end, Sanlam was formally designated by the Prudential Authority (PA) as an insurance group during the year under review.

Although Sanlam's application to be licensed as a controlling company is still under consideration, the designation as an insurance group already came into effect. The Board of the controlling company of the Group, therefore, has the ultimate responsibility and accountability for governance of the entire insurance group and must be made aware of any governance-related risks. Important to highlight is that the maturity of Sanlam's risk management processes across the Group is being reviewed and assessed on a continuous basis. A strong focus remains on increasing the awareness, capacity and knowledge among Group entities.

The Code is published on Sanlam's investor relations website. It is also referred to in all employment contracts and agreements with independent contractors, agents, service providers and business partners, irrespective of their status as a natural person, a legal person or another entity.

The Group Ethics committee is a sub-committee of the Sanlam Group Exco and functions according to a terms of reference approved by the Group Exco. The mandate and positioning of the Group Ethics committee will be revisited as part of a Group governance review currently in process. The Group Ethics committee is chaired by the Company Secretary.

A facility for reporting unethical conduct, the Sanlam Fraud and Ethics Hotline, is available to all employees in the Group. Since 1 July 2019, the hotline has been administered and facilitated by an independent external services provider. While the hotline creates a platform for staff members to make anonymous reports on actual and/or suspected unethical conduct, it guarantees the protection of the reporter's identity in accordance with the provisions of the Protected Disclosures Act, 26 of 2000.

Apart from the availability of the hotline, Sanlam's preference is to create an open and transparent reporting environment through our line managers. All incidents and reported cases are investigated and a process is in place to track, monitor, report and close out all calls received. Actions taken as a result of these investigations include the termination of employment and cancellation of contracts in the case of suppliers and contractors.

In terms of the Code, no employee within the Group may offer or receive any gift, favour or benefit that may be regarded as an attempt to exert influence in unduly favouring any party. Sanlam has a formal Group gift and gratification policy that provides for the official declaration and recording of gifts that are received and/or given to external stakeholders. The Board is satisfied that adequate grievance and disciplinary

## Organisational ethics continued

procedures are in place to ensure the effective enforcement of the Code and to address any unethical conduct or ethical breaches. The Social, Ethics and Sustainability (SES) committee as well as the Risk and Compliance committee receives feedback at every meeting regarding the Group's ethical climate. During the period under review, no material breaches of the Code were reported.

The Sanlam Code specifically includes a principle which deals with managing and mitigating actual and/or perceived conflicts of interest. This principle, together with enhanced regulatory scrutiny and intervention, necessitated a Group-wide approach to the management of conflicts of interest. One of the governance-related milestones achieved during 2020 therefore includes a robust review of the Group conflict of interest policy within the Code. The policy provides practical guidance with regard to the identification of potential conflicts of interest as well as the governance aspects relating to Sanlam's relationships with third parties. Its objective is not to prevent employees from pursuing personal interests, but rather to govern and mitigate any potential risk that might be associated with such interests. To this end, all employees are required to declare all actual and/or potential conflicts of interest as and when these may arise. In addition, and in the absence of any actual or potential conflicts of interest, directors and employees are required to, at least once per annum, declare that they do not have any conflicts of interest warranting a declaration.

### Dealing in Sanlam securities

Sanlam complies with the JSE Listings Requirements in respect of the share dealings of its directors. In accordance with Sanlam's closed period policy, all Sanlam directors and employees with access to price-sensitive information are precluded from dealing in Sanlam securities until the release of the Group's final and interim results respectively. Similar ad hoc closed period arrangements apply to directors as well as identified involved employees while pursuing price-sensitive transactions. A pre-approval policy and process for all dealings in Sanlam securities by directors and selected key employees are strictly followed and duly reported to the Board. Details of directors' and the Company Secretary's dealings in Sanlam securities are disclosed to the JSE through the Stock Exchange News Service (SENS). Stringent trading policies regarding personal transactions in all financial instruments are enforced at Sanlam's investment management companies. The Company Secretary regularly disseminates written notices to inform the directors, executives and employees of the latest insider trading legislation and advises them on closed periods. To this end, Sanlam's price-sensitive information policy had been reviewed during 2020, with the focus of ensuring compliance with the JSE Listings Requirements, the Financial Markets Act, 19 of 2012 as well as any other applicable regulatory requirements.



# Good governance criteria and external guidelines

**S**anlam applies the recommendations of King IV™ and the Board's practices aim to achieve the appropriate outcomes. In 2020, the outbreak of COVID-19 challenged the Board to be even more forward-thinking, responsive and to find new ways to apply governance to ensure an ethical culture, good performance, effective control and legitimacy.

In this report, we explain how we have applied the 17 principles of King IV™ during the financial year.

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## King IV™ status

The Board is satisfied with the effort made during 2020 to apply and explain all aspects of King IV™, as appropriate. The Risk and Compliance committee, the Audit, Actuarial and Finance committee, the Human Resources and Remuneration committee and the SES committee are all satisfied that Sanlam has complied with the King IV™ principles. Appropriate actions, where required, are being implemented to ensure continued adherence to the obligations placed upon the Group in this regard. The Group regularly assesses its compliance levels to ensure that all areas requiring improvement have been appropriately identified and addressed.

Sanlam's King IV™ 2020 Disclosure Report, which includes the Group's response to the 17 principles and recommended practices per principle, is available on the Sanlam investor relations website ([www.sanlam.com](http://www.sanlam.com)).

The Group made a concerted effort to ensure that it adhered to the applicable suite of governance requirements outlined in the following legislation, among others:

- The South African Companies Act, 71 of 2008 (as amended) (the Companies Act);
- The JSE Listings Requirements, as amended; and
- The Prudential Standards and Framework for Governance and Operational Standards for insurers.

In the dynamic process of evolving and assessing the effectiveness of our governance approach and structures, we also consider the criteria used by the following:

- FTSE/JSE Responsible Investment Index Series;
- Dow Jones Sustainability Index; and
- ISS-oekom corporate rating.

The Sanlam Group has made commitments in terms of the following:

- Investor member of the CDP;
- Signatory to the Principles for Responsible Investments;
- Signatory to the Principles for Sustainable Insurance;
- Member of ClimateWise; and
- A partnership with WWF-SA.

Sanlam Investment Group subscribes to the Code for Responsible Investing in South Africa (CRISA) which was launched in 2011 to encourage institutional investors and

service providers to integrate environmental, social and governance (ESG) issues into their investment decisions. Noteworthy to highlight is that after a year of research and consultation, the CRISA committee released a draft revised CRISA Code for public comment during November 2020. It is anticipated that the new revised Code is to be published by the end of the first quarter of 2021.

## Reporting on Sanlam's strategy and performance

The Sanlam annual reporting suite contains a comprehensive set of elements aimed at providing a range of target audiences with detail – historical and forward-looking – to make an informed assessment about the Group's performance and prospects. In the process of considering and approving the annual reporting suite, the Board appreciates that the Group's core purpose, risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements that are being applied to create value for all of its stakeholders.

Noteworthy to highlight is that during the reporting period, after the new Group Chief Executive assumed his new role effective 1 July 2020, the Sanlam Group Executive committee (Exco) and the Sanlam Board conducted a comprehensive review of the Group's strategy, which includes a particular focus on clients and the digital transformation of the entire business aimed to, amongst others, improve the client and intermediary experience.

The Board provides ongoing oversight of and monitors, with the support of its committees, how the Group's strategy is being executed. The Board ensures that Sanlam accounts for its performance through reports and disclosures that enable stakeholders to make an informed assessment of Sanlam's performance over time. The Group's chosen key performance metric is its Return on Group Equity Value (RoGEV).

The Board, through the Audit, Actuarial and Finance committee and the Risk and Compliance committee of Sanlam and Sanlam Life, ensures that the necessary controls are in place to verify, enhance and safeguard the integrity of the information reported on in the Group's annual reporting suite as well as any other disclosures published from time to time. In this regard, the Board oversees that Sanlam complies with all the requisite disclosures. The Audit, Actuarial and Finance committee assists the Board in setting direction on how reporting should be approached and conducted.

The Audit, Actuarial and Finance committee reviews the integrated reporting process and the audited financial statements. This committee also approves the reporting frameworks and materiality as well as, in conjunction with the Risk and Compliance committee's support and assistance, ensures compliance with applicable legal requirements and their relevance to stakeholders.

Further detail about these reporting aspects is available on the Sanlam investor relations website.

# Our multinational governance framework

Sanlam's governance framework aligns all business units and geographies in terms of the following:

- Achieve strategic goals and targets;
- Safeguard the Group's assets;
- Secure the Group's information and data;
- Support business sustainability;
- Protect the Group's reputation;
- Align the Group's interests with common values;
- Unlock synergies;
- Ensure the quality of financial results;
- Implement processes, decisions and programmes to the benefit of all stakeholders; and
- Ensure compliance with the applicable laws and regulations as well as the Company's MOI framework.

## The boards of Sanlam and Sanlam Life

Sanlam is the holding company with a primary listing on the JSE, a secondary listing on the NSX and a listing on A2X, as well as the controlling company of the Sanlam Insurance Group as designated by the PA in terms of the Act.

Sanlam Life is a wholly owned subsidiary of Sanlam and conducts mainly life insurance business. In practice, the two boards function as an integrated unit, as far as possible. Both boards have the same directors, Chairs, executive directors and Chief Executive.

The Sanlam and Sanlam Life board meetings are combined and held concurrently, thereby removing one layer of discussions in the decision-making process. Separate agendas and minutes are recorded for each Sanlam and Sanlam Life board meetings. This promotes the productivity and efficiency of the two respective boards, reduces effort and duplication as well as optimises the flow of information.

### The Sanlam Board

The Board's agenda centres largely on Group strategy, the execution of capital management, accounting policies, financial results and dividend policy, human resource development, JSE Listings Requirements and corporate governance throughout the Group. The Board is also responsible for overseeing the relationship with key stakeholders of the Group. The Board has the following committees:

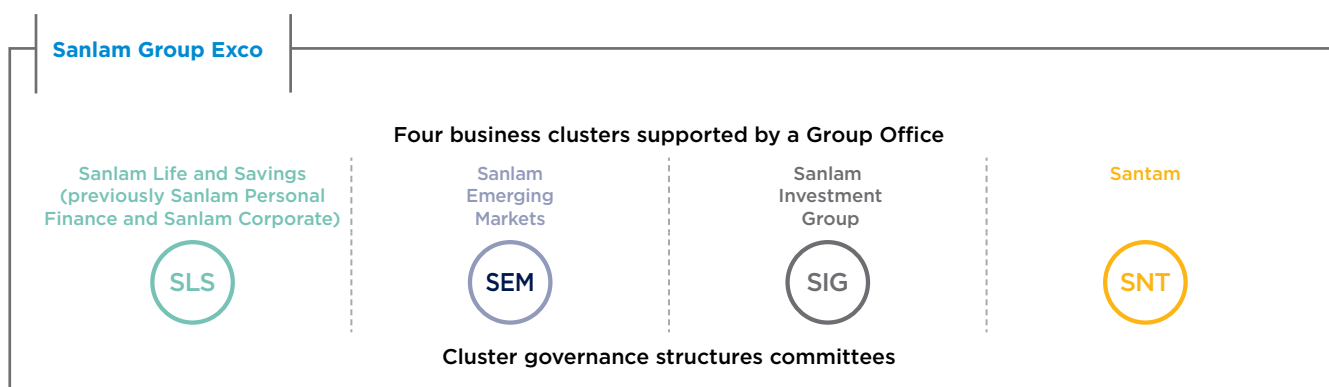
- Audit, Actuarial and Finance;
- Risk and Compliance;
- Human Resources and Remuneration;
- Nominations;
- Non-Executive Directors;
- Customer Interest;
- SES; and
- Independent Non-Executive Directors.

### The Sanlam Life Board

The Sanlam Life Board is responsible for the overall oversight of Sanlam Life as a solo insurer as well as the general risk management and statutory oversight of the entity.

The Sanlam Life Board has the following committees:

- Audit, Actuarial and Finance;
- Risk and Compliance; and
- Human Resources and Remuneration.



## 10 The Sanlam Group Exco and Group Office

The Sanlam Group Chief Executive is supported by a Group Exco and a centralised Group Office mainly performing the following functions: strategic directing, co-ordinating, seeking synergy, performance monitoring, providing assurance, and allocating capital and support functions.

### The four business clusters

Sanlam's operations are grouped into four clusters:



The new operating model allows the businesses to be individually responsible for applying the Group risk and compliance management policies and frameworks in their respective businesses to give achieve the Group's four strategic objectives.

Each cluster is managed by a Chief Executive, supported by an Exco and support functions that are appropriate to the cluster's particular operational needs. These Chief Executives form part of the Sanlam Group Exco and are the designated prescribed officers.

The clusters function within the strategy approved by the Sanlam Board according to a set of tight management principles, established by the Group Office.

Governance structures (which are not all statutory) exist for each of the clusters. Each of these cluster governance structures have committees (or forums) with specific roles and responsibilities for the operation of the cluster.

The cluster governance structures comprise non-executive and executive directors. The non-executive directors include members of the Sanlam Board and, where appropriate, expert external appointees.

Most of the operating business decisions are made by these cluster governance structures and the management of that particular cluster. These structures are responsible for generating memoranda and formulating matters for consideration by the Sanlam and Sanlam Life boards respectively.

The Board is satisfied that the delegation of authority framework contributed to role clarity and made it possible to effectively exercise authorisation and responsibilities.

*Sanlam's business approach requires that each of its business clusters operates in concert with its underlying business units. However, all entities within the Group are required to endorse the spirit and principles of King IV™ by putting measures in place to ensure good corporate governance business practices. All businesses and governance structures in the Group are supported by clear approval frameworks and agreed-upon business principles, aimed at ensuring a coherent and consistent application of the Group's governance approach across the businesses.*

# The Board and committees



# The Board and committees

- 8 The Sanlam Memorandum of Incorporation (MOI) requires the Board to consist of a minimum of six and a maximum of 20 directors. The Board appoints committees and determines each committee's powers, authority, duties and functions, which are outlined in their respective charters. Each charter, including the Board's own terms of reference, is reviewed at least once per annum. This is to ensure that the content remains relevant and aligned to the expected deliverables assigned. The Board and committee charters embrace, amongst others, the principles of King IV™.

## Board and committee charters

The Board delegates some of its functional responsibilities to its committees by means of clearly defined mandates. The various committees continuously report to the Board, as a collective, on their respective directives and deliverables in accordance with each committee's Board-approved committee charter. The committee charters, in addition to an annual work plan relevant to each of the committees, are reviewed annually. These charters are available on Sanlam's investor relations website and summaries thereof are included in this report on pages 33 to 44.

The Board discharges its responsibilities and control of Sanlam as outlined in Sanlam's Board charter and the MOI. The Board charter serves as a guide to the Board and outlines the process for policies and practices regarding Board matters, such as dealing in securities, declaration of conflicts of interest and those matters delegated to management.

At every Board meeting, the Board, through the office of the Company Secretary, considers and deliberates on declarations when there is a perceived and/or actual conflict of interest. This is in addition to each director being required to submit an official updated declaration of interest at least on a quarterly basis. Sanlam's directors, executives and senior employees are prohibited from dealing in Sanlam securities during certain periods. The Company Secretary regularly informs directors, executives and senior employees of the latest insider trading legislation and advises them of closed periods. A report on directors' dealings in Sanlam's shares is tabled at each Board meeting and disclosed in terms of the applicable JSE Listings Requirements.

According to its charter, the responsibilities of the Board include, among other things:

- determining Sanlam's overall objectives;
- developing strategies to meet those objectives in co-operation with management;

- formulating a clear and concise Governance policy, to which Sanlam adheres;
- delegating and segregating the Board's responsibilities and accountability;
- and evaluating the performance of the Board, its committee structures and individual directors.

The Board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the financial year.

The respective committees are appropriately constituted, whereas the members are appointed by the Board given the recommendations made by the Nominations committee over time. In addition to this process, the members of the Audit, Actuarial and Finance committee are nominated by the Board on an annual basis and appointed by Sanlam's shareholders.

The Board ensures effective leadership in its committees by allowing collaboration between these committees through cross-membership. It also ensures the co-ordinated timing of meetings to avoid duplication or fragmented functioning between the committees. Where duplication or fragmentation of functions exists, the Board assumes the responsibility of outlining a process of how each committee would deal with such matters by delegating specific roles and positions to the committees concerned rather than allowing competing approaches.

The Board ensures that there is a balanced distribution of power in respect of membership across committees, so that no individual member can dominate decision-making and no undue reliance is placed on any individual member.

*The Board members recognise their responsibility to exercise effective leadership by – collectively and individually – adhering to their fiduciary duties at all times.*

## The Board and committees continued

### The Group Governance policy

The Group Governance policy, which is being reviewed annually, details optimal corporate governance principles as well as the Group cluster authorisation requirements. The Group Governance policy provides, among other things, for those matters that are reserved for the Board's decision-making authority. This is to enable the Board to exercise effective oversight and control while ensuring that it continues to create value in a sustainable manner.

The Board adopted the Group Governance policy. This policy aims to regulate decisions on three levels:

- Decisions of the Board that require ratification or approval from Sanlam's shareholders in terms of the Companies Act, the Company's MOI or sound governance principles
- Decisions reserved for formal approval by the Board or that have been delegated to its Board committees
- Decisions of the Board delegated to the Sanlam Group Chief Executive. The Group Chief Executive may consult with the respective Group Office functionaries (including the Group executives) as required and may delegate his decision-making authority to a Group Executive or a cluster governance structure, as appropriate

One of the key changes that resulted from the 2020 Group Governance policy review, was the Sanlam Board revoking Sanlam Life's oversight function in dealing with statutory matters and the monitoring of subsidiaries. This was due to Sanlam having to provide group supervision as the controlling company. Another development included introducing additional protocols to ensure appropriate evidence is generated and maintained to support the Sanlam Board in its

oversight role of the Group as a whole. The latter included making provision for a process to report and obtain Board approval for any deviations or permanent exceptions to any governance area or requirements recorded in Group policies.

Noteworthy to highlight is that a delegation by the Board of its responsibilities to a committee does not by or of itself constitute a discharge of the Board's accountability. The Board remains the custodian of corporate governance and is committed to the highest standards of business integrity, ethical values and corporate governance. It recognises Sanlam's responsibility to conduct its affairs ethically, transparently, with accountability, fairly and in a socially responsible way. This is to ensure Sanlam operates a sustainable business that creates value for all of its stakeholders.

### The role of the Board

The Board exercises overriding control over the Group (or Company and its subsidiaries). This includes the Board being responsible for setting the direction and approving the process to attain an appropriate balance of knowledge, skills, experience, diversity and independence. This is to make sure that the Board can objectively and effectively discharge, among other things, its governance role and responsibilities, and that it can ensure that the necessary systems and processes are in place to enable the Group to achieve its key deliverables in a sustainable manner.

The Board provides guidance to management on formulating the strategy, setting targets and developing plans while being cognisant of the business impact on its stakeholders, its financial performance and the environment.

# Governance matters for 2020

The Act and the Prudential Governance and Operational Standards issued in terms of the Act introduced the concept of insurance group supervision to the insurance industry in South Africa. Sanlam was formally designated as an insurance group in September 2019 and as the controlling company of the Sanlam Insurance Group in January 2020.

**T**he licensing of Sanlam as a controlling company by the PA in September 2020, formally introduced group supervision to the Sanlam Group. Group supervision assigned ultimate responsibility to the Sanlam Board to document, adopt and implement an effective governance framework for the prudent management and oversight of the business of the entire Sanlam Insurance Group, including the business of all entities in the Group.

The enhanced responsibilities and corresponding accountability of the Sanlam Board necessitated a revisit of the Group's approach towards governance to ensure that the Sanlam Board is positioned and enabled to discharge its duties. To this end, a thorough review of the Group Governance policy was conducted, and a revised version of the policy was approved by the Sanlam Board in September 2020. The review of the Group Governance policy was followed by a comprehensive review of all governance structures in the Group that was initiated during the latter part of 2020.

independent without any favouritism to any other party. This continues to be reviewed on an annual basis by the Nominations committee and are of particular importance when the Board, with the assistance and guidance of the Nominations committee, considers new appointments to the Board as well as for the purposes of succession planning being applied at Board level.

- Standard practice is that all conflicted directors recuse themselves from all Board deliberations relating to any actual or perceived conflicts of interest matters at the Sanlam Board or committee meetings.

On 12 December 2018, a general meeting was held to obtain the necessary shareholder approval to implement a corporate action with related parties, specifically Ubuntu-Botho Investments (UBI). Not only is UBI Sanlam's major shareholder and long-standing black economic empowerment (BEE) partner, but three of Sanlam's directors are also related parties to UBI (Dr Johan van Zyl, Dr Patrice Motsepe and Dr Rejoice Simelane). The rationale of the aforesaid corporate action was the furtherance of Sanlam's strategy to strengthen its market position in South Africa and consolidate its position as a leading Pan-African financial services group. This included the following:

- To enter into the relevant transaction agreements in connection with issuing the subscription shares to a subscription special purpose vehicle (SPV) and providing financial assistance to the broad-based black economic empowerment (B-BBEE) SPV in connection with the issue of the subscription shares (the B-BBEE transaction); and
- As a separate transaction to the B-BBEE transaction, to enter into the UB facility agreement.

These resolutions contained in the circular to shareholders were approved by Sanlam shareholders on 12 December 2018. It is important to note that, from a governance perspective, UB and ARC as well as the affected non-independent Sanlam non-executive directors recused themselves from voting on these transactions as well as all committee meetings held subsequently during the 2019 and 2020 reporting periods respectively, at which the actions plans and deliverables had been tabled for discussion purposes. In alignment with the mandate approved by Sanlam's shareholders, the execution thereof was managed and facilitated under the auspices of the Independent Non-Executive Directors committee's charter.

## 7 Board transactions and independence

Appropriate measures have been put in place to ensure that good governance practices are applied in related-party transactions and engagements and to issues relating to actual and/or perceived conflicts of interest related to the non-executive directors. These include:

- To ensure best practice in managing conflicts of interests, the Sanlam Board constituted an Independent Non-Executive Directors committee. This committee specifically evaluates matters relating to independence and conflicts of interests in related-party transactions within Sanlam. The committee is chaired by Elias Masilela, who was appointed as the Chair of the Board effective 11 June 2020.
- As part of its annual independent Board evaluation process, which is conducted by an external service provider, the Board implemented a best practice recommendation to formulate a Board criteria document to manage potential conflicts of interest that might arise in dealings between all interested and related parties within Sanlam, including Ubuntu-Botho (UB) and African Rainbow Capital (ARC). The intention of the criteria document was to ensure that the Sanlam Board remains

## Governance matters for 2020 continued

Pursuant to this corporate action, Sanlam received some recommendations on refining its governance at Board level. The Board took cognisance of these recommendations and remains committed to continuous improvement in its governance practices. Specifically, the Board agreed to implement the following action steps:

- To continuously assess, monitor and report on the independence and categorisation of the members of the Board. This includes enhancing governance, diversity and transparency. During the 2020 reporting period, two new independent non-executive directors (Kobus Möller and Nicolaas Kruger) were appointed to the Board. These appointments were part of a rigorous process adopted to strengthen the independence of the Board. In 2018 and 2019, the Board succeeded in appointing in both financial years two new independent non-executive directors (2018: Mathukana Mokoka and Prof Shirley Zinn and 2019: Andrew Birrell and Elias Masilela). These six appointments during three consecutive years, in addition to the appointment of Abigail Mukhuba as Group Finance Director effective 1 October 2020, replace some recent Board retirees and should serve the Board well for the foreseeable future.
- The Board has agreed that in future, shareholders will be able to vote annually on the continued Board membership of all independent non-executive directors being on the Board for more than nine years, as well as in the case where the non-independent director is the Board Chair.

### Key governance milestones and focus areas

The Board held five meetings during 2020, to among others, deliberate strategic matters as well as attend to the execution of the corporate action that had been approved by Sanlam's shareholders on 12 December 2018.

Other focus areas during the year included:

- reviewing and approving Sanlam's revised Group strategy;
- reviewing and approving Sanlam's risk appetite statement;
- reviewing and approving Sanlam's Group own risk and solvency assessment (ORSA) supervisory report. This included assessing the capital targets contained in the ORSA report to be adequate, i.e. given the size, business mix and complexity of the Group's operations;
- ensuring ongoing compliance with an enhancement of the Sanlam Group Governance policy, including enhancing governance and compliance protocols implemented across the Group. This included the recruitment of new independent non-executive directors to the Board, while taking cognisance of the recommendations made by shareholders and the PA as well as in accordance with the JSE's criteria relevant to diversity attributes;
- ongoing adherence to the Group information management and information technology (IIT) governance framework and charter, as well as the IIT policy framework;

- promoting and monitoring ESG and responsible investment principles in how Sanlam conducts its business;
- adopting a heightened approach towards stakeholder inclusivity and exercising an oversight role over the implementation of Sanlam's Group stakeholder management policy;
- evaluating on a continuous basis the independence status of Sanlam's directors in accordance with King IV™'s criteria and recommended practices, on a substance-over-form basis;
- recruiting and appointing an African black female as the Group Finance Director, effective 1 October 2020; and
- proposing candidates for the Sanlam Audit, Actuarial and Finance committee to be elected by shareholders at the AGM held in June 2019. This process will be repeated in 2021 as members are elected annually at the AGM.

Areas considered for improved disclosure in the annual reporting suite included:

- integrating Sanlam's resilience factors into the annual reporting suite;
- presenting Sanlam's remuneration report to shareholders to enable them to cast a non-binding advisory vote on the Company's remuneration policy; and
- updating the disclosure in the Remuneration Report in line with developing best practice.

### Sanlam's Group and Cluster Governance Review

- During the 2020 reporting period, Sanlam initiated a project which included a review of the current governance structures at Group and cluster level. The core purpose of this initiative was to perform a comprehensive governance appraisal of the effectiveness and completeness of the Sanlam Board's mandate and its primary responsibilities, obligations and fiduciary duties. It is anticipated that the outcome thereof would consequently influence, and have a direct impact on, the mandate of the Sanlam Life Board as well as the boards of the underlying clusters and businesses across the Group. The abovementioned review aims to provide comfort and assurance to the Sanlam Board that it has adequate oversight over each of the material aspects that are included in its mandate. It is also to assist and enable the Sanlam Board to discharge its obligations in a responsible manner. One of the key drivers of the project's scope, includes the needs and expectations of Sanlam's key stakeholder groups. This is to further enhance and influence the Company's approach towards stakeholder inclusivity.
- The objective is also to perform a comprehensive gap analysis to ensure the relevance, adequacy and completeness of the Sanlam Board's mandate as outlined in its terms of reference and annual work plan. Even so, the methodology that was applied, was predominantly influenced by regulatory developments and the PA's



insurance group supervision regime as set out in the Act and as amplified by the Prudential Standards on Governance and Financial Soundness under the Act, the JSE Listings Requirements as amended, the Companies Act, King IV™ and applicable market conduct requirements set by the Financial Sector Conduct Authority (FSCA).

In addition, the Group and cluster governance review process also includes the following key deliverables:

- An appraisal of the effectiveness and appropriateness of the current Group versus clusters' organisational governance structures as well as assessing the composition and functioning of the cluster governance edifices. This process was designed with a particular focus on regulatory changes as well as the PA's fit and proper requirements. It includes taking cognisance of salient aspects such as skills retention, succession planning at Board level, talent management, transfer of skills, business continuity and continual improvement;
- An assessment of the Group Governance policy – this is to ensure that the content is complete, relevant and accurate; and
- A review and validation of the Group's "tight" governance standards as outlined in the Group Governance policy – which aims to ensure that it is appropriate, adequately defined and capable of being applied across the business.

Once the review process has been completed and the Board's mandate has been confirmed as complete and that it incorporates all applicable regulatory developments and requirements, the requisite changes would be recommended for approval by the Board, i.e. followed by the implementation of clearly defined deliverables. The outcome of the review process is anticipated to further enhance the Group's approach to (and the application of) effective corporate governance principles.

## Changes to the Board in 2020

The three directors listed below retired from the Board during 2020:

- Ian Kirk (effective 30 June 2020) – previously an *ex officio* executive director

- Temba Mvusi (effective 31 December 2020) – previously an executive director
- Chris Swanepoel (effective 11 June 2020) – previously an independent non-executive director

The role and/or status of the following directors changed during 2020:

- After Elias Masilela was appointed as a member of the Board (effective 1 October 2019 with Board participation commencing on 3 December 2019), the Board afterwards elected him as the Chair of the Board effective 11 June 2020. Elias Masilela succeeded Dr Johan van Zyl as Chair of the Board. Elias Masilela's appointment was part of the changes made to the Board that were aimed at enhancing the Board's independence given Dr Johan van Zyl not being regarded as an independent director.
- After the Board duly considered and assessed Anton Botha's and Siphon Nkosi's tenure and independence in alignment with applicable regulatory requirements defining a Board member's independence, it was resolved that their status needed to be re-categorised as non-independent. This change came into effect after the 2020 AGM on 11 June 2020.
- Paul Hanratty previously served as an independent non-executive director on the Board until 10 June 2020. He ceased to be an independent non-executive director with effect from 11 June 2020 due to him assuming his new role as Group Chief Executive with effect from 1 July 2020. This appointment resulted in his status as an independent non-executive director of the Board, being re-categorised as an *ex officio* executive director of the Board. As per the SENS announcement that was issued during May 2020, shareholders were duly informed of the aforesaid development.

The following three directors were appointed to the Board in 2020:

- Kobus Möller (effective 1 January 2020) – independent non-executive director
- Nicolaas Kruger (effective 26 May 2020) – independent non-executive director
- Abigail Mukhuba (effective 1 October 2020) – *ex officio* executive director

# 16 Board composition and functioning

## 7 Board composition

The Board, with the support of the Nominations committee, evaluates and determines the number of external directorships and other positions a director may hold, taking into consideration the relative size and complexity of Sanlam. The Nominations committee also assists the Board by continuously evaluating and assessing the skills, expertise and attributes of the Board and its committees, in alignment with the Group's strategy and key deliverables. This is to ensure that shortcomings (if any) are being addressed timeously when considering or recruiting new Board members. Consequently, the Nominations committee makes recommendations to the Board on the process of nominating, electing and appointing Board members. This committee's mandate also includes succession planning in respect of the Chair, appointments to the Board and its committees.

Based on the Group's strategy and value proposition, including the skills and expertise of existing Board members, the current criteria taken into account when considering future appointments to the Board include independence, audit committee experience, information technology (IT) expertise, gender, culture and race diversity as well as knowledge of financial services and the financial industry. When a vacancy arises at Board or committee level and/or potential Board members have been identified and considered for eligibility to the Board, they are first exposed to a strict fit-and-proper assessment to ensure that the candidates comply with applicable regulatory requirements prior to them being considered or recommended for appointment to the Board. In addition, criminal checks are performed on each candidate considered to be appointed to the Board whereafter a formal application to the PA is

submitted for its approval. The latter process is governed by the Prudential Standards and Framework for Governance and Operational Standards for insurers (Prudential Standards GOI 1 – 2 and 4).

As a precedent, the Nominations committee follows a formal transparent process to review the balance, effectiveness and diversity of the Board and its committees. It identifies the skills required and, in a fair and thorough manner, those individuals that could provide the requisite skills. The Nominations committee also considers the other Board commitments of potential directors and whether each director will have sufficient time to fulfil his/her responsibilities as director of the Sanlam Board. If the Nominations committee is of the view that a director is overcommitted or has an unmanageable conflict of interest, the Chair will meet with that director to discuss the resolution of the matter to the satisfaction of the committee.

At the end of the financial year, the Board comprised 17 members. It is structured in such a way that no individual director has unfettered powers of decision-making. The Board is therefore satisfied that its current composition as at the end of the reporting cycle reflects an appropriate mix of knowledge, skills, experience and diversity. The Board has the necessary comfort that appropriate measures are in place to ensure its independence. As per the JSE's amended Listings Requirements that were published in November 2019, the Board (with the assistance of the Nominations committee) initiated a process to ensure compliance with the requisite requirements pertaining to the composition of the Board and in particular the diversity of the same. This included amending the Nominations committee's charter as part of its annual review, to ensure alignment.

## Board matrix

The Nomination committee uses a matrix to assess the composition of the Board on an annual basis. The matrix considers the most significant criteria, applicable regulatory requirements as well as gaps (where necessary) as illustrated below:

Director	Age (in 2020)	Executive director	Non-executive director	Independent director	Foreign director	Male	Female	Black	White	<3 years' service	<6 years' service	<7 years' service	<8 years' service	<9 years' service	>9 years' service	Accounting	Financial markets/ investment	Actuarial	General business	International	Human resources	Marketing	Risk management	IT	Legal	Sustainability	Empowerment
AS Birrell	51	x	x	x	x	x			x	x						x	x	x	x	x			x				
AD Botha*	67	x	x	x	x	x			x						x	x	x	x	x	x	x			x			
PB Hanratty**	59	x		x	x	x			x	x						x	x	x	x	x			x	x		x	
IM Kirk***	62	x				x			x		x					x	x		x	x		x	x				
NAS Kruger	53		x	x	x	x			x	x						x	x	x	x				x				
E Masilela	56		x	x	x			x		x							x	x	x	x	x					x	x
JM Modise	57	x					x	x		x											x						x
MG Mokoka	46		x	x			x	x		x						x	x						x				x
JP Möller	61		x	x		x			x	x						x	x		x				x				
Dr PT Motsepe	58		x			x		x						x					x	x					x		x
AM Mukhuba	41	x					x	x		x						x	x			x			x				x
TI Mvusi***	65	x				x		x							x				x		x					x	
SA Nkosi*	66		x	x		x		x							x				x	x			x			x	x
KT Nondumo	42		x	x			x	x			x					x	x		x	x			x				x
Dr RV Simelane	68		x				x	x							x				x				x				x
CG Swanepoel***	70		x	x		x			x					x		x	x	x	x				x				
Dr J van Zyl	64		x			x			x		x					x	x		x	x			x			x	x
HC Werth	57	x				x			x		x					x	x		x	x			x	x			x
Prof SA Zinn	59		x	x			x	x		x							x		x		x						x
<b>Total</b>		<b>6</b>	<b>13</b>	<b>11</b>	<b>2</b>	<b>13</b>	<b>6</b>	<b>10</b>	<b>9</b>	<b>9</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>5</b>	<b>11</b>	<b>17</b>	<b>4</b>	<b>15</b>	<b>10</b>	<b>6</b>	<b>4</b>	<b>14</b>	<b>3</b>	<b>2</b>	<b>5</b>	<b>9</b>

\* These directors' status was re-categorised and they continued to serve on the Board as non-independent members of the Board with effect from 11 June 2020.

\*\* This director was until 10 June 2020 an independent non-executive director of the Board. He, however, has served as an ex officio executive director of the Board since 1 July 2020 after he assumed his new role as Group Chief Executive.

\*\*\* Note that the content recorded in the table makes reference to 19 directors. It includes a reference to the three directors (Chris Swanepoel, Ian Kirk and Temba Mvusi) who have retired during 2020.

## Board composition and functioning continued

### Key facts about Sanlam's Board at 31 December 2020

<b>17</b>	Board members
<b>6 years 2 months</b>	average tenure as a Board member
<b>58</b>	average age of Board members
<b>9</b>	male Board members
<b>6</b>	black female Board members
<b>4</b>	black male Board members
<b>5</b>	Board meetings held during 2020
<b>44</b>	total number of Board committees' meetings held during 2020
<b>3</b>	newly appointed Board members in 2020
<b>99%</b>	attendance at Board meetings
<b>9</b>	Board committees
<b>5</b>	non-executive Board members (not independent)
<b>9</b>	independent non-executive Board members
<b>5</b>	executive Board members

### Rotation of Board members

In terms of Sanlam's MOI, at least a third of the non-executive directors must retire each year at the AGM. However, all retiring non-executive directors are eligible for re-election. The number of positions of directors, of which a third should rotate, is reduced with any number of appointments made to the Board during a specific financial year. For this reason, the required number of non-executive directors who have to rotate during 2021 is four. Based on the aforesaid, the following members of the Board would be standing for rotation:

- Nicolaas Kruger (new director appointment effective 26 May 2020);
- Mathukana Mokoka;
- Karabo Nondumo; and
- Dr Johan van Zyl.

These four Board members have made themselves available for re-election at the AGM during 2021. It is important to also highlight that each of the directors appointed to the Board since the previous AGM, must retire at the next AGM but are at the same time eligible for re-election.

In addition, as per the Board's decision to follow sound corporate governance practices at Sanlam, selected executive directors will voluntarily rotate every three years. To this end, Paul Hanratty (appointed as an *ex officio* executive director in his capacity as Group Chief Executive effective on 1 July 2020) and Abigail Mukhuba (appointed as an *ex officio* executive director in her capacity as Sanlam's Group Finance Director with effect from 1 October 2020) will also be rotating during 2021.

The Board considered these rotations and supported all of them. It is therefore recommended to shareholders that they cast a vote for the re-appointment of these Board members.

A brief curriculum vitae of each director standing for election or re-election at the 2021 AGM, is available on pages 24 to 30.

## Diversity at Board level

Underpinned by the Group's strategy, Sanlam regards transformation and diversity as a business imperative. Not only is Sanlam committed to contributing towards positive change, it also perceives transformation and diversity of thought as fundamental in growing and sustaining the business. For this reason, measures have been put in place to attract and retain members of the Board who have the requisite skills, expertise and experience and who could complement the Group's transformation and diversity strategy at Board level. The Board therefore strives to ensure that its composition is representative of the Company's profile and promotes amongst other things race, culture and gender diversity. More importantly, by having diversity of thought and experience, the Board is able to ensure that different perspectives and points of views are heard on a continuous basis. To this end, having different viewpoints allows for a deeper level of debate with the ultimate objective to benefit Sanlam's key stakeholders.

On an annual basis, the Board (supported by the Nominations committee) reviews the Group's policy regarding the promotion of diversity attributes at Board level. The policy is aligned to the requirements outlined in the JSE's amended Listings Requirements and sets out the approach to diversity on the boards of Sanlam and Sanlam Life. The Nominations committee reviews and assesses the Board's composition on behalf of the Board and recommends the appointment of new directors subject to PA approval. The committee also oversees the annual review process to evaluate the Board and respective committees' effectiveness.

In reviewing the Board's composition, the Nominations committee would consider the benefits of all attributes of diversity including (but not limited to) race, gender, culture, age, field of knowledge, skills and experience in order to enable it to discharge its duties and responsibilities effectively. In identifying suitable candidates for appointment

to the Board, the Nominations committee will consider candidates based on merit against objective criteria and with due regard to the benefits of diversity on the Board. As part of the annual performance evaluation to assess the effectiveness of the Board, the Board committees and the individual directors, the Nominations committee will consider applying a broad definition of diversity. This includes affording consideration to the balance of skills, experience, independence, field of knowledge and that of Sanlam as well as attributes such as race, gender, culture, the age of the respective Board members and any other factors relevant to enhance the Board's effectiveness.

Sanlam recognises and embraces the benefits of a diverse Board. Targets to increase the number of black Board members (and particularly black female directors) are set and reviewed every year by the Nominations committee and recommended to the Board. The target that was achieved during for the 2020 financial year included women being represented at 35% on the Board by year-end. Non-executive and executive directorships were both included in the diversity targets.

During the financial year, after a rigorous process had been followed, the Sanlam Board made notable progress in attracting and appointing astute talent and expertise. This was evident after the following two new members were appointed to the Board in addition to Kobus Möller's appointment, which became effective on 1 January 2020:

- Nicolaas Kruger (an actuary); and
- Abigail Mukhuba (a chartered accountant).

The targets set for the 2021 financial year include maintaining the Group's current performance and retaining the existing talent that had been attracted and appointed to the Board during 2020. Bearing in mind the Board's composition as well as the selection criteria referred to that are relevant to all vacancies and new appointments, the objective remains to continuously improve on and enhance the Group's key transformation and diversity deliverables.

## Independence of Board members

The Board is committed to ensure, on a continuous basis, that it has the appropriate balance of knowledge, skills, experience, diversity and independence that will enable it to discharge its governance role and responsibilities objectively and effectively. For this reason, with the assistance of the Nominations committee, each of the non-executive directors serving on the Board is, as a norm, annually exposed to a robust review to assess their independence. The capacity of each director is categorised as defined in the amended JSE Listings Requirements and takes into consideration the application of King IV™ and other factors as outlined in the Board's terms of reference.

The directors' independence in character and judgement, as well as the presence of any relationships, associations with or circumstances that are likely to affect, or could appear to affect, their objectivity, are taken into consideration. This process includes giving each of the executive and non-executive directors serving on the Board an opportunity to declare all actual or perceived conflicts of interest that might

## Board composition and functioning continued

occur, at each Board meeting. When a director makes such a declaration, it is documented in accordance with sound corporate governance principles and the relevant director would be recused from the meeting. The independent and non-executive directors of Sanlam and Sanlam Life are highly respected and experienced individuals, and have illustrated the required integrity, professional knowledge and skills to exercise sound judgement on various key issues relevant to the business of Sanlam, independent of management and the business operations.

The Board also established an Independent Non-Executive Directors committee, which is chaired by the Chair of the Board (i.e. an independent non-executive director). This committee's primary function is to assist the Board on matters relating to independence and conflicts of interest, particularly where related-party transactions are concerned. The Board has also developed and approved a criteria document dealing with all matters regarding perceived or potential conflicts of interest to ensure effective management of sound governance practices.

The responsibilities and duties of the Independent Non-Executive Directors committee include the following as stipulated in the terms of reference of the committee:

- To review and recommend for approval by the Sanlam Board any related-party transaction, including, without limitation to any financial or economic interest, position, association or relationship, which, when judged from the perspective of a reasonable and informed third party, could unduly influence or cause bias in decision-making in the best interest of Sanlam;
- To periodically review and assess ongoing relationships with related persons to ensure that Sanlam complies with the principles of good corporate governance at all times;
- Where applicable, to review actual and potential conflicts of interests as they may exist from time to time; and
- To exercise independent judgement and objectivity in decision-making, taking into account the interests of Sanlam and its policyholders, and to be prepared and able, where necessary, to raise and debate alternative viewpoints or to express disagreement with their colleagues serving on the Board, including the Chair and the Group Chief Executive.

As recommended by the Nominations committee, the Board had comfort that during the period under review, each of the non-executive directors met the requisite fit and proper requirements, which include the criteria for independence. This assertion, however, excludes Dr Patrice Motsepe, Dr Rejoice Simelane and Dr Johan van Zyl, owing to their involvement in UB. During the 2020 reporting period, with effect from 10 June 2020, the Board concluded that Anton Botha and Siphon Nkosi were no longer regarded as independent non-executive directors. Both Board members were long-standing valuable members of the Board. Due to their tenure as well as their wealth of knowledge and expertise, the Board has agreed to retain both of them as Board members by recognising them with effect from 11 June 2020, as non-independent.

Furthermore, Paul Hanratty, Heinie Werth, Jeanett Modise, Temba Mvusi and Abigail Mukhuba were executive directors serving on the Board.

### Roles and responsibilities within the Board structure

The Board's terms of reference, which is reviewed every year, governs and regulate how the members of the Board, collectively and individually, perform their duties according to the principles of good governance. The delegation of the duties and responsibilities of the Board to its committees, however, does not reduce the Board's responsibilities with regards to its fiduciary duties and responsibilities. As a minimum, it is required to continue to exercise due care and judgement. The Board must also apply its collective mind to the information, opinions, recommendations, reports and statements presented to it by its committees and management. The Board assumes the responsibility for Sanlam's performance by steering the Group and setting the direction for realising Sanlam's purpose, implementing its strategy and behaving according to the values it has adopted. It is particularly noted that Sanlam is committed to actively promote a transformed, inclusive, vibrant and globally competitive financial sector company. The Board also reflects the demographics of South Africa and those territories in which it operates and contributes towards economic growth, development and the establishment of an equitable society.

### The Chair of the Board

Every year, the Board appoints (from among the Board members) a Chair. The Chair's primary role is to provide leadership to the Sanlam Board and to set the tone for the Board's performance. This includes him/her fulfilling an active role in engaging with Board members and building upon their strengths and addressing or developing any weaknesses as and when necessary.

During the 2019 financial year, the status of Dr Johan van Zyl (who served at the time as the Chair of the Board), was evaluated as not independent - i.e. as defined by King IV™ and the JSE Listings Requirements. The Board considered this governance deviation but agreed that Dr Johan van Zyl's long-term association with Sanlam, combined with his industry experience and expertise, were all factors that were paramount in ensuring that he adds value to the Board as well as the Group's future growth. In promoting good governance and to continuously evaluate the Board's performance and effectiveness in executing its governance responsibility, the Board adopted a rigorous process during 2019 (with the assistance of the Nominations committee), to identify a suitable independent non-executive director successor as Chair. As a result, shareholders were informed at the 2019 AGM that Dr Johan van Zyl had indicated that he would be stepping down as Chair effective 10 June 2020. As part of the Group's commitment to sound corporate governance practices, including transparency, the PA received frequent updates regarding the process followed in this regard as well as progress made over time. After the PA granted its approval to appoint Elias Masilela as Sanlam's new Chair effective 11 June 2020, the Board advised shareholders accordingly.

During 2020, Ian Kirk retired as the Group's Chief Executive after a period of five years. Upon the recommendation of the Nominations committee, Paul Hanratty was appointed as his successor and assumed the role as Group Chief Executive with effect from 1 July 2020. Prior to his appointment, Paul Hanratty served as an independent non-executive member of the Sanlam Board. The role and functions of the Group Chief Executive are outlined in the Board charter and his performance during a particular financial year is being evaluated by the Board against an agreed criteria and key performance indicators. In addition, the Board appoints members of the Group Exco as executive directors upon the recommendation of the Group Chief Executive and the Human Resources and Remuneration committee. The Nominations committee is responsible for ensuring that succession plans are in place for the positions of the Group Chief Executive and the Group Finance Director.

The delegation of authority framework and Group corporate Governance policy, in terms of which matters are delegated to the Group Chief Executive, are reviewed and approved by the Board on an annual basis. The Group Exco supports the Group Chief Executive in the implementation of the Group strategy and the overall management and performance of the Sanlam Group. Individual cluster businesses develop their own authorisation frameworks, which must be aligned to and incorporate the Group corporate Governance policy. This is to ensure consistency and an effective execution of decision-making powers at Group and cluster level.

The Group Chief Executive is accountable to the Board for the successful implementation of the Group's strategy and the overall management and performance of Sanlam, consistent with the primary aim of enhancing long-term stakeholder value. The Board has agreed to the way the delegated authority is exercised by the Group Chief Executive, including the development and implementation of the Sanlam strategy.

The Group Chief Executive is not a member of the Human Resources and Remuneration committee, the Audit, Actuarial and Finance committee or the Nominations committee. He, however, attends any meeting or part thereof, by invitation in order to contribute to pertinent issues and provide information to the respective committees, if and when required.

The Board, in consultation with the Nominations committee and the Human Resources and Remuneration committee, considers and pre-approves whether the Group Chief Executive or other directors serving on the Board, may take up additional professional positions, including membership of other governing bodies outside Sanlam. Time constraints and potential conflicts of interest are considered and balanced against the opportunity for professional development. The Board, furthermore, evaluates the performance of the Group Chief Executive annually against agreed performance measures and targets.

### **The Group Exco**

The Group Exco comprises a diverse group of skilled and experienced executives who assist and support the Group

Chief Executive to execute the Board-approved Group strategy. The members of the Group Exco are appointed as per the recommendation of the Group Chief Executive, by the Human Resources and Remuneration committee. The Human Resources and Remuneration committee assesses their performance over time. The basis of the performance evaluations is an agreed-upon set of targets and performance criteria.

During the year under review, in addition to the Group organisational structure that had been reviewed and approved by the Board, significant progress had been made to ensure that diversity and transformation could be enhanced. Apart from achieving 50% black representation (previously 29%), a focused approach was adopted to identify and recruit black female executives. Similar to the methodology applied by the Board in terms of diversity attributes, the Group Exco strives to be reflective of its workforce and the broader society in which Sanlam operates.

### **The Company Secretary**

The Company Secretary was appointed on 1 January 2011, in accordance with the requirements of the Companies Act. All of the directors have access to the Company Secretary, who in turn ensures that the Board procedures and applicable rules and regulations are fully observed and implemented. The Company Secretary is responsible for the administration of shareholders and the direct interface between the transfer secretaries, Computershare and Strate. In addition, he supports the Board with the execution of its governance role and responsibilities. He is also, among other things, responsible for ensuring compliance with the JSE Listings Requirements, as amended, the requirements outlined in the Companies Act, as well as insider trading. The Company Secretary is also responsible for regulatory compliance and operates as the delegated information officer of the Group in terms of the Promotion of Access to Information Act, 2 of 2000 (PAIA). His duties include the execution of all statutory requirements applicable to the abovementioned responsibilities.

The Company Secretary has an arm's-length relationship with the Board and is not a director of the Company or a member of the Group Exco. He is also not involved in the day-to-day operations of the Group other than the provision of statutory and compliance services to the Group. Refer to section 3.84(j) of the JSE Listings Requirements for further detail in this regard.

As required by the JSE Listings Requirements, the Board, upon the recommendation of the Nominations committee, confirms that:

- the Company Secretary is competent and has the relevant qualifications and experience to fulfil his role;
- the Company Secretary is not a director of the Company; and
- the role and responsibilities of the Company Secretary are described in the Board charter.

## Board composition and functioning continued

All directors have unlimited access to the Company Secretary, whose office is accountable to the Board for ensuring that procedures are complied with and that sound corporate governance and ethical principles are adhered to. If appropriate, individual directors are entitled to seek, at Sanlam's expense, independent professional advice for matters relating to the discharge of their responsibilities. The Company Secretary attends all Board and committee meetings. The Board is satisfied that there are adequate and effective arrangements for accessing professional corporate services with the assistance of the Company Secretary.

The Company Secretary oversees the induction of new directors, including directors of subsidiary companies, as well as the ongoing training requirements of directors. The focus of the Board's induction programme is on Sanlam's business, Board matters and its duties and governance responsibilities in accordance with each director's specific needs.

New Board member orientation and Board training are conducted in accordance with an induction programme designed to meet the individual needs and circumstances of each new director. The Company Secretary furthermore keeps the directors abreast of applicable legislation and regulations, changes to rules, standards and codes, as well as relevant governance developments that could affect the Group and its operations. Ongoing support and resources are provided to Board members as required, to enable them to extend and refresh their skills, knowledge and understanding of the Group. Professional development and skills training are provided through regular updates on changes and proposed changes to laws and regulations affecting Sanlam or its businesses.

### External service providers and advisers to the Board

The Board charter authorises the Board and its committees to seek independent, external professional advice at Sanlam's expense concerning matters within the scope of their duties and to request documentation from and set up meetings with management as and when required.

Standard Bank of South Africa Limited was appointed during the 2019 financial year and continued during the 2020 reporting period, to render its services as Sanlam's JSE sponsor.

### Annual Board effectiveness evaluation

Every year, a Board effectiveness evaluation is conducted under the auspices of the Nominations committee and in consultation with the Chair. The objective is to determine ways to improve the Board's effectiveness. These assessments are transparent and documented. During the 2020 financial year, this assessment was performed with the assistance of an external service provider, who contributed to the integrity and objectivity of the process that was followed. The evaluation (which was a combination of a detailed questionnaire and interviews being held) confirmed that the Board and its committees were functioning effectively and that there were no material matters to report.

Each committee has a standing agenda point on training to ensure that all members are able to execute their fiduciary duties effectively and efficiently. In addition, each committee's charter includes a reference to an annual performance assessment of the respective committees in alignment with its approved annual plans. This is to ensure that an evaluation is conducted to assess how effectively the committees executed their mandates that were delegated by the Board. The Nominations committee considers the results of the Board evaluation process and the committees' performance reviews, whereafter it makes recommendations to the Board where deemed appropriate.



# Board member profiles



# Board member profiles

## 7 Andrew Birrell

### Member of the Board: independent non-executive director

*Nationality: British/South African*

*Year of birth: 1969*

Andrew Birrell was appointed to the Board on 1 September 2019. He qualifies as an independent non-executive director. The Board has appointed him as an expert in life insurance, general insurance, health insurance, stock broking, asset management, as well as retail online banking. During the year under review, Andrew Birrell was appointed as the Chair of the Risk and Compliance committee and served as a member of the Audit, Actuarial and Finance committee and the Independent Non-Executive Directors committee.

He holds a B.BusSci (Actuarial) (Hons) which was conferred by the University of Cape Town in 1990 and is a Fellow of the Faculty and Institute of Actuaries (1994); a Fellow of the Actuarial Society of South Africa (1994); a Chartered Enterprise Risk Actuary (CERA Global Association, 2009) and a member of the Institute of Directors (UK) since 2015.

His non-executive roles include non-executive Chair of Assupol Life Limited and Assupol Holdings Limited (South Africa) from 1 July 2016 to 31 March 2019. He originally joined the Assupol Board on 1 May 2013 and served as a member of various Board committees, including the Audit committee, Remuneration committee and Risk and Compliance committee.

He is currently a non-executive director of JSA Group and YASA Limited (both UK-based companies); a director of SC Lowy Partners, the holding company of a Hong Kong domiciled specialist investment bank; an independent non-executive director of Sun Life of Canada UK (where he is Chair of the Risk committee and the With Profits Committee); an independent non-executive director of Esure Group PLC and subsidiaries (where he is Chair of the Audit committee); a non-executive director of Sanlam Developing Markets and committees; executive director of Friedshel (1491) (Pty) Ltd; an executive director of Universal Partners Limited, an investment holding company listed on the Stock Exchange of Mauritius and JSE Securities Exchange since listing in August 2016 as well as an executive director of ARGO Fund Managers (Mauritius).

His past experience on various other boards and board committees of regulated companies, include amongst others, life insurance, health insurance, general insurance, stock broking, investment management and banking in the UK, South Africa, Ireland, Scandinavia and Canada.

## Anton Botha

### Member of the Board: non-executive director

*Nationality: South African*

*Year of birth: 1953*

Anton Botha has been a member of the Board since 2006. He qualified as an independent non-executive director until

10 June 2020. Previously he served as the Chair of the Human Resources and Remuneration committee and was also a member of the Audit, Actuarial and Finance committee and the Risk and Compliance committee. After his status was re-categorised as a non-independent non-executive director, he stepped down from the abovementioned roles with effect from 11 June 2020. Anton Botha is an expert in finance, risk and compliance as well as in financial markets, investments, general business, human resources, marketing and international business.

Anton Botha obtained a BProc from Unisa and a BCom in marketing from the University of Pretoria. He further holds a BCom (Hons) degree in Investment Management from the University of Johannesburg and has completed an Executive Development Programme at Stanford University in the USA.

Anton Botha is a director and co-founder of Imalivest, a private investment group that manages the capital of its owners, as well as the Imalivest unit trusts. Anton Botha also serves as a non-executive director on the Board of African Rainbow Minerals Limited. He is a non-executive director, a Board member of Sanlam Investment Holdings, Sanlam Capital Markets and Genbel Securities.

Anton Botha made a career in investments at Gencor, Genbel and Gensec from 1981 to 2001. Between 1986 and 2001, he was the Chief Executive Officer of Gensec and developed the business into a leading South African investment banking group. Prior to becoming a wholly owned subsidiary of Sanlam in December 2000, Gensec was recognised as one of South Africa's 40 largest listed companies.

## Paul Hanratty

### Member of the Board: ex officio executive director

*Nationality: Irish*

*Year of birth: 1961*

Paul Hanratty has been a member of the Board of directors since 2017 when he was appointed as an independent non-executive director. During the 2020 financial year, Paul Hanratty assumed the role of Group Chief Executive effective 1 July 2020. This announcement was made to shareholders during May 2020 after a robust selection and recruitment process was followed under the auspices of the Nominations committee's mandate. Paul Hanratty succeeded Ian Kirk, who had retired during 2020 after a five-year tenure.

Paul Hanratty obtained his B.BusSci (Actuarial) (Hons) from the University of Cape Town in 1984. He is a fellow of the Institute of Actuaries (FIA). He started his career in the insurance industry in 1984 and has worked in various financial services businesses in South Africa, Africa, the UK, and several other markets.

Paul Hanratty has been an independent non-executive director of MTN since 2016, is the non-executive Chair of Intelligent Debt Management (IDM).

## Ian Kirk

### Member of the Board: *ex officio* executive director

*Nationality: Irish*

*Year of birth: 1958*

Ian Kirk was appointed Deputy Chief Executive of Sanlam on 1 January 2015 and Group Chief Executive on 1 July 2015. He afterwards retired during the period under review, effective 31 December 2020. In order to ensure a smooth transition between Ian Kirk's date of retirement and Paul Hanratty assuming his new role as Sanlam's Group Chief Executive, the Board agreed that the effective date of Paul Hanratty's appointment was 1 July 2020. However, during July and December 2020, Ian Kirk continued to render services to the Group until the end of December 2020 when he officially retired. His performance criteria and key performance objectives that were relevant to the remaining six months of 2020, were pre-approved and agreed upon with the Human Resources and Remuneration committee.

Ian Kirk qualified as a CA(SA) and obtained a HDip BDP and FCA (Ireland).

He is an expert in general insurance, life insurance, financial markets and investments, and general and international business.

Prior to Ian Kirk's appointment at Sanlam in 2015, he was appointed as the Chief Executive of Santam from 2007 to 2014 and the Chief Executive: Strategy and Special Projects at Sanlam. He was appointed to the PwC partnership in 1986, was the Chief Executive Officer of Capital Alliance Holdings and Deputy Chief Executive Officer of the Liberty Group.

## Nicolaas Kruger

### Member of the Board: independent non-executive director

*Nationality: South African*

*Year of birth: 1967*

Nicolaas Kruger was appointed as an independent non-executive director to the boards of Sanlam Limited and Sanlam Life, effective 26 May 2020.

Nicolaas Kruger has a BCom (Mathematics) (cum laude) degree, is a Fellow of the Faculty of Actuaries (1992) (FIA) and Fellow of the Actuarial Society of South Africa (1992) (FASSA), he completed the Advanced Management Programme (AMP) (Oxford) (2001) and is a chartered director (CD(SA)).

Nicolaas Kruger is a business executive with over 28 years' experience in the insurance-based financial services industry in South Africa. He currently acts as a non-executive Board member, investor and mentor and has served as Group CEO of the South African insurance group Momentum Metropolitan Holdings (previously known as MMI Holdings) for several years up to the beginning of 2018. He obtained exposure to banking from 1998 to 2010 when Momentum was an integral part of the FirstRand banking group. He gained extensive experience

doing business internationally, including various countries in the rest of Africa, UK and India. He has widespread experience as a member of various boards and governance forums, with broad stakeholder management experience in business, investor communities as well as government.

Nicolaas Kruger is the Chair for Brenn-O-Kem and Gannaveld. He is a LID for Griekwaland Wes Korporatief, non-executive director for General Reinsurance Africa, Granor Passi, Fintech Management, Thekwane Investments, Main Street 1400, NGFJ Game Venture and Magnolia Ridge Properties 218. He is also an executive director for Finansdeel and Tzamenkomst.

## Elias Masilela

### Member of the Board: independent non-executive director

*Nationality: South African*

*Year of birth: 1964*

Elias Masilela has been appointed to the Board as an independent non-executive director during 2019. The Board appointed him as an expert in economics, policy, investments, general business, marketing, sustainability as well as empowerment.

He is currently the Chair of DNA Economics and Commissioner of the first and second National Planning Commission. He holds a BA degree in Social Science which he obtained from the University of Eswatini (formerly the University of Swaziland), a MSc in Economic Policy and Analysis from Addis Ababa University as well as several professional certificates with Harvard University.

Elias Masilela also serves as the Chair of Capital Harvest and he assumed the role as Chair of the National Task Force on Impact Investing in South Africa during 2018. In addition, he is a member of the boards of Multichoice Group, Multichoice SA, Alternative Prosperity Holdings, Future Planet Capital in London, Strate as well as CA Sales.

He was instrumental in the listing of Multichoice Group and Avior Capital Markets on the JSE (2019 and 2017), as well as CA Sales on the BSE (2018).

Previously, he was Chief Executive officer of the PIC, Head of Policy Analysis at Sanlam, acting deputy director-general of economic policy in the National Treasury and director of research for the Central Bank of Eswatini. He was also a member of the boards of the South African Reserve Bank, the Government Employee Pension Fund, the Airports Company SA as well as the United Nations (UN) Global Compact (UNGC). He was also Chair of the SA Local Network. Until recently, he was Chair of Economic Research Southern Africa, the Chair of Absa Asset Management and a Board member of the Avior Capital Markets Absa Financial Services, Eskom Pension and Provident Fund as well as the V&A Waterfront boards.

Elias Masilela is one of the founders of many initiatives such as the Financial Sector Charter Council, Social Security and Retirement Reform, UNGC Africa Implementation Agenda for the SDGs, and the Ratepayers Association network in Eswatini, amongst others. He has published and lectured widely.

## Board member profiles continued

### Jeanett Modise

#### Member of the Board: executive director

*Nationality: South African*

*Year of birth: 1963*

Jeanett Modise is an executive director on the Board as of 2019. She joined the Sanlam Group in 2014 as Executive: Human Resources and Transformation at Santam, where she spent three years before she became Chief Human Resources Officer at Sanlam Investments. Thereafter, she assumed the role of Chief Executive: Human Resources for the Sanlam Group with effect from 1 September 2019.

Jeanett Modise's academic background includes a BCom degree, MDP, MBL degree, a Senior Executive Programme (Harvard) and an Advanced Management Development Programme (INSEAD). She is an accomplished human resources executive with more than 20 years' experience in other blue-chip and multinational companies such as SAP, Hewlett Packard, Nedbank and AngloGold Ashanti where she worked before joining the Sanlam Group.

Jeanett Modise previously served as a non-executive director and Chair of the Human Resources and Remuneration committee of Foskor and as a non-executive director for Save the Children South Africa (a global non-governmental organisation that focuses on the rights of children).

### Mathukana Mokoka

#### Member of the Board: independent non-executive director

*Nationality: South African*

*Year of birth: 1974*

Mathukana Mokoka has been a member of the Board since March 2018. She qualifies as an independent non-executive director and is a member of the Audit, Actuarial and Finance committee and the Risk and Compliance committee. The Board has appointed her due to her skills and expertise in, amongst others, finance, risk and compliance as well as ethics governance.

Mathukana Mokoka is a qualified CA(SA) and completed her articles with Arthur Andersen (KPMG). She has diverse work experience, ranging from strategic and financial management and corporate finance to experience in the deal-making environment. She has held senior positions at Woolworths, Cadiz Corporate Solutions and Standard Bank.

Mathukana Mokoka currently serves as an independent non-executive director at Contract Services Group, Palabora Mining (Pty) Ltd, Alviva Holdings (Pty) Ltd; Energy Partners and Stadio Holdings.

### Kobus Möller

#### Member of the Board: independent non-executive director

*Nationality: South African*

*Year of birth: 1959*

Kobus Möller was the former Chief Executive: Finance of Sanlam, the Executive Head: Operations and Finance of

Sanlam Personal Finance as well as Executive Director: Finance of Impala Platinum Holdings. He previously also held various non-executive directorships of major Sanlam subsidiaries such as Sanlam Emerging Markets, Sanlam Investments and Santam. He was also Financial Director of Sanlam from 2006 until his retirement in 2016.

He is currently a member of Sanlam's Risk and Compliance committee, the Social, Ethics and Sustainability committee, the Actuarial Forum, the Central Credit committee as well as the chair of the Audit committee. In addition, he is also a non-executive director and Board member of Sanlam Capital Markets (Pty) Ltd, Genbel Securities (Pty) Ltd; Sanlam Investment Holdings (Pty) Ltd, Sanlam Emerging Markets Ltd, Sanlam Life and Savings and Sanlam Corporate.

Kobus Möller has served on the Sanlam Board with effect from 1 January 2020. He was subsequently appointed as Chair of the Audit, Actuarial and Finance committee after Paul Hanratty stepped down as Chair during 2020.

He is a qualified Chartered Accountant and holds a BCom (cum laude) which he obtained from the University of Pretoria, a Compt Hons (UNISA) and an AMP from Harvard Business School.

### Dr Patrice Motsepe

#### Member of the Board: non-executive director

*Nationality: South African*

*Year of birth: 1962*

Dr Patrice Motsepe has been a member of the Board since 2004. He is categorised as a non-executive director and appointed as the Deputy Chair of Sanlam. In addition, he serves as a member of the Nominations committee and the Human Resources and Remuneration committee.

Dr Patrice Motsepe has obtained a BA Law (University of Eswatini, formerly the University of Swaziland), LLB and Doctorate of Commerce Honoris Causa (University of Witwatersrand), Doctorate of Commerce Honoris Causa (Stellenbosch University) and Doctorate in Management and Commerce Honoris Causa (University of Fort Hare) and Doctorate of Laws Honoris Causa (University of Eswatini, formerly the University of Swaziland).

He is the founder and executive Chair of African Rainbow Minerals Limited as well as the founder and Chair of UBI, ARC, African Rainbow Energy and Power and UBI General Partner (Pty) Ltd. In addition, he is the Chair of Harmony Gold and President of Mamelodi Sundowns Football Club.

Dr Patrice Motsepe was previously a partner in one of the largest law firms in South Africa, Bowmans, and was also a visiting attorney in the USA with the law firm, McGuireWoods.

In 2002 Dr Patrice Motsepe was voted South Africa's Business Leader of the Year by the Chief Executive Officers of the top 100 companies in South Africa. In the same year, he was the winner of the Ernst & Young Best Entrepreneur of the Year Award. In 2017, Forbes Magazine commemorated its 100th Anniversary and honoured Dr Patrice Motsepe as one of the "100 Greatest Living Business Minds" in the world.

alongside many prominent global business leaders including Warren Buffet, Bill Gates, Jeff Bezos, Mark Zuckerberg and Jack Ma. He is the only person living on the African continent to be recognised and honoured as one of the “100 Greatest Living Business Minds”.

Dr Patrice Motsepe is a member of the International Business Council (IBC) of the World Economic Forum which is made up of 100 of the most highly respected and influential Chief Executives from all industries. He is also a member of the Harvard Global Advisory Council and the International Council on Mining and Metals. His past business responsibilities include being the President of the National African Federated Chamber of Commerce and Industry from 2002 to 2006, founding President of Business Unity South Africa (from January 2004 to May 2008 in South Africa), founding President of the Chamber of Commerce and Industry South Africa, President of the Black Business Council and the founding Chair of the Brazil, Russia, India, China, South Africa (BRICS) Business Council in March 2013.

Dr Patrice Motsepe is a recipient of numerous global business and leadership awards and recognitions including:

- World Economic Forum Global Leader of Tomorrow, 1999;
- Afrikaanse Handelsinstituut, MS Louw Award for Exceptional Business Achievement, 2003;
- South African Jewish Report, Special Board Members Award for Outstanding Achievement, 2004;
- African Business Roundtable, USA, Entrepreneur & Freedom of Trade Award, 2009;
- McGuireWoods Outstanding Alumnus Awards, 2009;
- The Black Management Forum (BMF) Presidential Award for Business Excellence, 2010;
- BRICS Business Council, Outstanding Leadership Award, 2014;
- Harvard University Veritas Award for Excellence in Global Business and Philanthropy, 2014; and
- Sunday Times Lifetime Achiever Award, 2017.

## Abigail Mukhuba

### Member of the Board: *ex officio* executive director

*Nationality: South African*

*Year of birth: 1979*

Abigail Mukhuba was appointed to the Board as an executive director with effect from 1 October 2020 when she assumed her role as Group Finance Director of Sanlam.

Abigail Mukhuba holds the following qualifications: a MBA (UCT), MCom (RSA and International Tax) (RAU), BCom (Hons) (RAU) and a BCompt (UNISA).

Abigail Mukhuba joined Sanlam from the leading mining company, African Rainbow Minerals Limited, where she held the position of Finance Director since 2017. She has held several senior financial positions at KPMG Inc., BMW SA and Exxaro Resources Limited. She has over 15 years' working experience in the financial reporting and tax specialist environments in both the automotive and mining industries.

## Temba Mvusi

### Member of the Board: executive director

*Nationality: South African*

*Year of birth: 1955*

Temba Mvusi has served as an executive director on the Board since 2009 and is a member of the SES committee. He is a non-executive director of Sanlam Investment Management and Sanlam Investment Holdings. He is an expert in financial markets and has in-depth knowledge of general business and human resources.

He has been the Chief Executive: Market Development since August 2005 and was appointed Acting Chief Executive: Sanlam Corporate in April 2017 until the latter part of 2019, when Thinus Alsworth-Elvey assumed the role as Chief Executive: Sanlam Corporate.

His qualifications include a Diploma in International Relations (University of New Delhi), a BA ELP (Wharton School of Business), MAP and PDP.

Temba Mvusi is also an independent director of Northam Platinum and non-executive director of Dippenaar & Reinecke. He is also a non-executive director and Board member of Sanlam Investment Management (Pty) Ltd and Sanlam Investment Holdings (Pty) Ltd.

## Sipho Nkosi

### Member of the Board: non-executive director

*Nationality: South African*

*Year of Birth: 1954*

Sipho Nkosi has been a member of the Board since 2006 and was appointed as Sanlam's lead independent director (LID) effective 19 December 2016. During his tenure, Sipho Nkosi was the Chair of the SES committee, a member of the Non-Executive Directors committee and the Chair of the Independent Non-Executive Directors and the Nominations committees. He is an expert in governance, marketing as well as general business. After the 2020 AGM that was held, Sipho Nkosi's director status was re-categorised, whereafter he served on the Board as a non-independent non-executive member since 11 June 2020. He, therefore, stepped down as the Group's LID as well as the Chair and member of the Independent Non-Executive Directors committee.

He holds a BCom (University of Zululand), BCom (Hons) (Economics) (Unisa), MBA (University of Massachusetts, USA) and a Diploma in Marketing Management (Unisa). He also completed the Advanced Management Programme at the University of Oxford, UK and received the following awards:

- Ernst & Young World Entrepreneur Award 2012, representing South Africa at the Global Awards event;
- Afrikaanse Handelsinstituut Tienie Louw Award for outstanding Business Leadership, 2013; and
- The South African Institute of Mining and Metallurgy (SAIMM) Brigadier Stokes Memorial Award, 2015.

## Board member profiles continued

Following an illustrious career in mining, Siphon Nkosi co-founded investment holding company Talent10 Holdings in 2012, where he now serves as non-executive Chair. He also assumed the role of Board Chair of Sasol from November 2019, in addition to the other board positions he holds. He also serves on the boards of KZN Philharmonic Orchestra, Tronox and Partners for Possibility (PFP).

Siphon Nkosi served as Chief Executive of Exxaro Resources Limited (Exxaro) from 2007. Exxaro was born out of a merger between Kumba's coal, mineral and sands base metals assets and Eyesizwe Coal. Preceding this, he was the country manager of ABB Alstom Power (SA), having previously worked at Anglo Coal and Ingwe. He managed the key portfolio of marketing manager responsible for international coal mining at Ingwe, following four years with Anglo. While with Ingwe, he travelled extensively and gained deep insight and understanding of the global coal industry.

He is a past president of the Chamber of Mines of South Africa and has been serving on the Executive Council of the Chamber of Mines since November 2006. Prior to his appointment to the Council, he played a meaningful role as a member of the Chamber's Collieries committee.

In addition to his responsibilities at Sasol and Talent10, he serves as a member of the Risk committee of the council at Wits University.

### Karabo Nondumo

#### Member of the Board: independent non-executive director

*Nationality: South African*  
*Year of birth: 1978*

Karabo's date of appointment was 4 December 2015. She was appointed as a member of the Audit and Risk committees on 1 January 2016. She qualifies as an independent non-executive director and is a member of the Audit, Actuarial and Finance committee, the Risk and Compliance committee, the Human Resources and Remuneration committee, the Sanlam Customer Interest committee, the Independent Non-Executive Directors committee and the Nominations committee. The Board has appointed her mainly due to her being an expert in risk and compliance, governance and human resources and remuneration.

Karabo Nondumo obtained her BCom degree in Accounting from the University of Natal in 1999 and her HDip in Accounting from Wits University in 2000. She qualified as a CA(SA) in 2003. She started her career at PwC where she gained valuable experience in financial services (insurance and banking), manufacturing and telecommunications.

From 2004 to 2007, she was an investment principal at Shanduka Group, where she was responsible for the analysis and implementation of transactions for the resource, financial services and energy divisions. She was also an executive assistant to the Chair of Shanduka Group. In 2008, she became

the inaugural Chief Executive of AWCA Investment Holdings, an investment company for black female chartered accountants.

From 2010 to 2014 she served in various roles in the Vodacom Group which included the Executive Head for corporate finance, mergers and acquisitions as well as Executive Head for the enterprise business unit. She has interests in investments, corporate advisory and the supply of goods and services.

She also holds independent non-executive directorship roles in some of the Sanlam Group subsidiaries.

Karabo Nondumo is the Chair of the following committees:

- Audit and Risk committee (African Rainbow Life Limited); and
- Audit and Risk committee of SDM.

She is an independent non-executive director of Harmony Gold and Richards Bay Coal Terminal.

### Dr Rejoice Simelane

#### Member of the Board: non-executive director

*Nationality: South African*  
*Year of birth: 1952*

Dr Rejoice Simelane has been a member of the Board since 2004. She qualifies as a non-executive director and is a member of the SES committee. Her areas of expertise include economics and finance, audit, risk, compliance, law, governance and general business.

Dr Rejoice Simelane obtained her PhD in Economics at the University of Connecticut in the USA in February 1994 and her LLB from the University of South Africa in 2010.

Dr Rejoice Simelane commenced her career at the University of Eswatini (formerly the University of Swaziland) as a lecturer in economics. Between 1998 and 2001, she was employed by the Department of Trade and Industry and the National Treasury. After that she served in the capacity of Special Adviser: Economics, to the then Premier of Mpumalanga until mid-2004, when she assumed the position of Chief Executive of UBI (Sanlam's empowerment partner) until 2016. While she remains an executive director at UBI, she also serves as a non-executive director on the Board of ARC, a wholly owned subsidiary of UBI.

Dr Rejoice Simelane's other board directorships include ARM, where she is also the Chair of the Social and Ethics committee and a member of the Audit, Risk, Nominations and the Non-executive Directors committees. She also serves on the boards of African Rainbow Energy and Power and Mamelodi Sundowns Football Club. Through the latter, Dr Rejoice Simelane was elected onto the Exco of the Premier Soccer League in 2016. As a CIDA scholarship recipient and a Fulbright Fellow, Dr Rejoice Simelane also served as a member of the Presidential Economic Advisory Panel under former President Thabo Mbeki until 2009.

## Chris Swanepoel

### Member of the Board: independent non-executive director

*Nationality: South African*

*Year of Birth: 1950*

Chris Swanepoel was the Chief Actuary of Sanlam from 1 January 1990 up to his retirement on 31 August 2005. He qualified as an independent non-executive director of Sanlam and Sanlam Life until he retired and stepped down from the Sanlam Board, effective 11 June 2020.

Before he retired, Chris Swanepoel was the Chair of the Sanlam Risk and Compliance committee as well as of the Sanlam Customer Interest committee. He previously also served as a member of the Audit, Actuarial and Finance committee as well as the Independent Non-Executive Directors committee and the Non-Executive Directors committee.

The Board has appointed him to these committees because of his expert knowledge in finance, actuarial matters, audit, risk and compliance as well as governance. Until Chris Swanepoel retired as a member of the Sanlam Board during 2020, he also had directorships in Sanlam Personal Finance, Sanlam Developing Markets Limited and Channel Life Limited.

Chris Swanepoel qualified as an actuary in 1975. He served the actuarial profession as a member of the Actuarial Society of South Africa (ASSA) council, including a stint as honorary secretary, as a member of the Life Assurance committee (12 years of which six were as convener), as an examiner of the subject life assurance of the professional examinations and as the first Chair of ASSA's board of examiners. During his career, he served as adviser to the Van der Horst committee, which led to the creation of the Financial Services Board. He also served on the Advisory committee on Long-term Assurance for three consecutive terms.

## Dr Johan van Zyl

### Member of the Board: non-executive director

*Nationality: South African*

*Year of birth: 1956*

Dr Johan van Zyl has been a member of the Board since 2016. He qualifies as a non-executive director and previously served as the Chair of the Board until 10 June 2020. He is an expert in insurance, financial markets, investments, general business, human resources, marketing and international business.

He originally trained as an agricultural economist and holds two doctorates – i.e. a PhD in Economics (Vista) and a DSc in Agriculture (Pretoria). After having worked for the South African government and NAMPO as an economist, he taught agricultural economics at the University of Pretoria from 1983 to 1994, during which time he was appointed as the Dean of Natural and Agricultural Sciences. He subsequently

spent two years at the World Bank as co-ordinator of Rural Development. In 1996, he became Vice-chancellor and Principal of the University of Pretoria. In 2001 he joined Santam as Chief Executive.

His major external positions, directorships and associations include ARC, UBI and the Vumelana Advisory Fund, of which he is the Chair. He is a non-executive director for Rain Group Holdings (Pty) Ltd; Blou Bulle Maatskappy; Neil Ellis Wines (Pty) Ltd and Aenigma Investments Holdings (Pty) Ltd.

Dr Johan van Zyl has a keen interest in economic development and has published widely on a variety of topics related to, in particular, rural development and agriculture in South Africa, the broader southern African region, eastern Europe and South America. He is the author of more than 300 academic journal articles and several books.

## Heinie Werth

### Member of the Board: executive director

*Nationality: South African*

*Year of birth: 1963*

Heinie Werth was appointed Chief Executive of Sanlam Emerging Markets on 1 August 2019 – a position he previously held from 2005 until 2016, after which he took up the position of Group Finance Director. He qualifies as an executive director and is an expert in accounting, finance, audit, financial markets and investments, governance, general business and risk management.

Heinie Werth is a non-executive director of major Sanlam subsidiaries such as Sanlam Emerging Markets and Shriram Capital Limited. He also serves as a non-executive member of several Sanlam Group cluster governance structures.

Heinie Werth previously served as a non-executive director of Shriram Capital (India), Saham Finances (Morocco), Botswana Insurance Holdings, Sanlam Namibia and various other subsidiaries in the Sanlam Emerging Markets cluster. He also worked as a senior general manager (IT) at Sanlam Life, Finance Director at Sanlam Life and Sanlam Employee Benefits, Manager: Corporate Finance at Gencor and Finance Director at Kelgran.

Heinie Werth is a qualified CA(SA) and holds a Hons BAccountancy, an MBA and an EDP (Manchester).

## Prof Shirley Zinn

### Member of the Board: independent non-executive director

*Nationality: South African*

*Year of birth: 1961*

Prof Shirley Zinn has been appointed to the Board as an independent non-executive director since December 2018. The Board has appointed her as an expert in human resources as well as ethics governance.

## Board member profiles continued

She holds a BA (University of the Western Cape); Post-graduate Higher Diploma in Education (University of the Western Cape), BEd (Hons) (Unisa); MEd (University of the Western Cape), EdM (Harvard) and a Doctorate in Education (Harvard).

Prof Shirley Zinn is the former Group Head of Human Resources at Woolworths Holdings Limited. Prior to this, she was the Head of Human Resources at Standard Bank South Africa and Deputy Global Head of Human Resources for the Standard Bank Group. She also registered her own company, Shirley Zinn Consulting, which provides consulting and advisory services in human resources, transformation, leadership and education.

Prior to this, she was the Group Executive: Human Resources at Nedbank and the General Manager for human resources at the South African Revenue Service (SARS). She is also an extraordinary professor at the University of Pretoria's department of human resource management and was also appointed as adjunct professor at the University of Cape Town. She is the past President of the Institute for People Management in South Africa and is registered as a master human resources professional with the South Africa Board for People Practices.

She started her career as a secondary school teacher of English, then moved to the University of the Western Cape where she lectured in teacher education. After this, she served at Southern Life as training manager after which she was employed by the Department of Public Service and Administration's South African Management Development Institute in Pretoria as director. Before her appointment at SARS, she fulfilled the role of regional human resources director for Middle East and Africa for Reckitt Benckiser, a global company listed on the London Stock Exchange. She is the former Chair of DHL: Global Forwarding SA and currently serves as a non-executive director on the Board of JSE-listed AdvTech where she fulfils the role as LID and Chair of the remuneration committee. She also serves as a director on the boards of The LRMG (Pty) Ltd, Tuesday

Consulting, Empowerment Capital Investment Partners, MTN SA, NPI, Knowledge Resources, Business Engage, Community Chest, the Boston Consulting Group SA and the Spur Group. In addition, she also serves on the Take-Over Regulation Panel Board.

She is a trustee on the Nedbank Eyethu Community Trust, and Roland Greaver Leadership and the former Chair of Starfish Greathearts Foundation. She is the past President of the Harvard Alumni Association South Africa and a fellow member of the IoDSA. She also previously served as the Chair of the Institute of Bankers and was recently appointed as the patron for the South Africa Council of Business Women. In addition, Prof Shirley Zinn is a coach and mentor to several women across multiple industries and has presented at numerous national and international conferences as a keynote speaker.

In 2015, she wrote her autobiography entitled *Swimming Upstream*, which focuses on her personal and professional journey. Her autobiography has officially been announced as a best seller. In 2016, she gave several *Swimming Upstream* talks nationally at corporates, schools, universities and charities with the objective to motivate and inspire especially the youth and women.

She was awarded the Top Woman in Business and Government and Top Executive in Corporate South Africa by Topco Media in 2008. She was also recognised by the Black Business Quarterly and received the Award for Top Woman in Business and Government and most Visionary Woman in 2008. She received an award from the World Human Resources Congress in Mumbai in 2007 and 2013 respectively for Excellence in Global HR Leadership. In 2012, she was listed in the Top 30 Wonder Women in South Africa by the Wits Business School Journal. She was furthermore also awarded Africa's Most Influential Women in Business and Government for 2016 in the small and medium-sized enterprise (SME) Sector by CEO Global.



# Board and committee meeting attendance for 2020

6 The Sanlam Board meets at least quarterly to consider strategic issues, set risk parameters, approve financial results and budgets, and monitor the implementation of delegated responsibilities. Feedback from its committees, as well as a number of key performance indicators, variance reports and industry trends, are considered. In addition to quarterly Board meetings, a two-day session is held and attended by all Board members and the members of the Group Exco to review the Group strategy, which is considered and approved by the Board on an annual basis.

During the 2020 financial year, the Board and committee members' attendance of meetings was as follows:

Directors	Board meeting		Audit committee	Risk and Compliance committee	Human Resources and Remuneration committee	Joint Nominations and Human Resources committee	Nominations committee	Social, Ethics and Sustain-ability committee	Customer Interest committee	Independent Non-Executive Directors committee	Non-Executive Directors committee	
	Planned/ held 5/5	Ad hoc# 3/3	Planned/ held 4/4	Planned/ held 4/4	Planned/ held 4/4	Ad hoc#	Planned/ held 4/4	Planned/ held 4/4	Planned/ held 4/4	Planned/ held 4/4	Ad hoc# 3/3	Planned/ held 4/4
AS Birrell	5/5	3/3	4/4	4/4	- 2/2	-	-	-	-	4/4 2/2	3/3	4/4
AD Botha	5/5	3/3	2/2	2/2	2/2**	1/1	-	-	-	2/2** 2/2	3/3**	4/4
PB Hanratty	5/5	3/3	4/4	4/4	-	-	-	2/2	3/4	2/2**	3/3**	3/3
IM Kirk	2/2	1/1	2/2	2/2	-	-	-	2/2	-	2/2**	-	-
NAS Kruger	4/4	1/1	2/2	2/2	- 1/1**	-	-	-	2/2	3/3	3/3	3/3
E Masilela	5/5	3/3	3/3	3/3	2/2	-	2/2	2/2**	4/4	4/4	3/3	4/4
JM Modise	5/5	2/2	-	-	-	-	-	-	-	-	-	-
JP Möller	5/5	3/3	4/4	4/4	-	-	-	2/2	-	4/4	3/3	4/4
MG Mokoka	5/5	3/3	4/4	4/4	-	-	-	1/1**	2/2	4/4	3/3	4/4
Dr PT Motsepe	5/5 1/1	3/3	-	-	4/4	1/1	4/4	-	-	-	-	4/4
AM Mukhuba	1/1**	0/0	-	1/1	-	-	-	-	-	-	-	-
TI Mvusi	5/5	2/2	-	-	-	-	-	4/4	-	- 2/2	-	-
SA Nkosi	5/5	2/3	-	-	2/2	0/1	2/2	2/2 1/1	-	2/2**	3/3**	4/4
KT Nondumo	5/5	3/3	4/4	4/4	4/4	1/1	4/4	2/2	2/2	4/4	3/3	4/4
Dr RV Simelane	5/5	3/3	-	-	-	-	-	4/4	-	-	-	4/4
CG Swanepoel	2/2	1/1	2/2	2/2	-	-	-	-	2/2	2/2	-	2/2
Dr J van Zyl	5/5	3/3	-	-	4/4**	1/1	4/4**	1/1**	-	-	-	4/4
HC Werth	5/5	2/2	-	-	-	-	-	-	-	-	-	-
Prof SA Zinn	5/5	3/3	-	-	4/4	1/1	-	-	-	4/4	3/3	4/4

# Ad hoc Board and committee meetings for specific subjects by selected members.

\*\* Non-executive directors, attending in the capacity as an invitee.

External advisers and members of management attend Board and committee meetings by invitation.

# Committee profiles and composition



# Committee profiles and composition

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The Board established a number of permanent standing Board committees with specific responsibilities to assist the Board in discharging its duties and responsibilities. The responsibilities of these committees are defined in terms of their respective charters as approved by the Board.

The ultimate accountability, however, resides at all times with the Board as a collective. The Board therefore does not abdicate what it is accountable for, to its committees and exercises its oversight responsibilities accordingly.

There is full disclosure, transparency and reporting from the standing committees to the Board at each Board meeting, while the Chairs of the committees attend the AGM and are available to respond to any shareholder enquiries. During the financial year, all the Board committees conducted their respective annual self-assessments to evaluate their effectiveness and procedures. The committees' members confirmed that they were satisfied that they had fulfilled their responsibilities in accordance with each committee's terms of reference.

## Audit, Actuarial and Finance committee (Audit committee)

### Members and dates of appointment

- Andrew Birrell (1 September 2019 until present)
- Anton Botha (2 March 2017 until 10 June 2020)
- Paul Hanratty (Chair) (1 December 2017 until 10 March 2020)
- Nicolaas Kruger (10 June 2020 until present)
- Mathukana Mokoka (14 March 2018 until present)
- Kobus Möller (member since 1 January 2020; Chair since 11 March 2020 until present)
- Karabo Nondumo (1 January 2016 until present)
- Chris Swanepoel (8 June 2011 until 10 June 2020)

### Meetings

The Audit committee meets at least quarterly. The external audit partners and other assurance providers attend committee meetings in their capacity as advisers and/or invitees.

During the financial year, meetings were also attended by the Sanlam Group Chief Executive, the Acting Chief Financial Officer (Wikus Olivier) prior to the effective date of the appointment of the Group Finance Director on 1 October 2020, the Chief Actuary, the Chief Audit Executive, the heads of business clusters (as required), the heads of control functions and the following expert invitees: David Ladds, Preston Speckmann and Andre Zeeman.

### Composition and role

This committee is chaired by and comprises only independent non-executive directors. In accordance with the requirements of the Companies Act, individual members of the committee are appointed annually by the shareholders at the AGM for the following financial year. As at 31 December 2020, the committee consisted of five members with financial, actuarial and other relevant experience (as described in its charter).

This committee carries out all (statutory) Audit committee responsibilities in terms of the Companies Act on behalf of the majority of subsidiary companies within the Group. It oversees the preparation of the financial and non-financial information provided in the annual reporting suite. To review the assurances obtained regarding non-financial information, the Chair of the Audit committee is also a member of the SES committee. Likewise, the Chair of the SES committee is a member of the Audit committee who fulfils a pivotal role when sustainability reporting is addressed.

### Key focus areas during the financial year

- The process associated with the rotation of the external auditor and the onboarding of the Group's joint external auditor (KPMG)
- Ensuring that the annual reporting suite addresses all stakeholders' needs
- Ongoing focus on new Solvency Assessment and Management (SAM) reporting and the associated controls, and preparing for International Financial Reporting Standard (IFRS) 17
- Assurance coverage of the internal and external audit function across the Group
- Assessing the effectiveness of the internal audit function as well as evaluating the competence and independence of the Chief Audit Executive
- Assessing the effectiveness of the Audit committees within the Group's governance structures at cluster level (e.g. full coverage of all businesses, quality of reporting)
- Ensuring appropriate, transparent and fair reporting of financial results
- Approving the policy, framework and the monetary limits for non-audit services to be provided by external auditors
- Monitoring non-audit services that were provided by the external auditor for compliance with the agreed framework aimed at preventing any potential negative impacts on the external auditor's independence and/or objectivity
- Confirming the independence of the external audit firm and the designated auditor. A similar process was followed with regard to reviewing the independence of the joint auditors
- Recommending the re-appointment of the external audit firm, the re-appointment of the joint auditors as well as the respective external audit firms' designated audit partners for approval by shareholders at the 2021 AGM
- Evaluating the appropriateness of resourcing and skills of the financial function
- Evaluating the performance of the Acting Chief Financial Officer (1 January 2020 until 30 September 2020) and the performance of the Finance Director (1 October 2020 until 31 December 2020).

In terms of the JSE Listings Requirements, as amended, the Audit committee also performed an annual evaluation of Sanlam's finance function. The committee executed this responsibility at its meeting in December 2020 and was satisfied that the finance function had appropriate resources,

## Committee profiles and composition continued

skills, expertise and experience. In December 2020, the committee confirmed that it was satisfied that Wikus Olivier (Acting Chief Financial Officer until 30 September 2020) possessed the appropriate skills, expertise and experience to meet the responsibilities required for this position during his tenure. In addition, a similar performance assessment had been conducted on the Group Finance Director (Abigail Mukhuba) since she assumed her role on 1 October 2020.

The Audit committee ensures that combined assurance principles are applied to provide a balanced and co-ordinated approach to all assurance activities. The committee, furthermore, reviews and approves the internal audit charter on an annual basis as well as reviewing the effectiveness of the internal audit structures and considers the findings of the internal audit functions. The committee meets with the Chief Audit Executive and the external auditor independently of management.

As part of Sanlam's corporate governance practices, the interim financial results were reviewed by the external auditor. Ernst & Young Inc. (Ernst & Young), as the audit firm that was duly re-appointed by shareholders at the 2020 AGM, and Christo du Toit, Sanlam's individual lead audit engagement partner for 2020, have both been accredited on the JSE list of auditors in terms of the criteria as outlined in the JSE Listings Requirements.

One of the key aspects that the Audit committee had been attending to during the year under review, was to continuously ensure that the external auditors were executing their statutory duties, amongst others, independently and objectively. Taking into account the current external auditors' tenure during which they had been rendering assurance services to Sanlam, one of the key focus areas that the Audit committee attended to during the 2019 financial year included the selection and appointment of joint external auditors with effect from the 2021 financial year. The decision to select new external auditors, was brought about primarily in response to the Mandatory Audit Firm Rotation regulations which require Sanlam to change its current external auditors (Ernst & Young) no later than the Group's 2024 financial year. This process was complemented by the anticipated regulations of the PA, which will require significant financial insurance groups (such as Sanlam) to have joint external auditors aimed at improving the quality of the audits.

After detailed discussions held during the latter part of 2018 as well as at the beginning of 2019, the Audit committee agreed to embark on a process to ascertain the availability of prospective and eligible auditors available in the market that could potentially render the required services to the Group. This initiated a selection process that was implemented during the latter part of 2019. The requisite Request for Proposal (RFP) documentation was subsequently approved by the Audit committee and presented to the audit firms early in August 2019. A rigorous and comprehensive evaluation process was followed which encompassed, amongst others, interviews, presentations as well as the review of the respective audit firms' response to the RFP documents. An integral part of the evaluation protocol included the Audit committee considering the quality of the audit and engagement teams; the organisational fit; their

capacity to service the Sanlam Group; the tender participants' respective credentials (including but not limited to reputational matters); the firms' proposed audit approach and transformation. In addition, independence was considered to be a "non-negotiable" for participation in the aforesaid process and, hence, not regarded as a specific evaluation criteria.

As per the recommendation of the Audit committee, the Board noted and recommended for approval by the PA and Sanlam's shareholders, the appointment of KPMG Inc. (KMPG) as Sanlam's joint external auditor with effect from the 2021 financial year. This appointment includes the review of the Group's 2021 consolidated interim results. To this end, the PA subsequently confirmed its approval of KPMG's appointment as Sanlam's joint auditor during the beginning of 2020. KPMG's appointment, as joint auditors, was also endorsed and approved by shareholders at the 2020 AGM for the 2021 financial year.

Further to the aforementioned, the Board also noted the Audit committee's approach adopted during 2019 aimed at selecting an eligible audit firm as the Group's replacement external auditors for Ernst & Young with effect from the 2023 financial year. As at the date of publication of this report, although the Audit committee made a preliminary choice subject to final confirmation and PA approval, the PA was still in the process of evaluating Sanlam's application of the Group's replacement external auditors for the Group's 2023 financial year. Once approval has been granted by the PA, Sanlam's shareholders would be required at the first AGM thereafter to approve the appointment in alignment with the Companies Act's requirements.

The Board, furthermore, instituted a policy that governs the level and nature of non-audit services. This policy requires pre-approval by the Audit committee for all non-audit services. As required by the Companies Act, the Audit committee has, after it afforded due consideration to the level and types of non-audit services provided and other enquiries and representations, satisfied itself that Sanlam's external auditor (Ernst & Young) is independent of the Company and has recommended the re-appointment of Ernst & Young as external auditor for the 2021 financial year, with Christo du Toit as the designated individual registered auditor who will undertake the audit of Sanlam on behalf of Ernst & Young. A similar exercise was conducted during the 2020 reporting period, in order to assess the independence of the Group's newly appointed joint auditors (KPMG) as well as Pierre Fourie as the designated individual registered representing KPMG.

The Audit committee has a Board-approved formal terms of reference and is satisfied that it has discharged its responsibilities during the reporting period as set out in these terms. The role of the Audit committee is to fulfil all functions as set out in the Companies Act to assist the Board in fulfilling its responsibility regarding financial and auditing oversight, and to oversee the overall quality. It assists the Board with the effectiveness, design and implementation, and the nature and extent of any significant weaknesses in the design, implementation or integrity of financial and actuarial reporting, and internal control matters that may result in material

financial loss, fraud, corruption or error. The Audit committee evaluates the Group's internal controls annually and has satisfied itself on the effectiveness of the design and implementation and that there were no material breakdowns in internal financial control systems during the year.

The committee is satisfied that the external auditor, including the joint auditors, remained independent of Sanlam. Significant changes in the management of Sanlam during the external auditor's tenure, may also have mitigated the attendant risk.

The committee is also satisfied that the external auditor has considered significant matters in relation to the Annual Financial Statements and how these were addressed by the committee in response thereto.

The Audit committee, after due consideration, recommended the annual reporting suite to the Board for approval. It performs the prescribed statutory requirements, including those applicable to the external auditor. These include the annual recommendation of the external auditor to the shareholders at the AGM, agreement as to the scope of the audit and budgeted audit fees in the annual audit plan presentation, as well as the approval of the final audit fees.

Noteworthy to highlight is that the Audit committee's charter is reviewed by the Board on an annual basis. The committee is satisfied that it has carried out its legal, regulatory and other responsibilities in alignment with its annual work plan.

**Assurance and effective control**

**The Audit committee report for the 2020 financial year**

The Audit committee is pleased to submit this report required in terms of the Companies Act. The Audit committee consisted of five non-executive directors who acted independently as described in section 94 of the Companies Act. During the period under review, four meetings were held. At the meetings, the members fulfilled all their functions as prescribed by the Companies Act and additional functions as determined by the Board. A list of the functions of the Audit committee is contained in the committee's charter; some of these functions are elaborated on in this report. The Audit committee evaluated the Company's internal financial controls and has satisfied itself that there were no material breakdowns in these controls during the year. The Audit committee did not receive any concerns or complaints from external stakeholders during the year. The Audit committee has satisfied itself that the external auditors were independent of the Company and are thereby able to conduct their audit functions objectively without any undue influence from the Company. The Audit committee has confirmed that it fulfilled its oversight responsibility and all other relevant aspects in relation to the independence of the auditors and the audit quality in alignment with the JSE Listings Requirements, as amended.

**Kobus Möller**  
Chair: Audit committee

The Audit committee is responsible for the quality and integrity of Sanlam's annual reporting suite. The Board, with the support of the Audit committee, has satisfied itself that the quality and the integrity of the information reported on, were accurate and complete. This includes the effectiveness of combined assurance that was applied. It is also satisfied that the Group's approach is sufficiently robust to enable the Board to confidently make statements about the integrity of Sanlam's external reports. Based on the results of the review of Sanlam's systems of internal control, risk and opportunities management, the Audit committee concluded that Sanlam's systems of internal control and risk management are effective.

*The Group maintains internal financial control systems that are designed to provide quality and integrity assurances on the maintenance of proper accounting records and the reliability of financial information used by the business for decision-making and external publication.*

The Board endorses the principle of combined assurance as defined in King IV™. To this end, the Board opted to align the Group's assurance provision to the ORSA. Additional assurance and governance principles have also been added where necessary to various risk policies. The Audit committee, and the Board, acknowledge the assurances provided by the various control functions, internal audit and the external auditors. Robust plans are considered and approved annually on planned areas of focus and monitoring. These plans are aligned primarily to the ORSAs at a Group and cluster level, which reflect both the inherent and residual risk profiles of the Group. Where appropriate, the governance oversight structures, key controls and the assurances provided by the control functions are detailed in the particular risk policy. Furthermore, the Audit committee and the Board are satisfied with the assurance coverage that they received from the various control functions, internal audit and external auditors. The Audit committee and the Board also confirmed their comfort with the overall management information that they receive around key areas of risk in the organisation and the various lines of defence.

The Risk and Compliance committee reviewed the possible enhancement of assurance in the context of the development of risk management practices in alignment with the Solvency and Asset Management regulation. The key deliverables identified during 2020 for implementation during the 2021 financial year, will further improve the quality of the Group and cluster ORSAs as well as strengthening the Group's various risk policies.

An internal audit charter, furthermore, is in place which outlines the responsibilities of the internal audit function. The Audit committee has been delegated the responsibility for

## Committee profiles and composition continued

overseeing that internal audit services are executed in line with the approved charter.

Sanlam's Chief Audit Executive (Andre Nortier) is appointed and may be removed by the Audit committee. Whilst he reports functionally to the Audit committee, he also reported administratively to the Acting Chief Financial Officer until 30 September 2020 and thereafter to the Group Finance Director from 1 October 2020. He also continues to act as the head of the internal audit control function for the South African-based life insurance businesses. The Audit committee evaluated his performance during the period under review and expressed its level of comfort that the Chief Audit Executive has the necessary authority, which includes unfettered access to meetings, minutes, documentation and risk registers of Sanlam's businesses and functions. It was also confirmed that the Chief Audit Executive has the necessary competence, skills, expertise and independence. The Audit committee also assesses annually whether the necessary arrangements are in place to ensure that the internal audit function, as a collective, is adequately resourced with the requisite skills required for the effective governance, risk management and control.

The Audit committee is satisfied that the arrangements in place for combined assurance are effective.

### 11 Risk and Compliance committee

#### Members and dates of appointment

- Andrew Birrell (1 September 2019, Chair effective from 11 June 2020 until present)
- Anton Botha (31 August 2017 until 10 June 2020)
- Paul Hanratty (3 April 2017 until 10 June 2020)
- Nicolaas Kruger (10 June 2020 until present)
- Mathukana Mokoka (14 March 2018 until present)
- Kobus Möller (from 1 January 2020 until present)
- Abigail Mukhuba (1 October 2020 until present)
- Karabo Nondumo (1 January 2016 until present)
- Chris Swanepoel (Chair) (8 June 2011 until 10 June 2020)

#### Meetings

The Risk and Compliance committee meets at least once per quarter. In view of this committee's Group-wide role, the external audit partners and other assurance providers attend the committee meetings in their capacity as standing invitees.

During the financial year, meetings were also attended by the Group Chief Executive, Group Chief Risk Officer, the head of Group compliance, the head of Group risk, the Chief Audit Executive, the external auditor, the heads of business clusters (as required), heads of control functions and the Acting Chief Financial Officer until 30 September 2020. Subsequent to the Group Finance Director assuming her new role effective from 1 October 2020, Abigail Mukhuba was appointed as a member of the Risk and Compliance committee. In addition, the following experts attended the meetings as standard invitees: Preston Speckmann, David Ladds and Andre Zeeman.

#### Composition and role

This committee is chaired by an independent non-executive director and comprises five independent non-executive directors.

The primary role of the committee is to advise and assist the Board in fulfilling its responsibility with regard to overseeing the design and implementation of Sanlam's Group risk assurance framework and responsibilities. The committee assists the Board with, among other things:

- maintaining an independent risk management function;
- determining the risk appetite and level of risk tolerance for the Group;
- setting and implementing the Group risk assurance framework and supporting policies;
- setting and implementing compliance-related policies;
- evaluating the adequacy and efficiency of the risk management system;
- identifying the build-up and concentration of the various risks to which the Group is exposed;
- establishing a process for appropriate risk disclosures to stakeholders;
- ensuring that a formal assessment of the risk management processes is undertaken; and
- overseeing the state of IT governance, information management and security across the Group.

The committee evaluates risk areas, including:

- strategic risks;
- governance risks;
- market and credit risks;
- asset-liability mismatch risk;
- funding liquidity risks;
- insurance risks (life business);
- insurance risks (general insurance business);
- insurance fraud risks;
- operational risks;
- reputational risks;
- compliance risks;
- legal and regulatory risks;
- IT governance, information systems and cyber-related risks;
- environment-related risks; and
- market conduct risks.

The committee reviews the performance of Sanlam's Chief Risk Officer, the head of control function of risk management and the head of control function of compliance annually. The committee's charter is reviewed and approved on an annual basis by the Board. This is to ensure that it aligns with national and international corporate governance best practices. The committee is satisfied with the effectiveness and performance of the Company's risk management processes and the performance of the Chief Risk Officer, head of risk management and head of Group compliance.

## Key focus areas during the financial year

- Working with management to further develop and embed the ORSAs within the Group
- Although part of the ORSA process, specific attention was given to the implications of a sovereign downgrade of South Africa, as well as improving the understanding of cyber-risk and actions taken by management to mitigate this risk
- Overseeing the development and implementation of balance sheet management strategies, including the optimisation of the required capital for South African life insurance subsidiaries
- Overseeing the various control functions in alignment with the requirements outlined in the Prudential Standard GO13
- Responding to pandemic risks (e.g. COVID-19) and the impact thereof on the Sanlam Group's clients, its employees and the business as a whole. The committee also afforded specific attention to the resulting increase of cyber-related risks due to remote working and ensuring that proper and effective internal controls were implemented to safeguard the business
- The Group's system of governance, policy framework and guiding artefacts were significantly revised, resulting in new Group policies for IT, information and data management, information and cybersecurity and digital end-user behaviour. In addition, digital transformation remained a key priority as well as ensuring that the business adapts appropriately to change and the trending expectations of the Group's key stakeholders
- Heightening the Group's approach towards compliance management with the objective of complementing and enhancing the Group's response to regulatory compliance in the various jurisdictions in which Sanlam operates. A key focus during the period under review was to develop and implement additional measures and internal governance protocols that could assist the Board in demonstrating how it executed its oversight responsibilities
- Incorporating ESG principles and, in particular, climate change considerations, into the Group's approach to risk management
- Enhancing the Group's approach towards ensuring regulatory compliance; with a dedicated focus placed on defining accountability at all levels of the organisation, establishing effective protocols for escalation and reporting
- One of the most significant regulatory developments in South Africa that has a substantial impact on entities in the Sanlam Group was the promulgation of the effective date of the Protection of Personal Information Act, 4 of 2013 (POPIA). The committee guided and monitored the progress made over time given the concerted efforts that were implemented across the business clusters to ensure compliance. Detailed gap analyses had been performed with the objective to identify requirements and ensure compliance to the requisite regulatory requirements.

In addition, the Group compliance office provided on a continuous basis, technical support and advice to the business clusters as required

## Effective and strategic risk management

The Board is ultimately responsible for the governance of risk. The committee advises and assists the Board in overseeing risk governance by setting the direction for how risk management should be approached and addressed at Sanlam.

The Board approves the enterprise risk management policy and framework, which reaffirm that Sanlam is committed to effective enterprise risk management in pursuit of its strategic goals. The enterprise risk management process includes identifying key risks, which are monitored as part of a regular review of processes and procedures. This ensures the effectiveness of internal systems of control, so that decision-making capability and the accuracy of reporting and financial results are maintained at a high level at all times.

The enterprise risk management policy, framework and plan are aimed to ensure that:

- all risks that could jeopardise or enhance the achievement of the Sanlam Group's strategic objectives are identified;
- appropriate structures, policies, procedures and practices are in place to manage these risks;
- Sanlam takes a portfolio view of risk;
- sufficient organisational resources are assigned and applied to ensure the effective implementation of these structures, policies, procedures and practices; and
- Sanlam's risks are being identified, mitigated, prevented and/or managed in accordance with the foregoing.

The Group Exco ensures that the business achieves its strategic objectives in a manner that optimises the business risk-adjusted return performance. In particular, it has the executive responsibility of providing assurance to the Board that risk management is governed and responded to in a way that supports Sanlam to achieve its strategic objectives.

Read more about Sanlam's strategic and operational risks in the Integrated Report. This includes the nature and extent of the risks and opportunities that Sanlam is willing to take.

## Actuarial forum

An actuarial forum was established in November 2015 as an internal functional committee which supports and reports to the Audit committee and the Risk and Compliance committee. Its primary objective is to assist these committees in fulfilling their respective duties regarding actuarial-related matters.

## 12 Compliance governance

The committee advises and assists the Board in overseeing governance of compliance by setting the direction for how compliance should be approached and addressed in Sanlam. The Sanlam Group compliance policy requires all the cluster governance structures and employees to comply with

## Committee profiles and composition continued

applicable laws, non-binding rules, codes and standards in all the jurisdictions in which Sanlam operates. Any exceptions and/or material deviations are required to be signed off by the Group Chief Executive and reported to the committee as well as the Board.

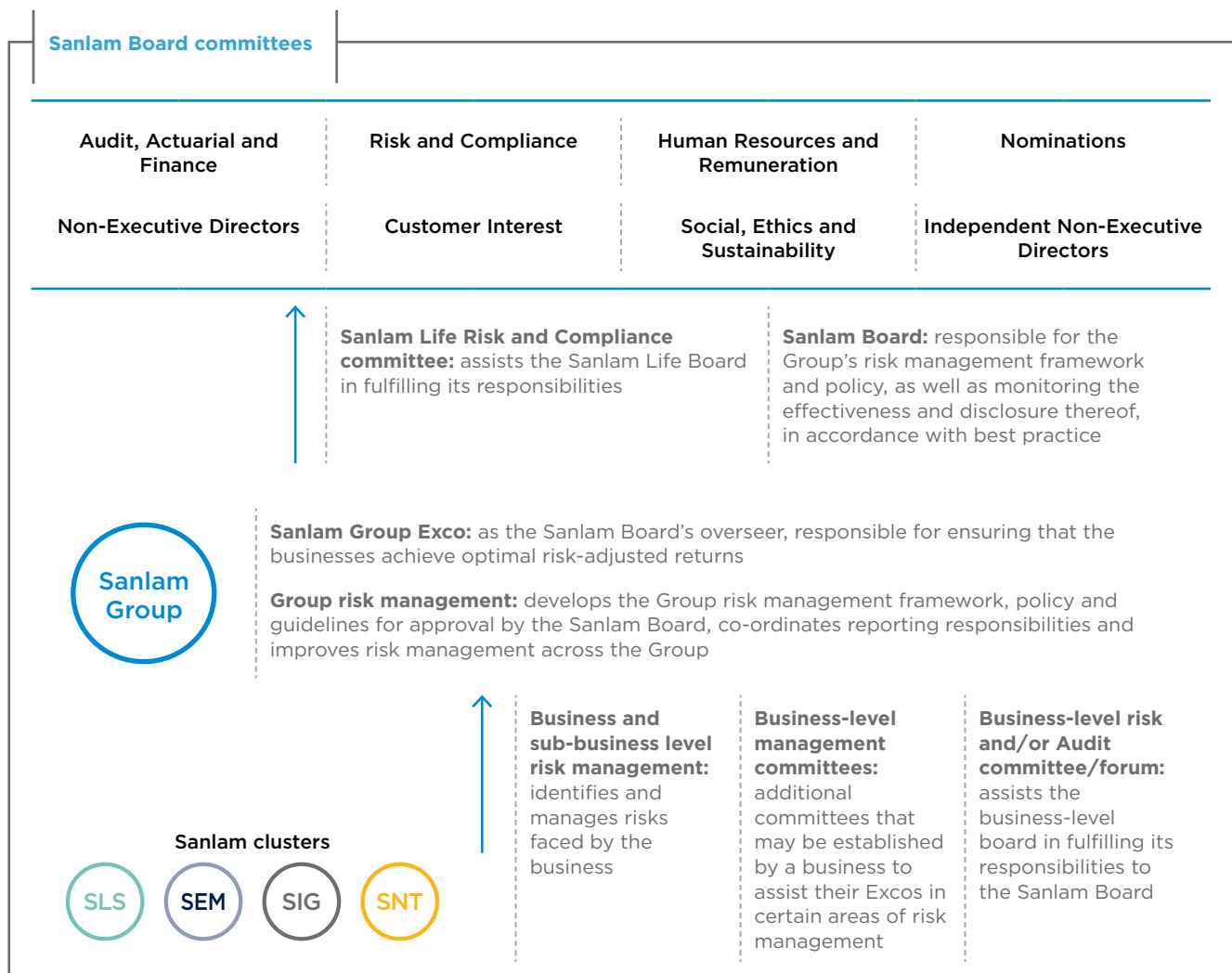
Implementing sound compliance management practices and procedures serves to mitigate compliance risk and improve the Group’s ability to remedy instances of non-compliance that may occur. Creating a sound and effective compliance culture in Sanlam means that compliance is understood for the obligations it creates, and for the rights and protection it affords the Group and its stakeholders.

The Sanlam Group compliance policy gives effect to the “tight” aspects of governance in respect of which the Sanlam Group establishes the principles and minimum standards that should be adhered to. The Group compliance policy defines principles and minimum standards for the tight aspects of governance that are set and approved by the Sanlam Group Exco based on its delegated authority from the Board.

The Group Compliance Officer is the responsible Group Office functionary that “owns” compliance as a tight area of governance and sets the minimum standards for the Group Executive to approve. The Group Compliance Officer develops procedures to facilitate implementation of the Group compliance policy for compliance across the Sanlam Group and monitor adherence to the Group compliance policy.

The Group Compliance Officer, supported by the various compliance functions of the business clusters and units, facilitates the management of compliance through analysing statutory and regulatory requirements as well as monitoring the implementation and execution thereof. The Risk and Compliance committee receives regular reports on compliance matters through the Group Compliance Officer, who is suitably skilled and experienced. He reports directly to the Chief Actuary and Group Risk Officer.

The following diagram depicts the flow of risk management information from the individual business units to the Sanlam Board:





## Human Resources and Remuneration committee

### Members and dates of appointment

- Anton Botha (Chair) (member and Chair since 7 June 2006 until 10 June 2020)
- Elias Masilela (10 June 2020 until present)
- Dr Patrice Motsepe (2 March 2004 until present)
- Siphon Nkosi (8 March 2018 until 10 June 2020)
- Karabo Nondumo (6 December 2017 until present)
- Prof Shirley Zinn (6 December 2018; Chair since 11 June 2020 until present)

### Meetings

The Human Resources and Remuneration committee meets quarterly. During the financial year, meetings were also attended by the Sanlam Group Chief Executive, Group Human Resources Executive and the Finance Director. After W Olivier assumed his role as Acting Chief Financial Officer effective as from 1 August 2019, he also attended the committee meetings as an invitee until the appointment of the Group Finance Director effective 1 October 2020.

### Committee composition and role

This committee is responsible for monitoring and advising on the Group's human intellectual capital and transformation processes regarding employees. In particular, the committee approves executive appointments and reviews succession planning, which includes all Group Exco members, as well as the position of the Group Chief Executive.

The committee is responsible for the remuneration strategy of the Group, the approval of guidelines for incentive schemes and the annual determination of remuneration packages for members of the Group Exco. The committee takes cognisance of local and international industry trends and benchmarks, ensures that incentive schemes align with good business practice and ensures that excellent performance is rewarded. It makes recommendations to the Board regarding directors' remuneration (except for the members of the Human Resources and Remuneration committee which is attended to by the Nominations committee). The Chair of the Board is a member of the Human Resources and Remuneration committee.

### Key focus areas during the financial year

- A review of internal pay equity across all levels of the Group
- A benchmarking exercise of non-executive directors' fees with a suitable comparator group
- A benchmarking exercise of Group Exco reward with a suitable comparator group
- Continuously ensuring compliance with the SARS Binding General Ruling 41 requiring non-executive directors to register for Value Added Tax

- Consideration of the draft governance and operational standards for insurers and insurance groups, governed by the FSCA
- A review of the progress made against Sanlam's employment equity and transformation targets and plans
- Consideration of the core human resources-related risks across the Group which include COVID-19 arrangements, talent management and succession planning at Group Exco level
- Ensuring that appropriate steps are taken to attract, recruit and retain key talent that is required to enable the Group to execute its revised Board-approved strategy. This includes succession planning and talent retention in light of the organisational and structural changes that occurred during 2020

In accordance with the King IV™ recommendations, the Company's remuneration policy is annually tabled to shareholders for a non-binding advisory vote at its AGM. This vote enables the shareholders to express their views on the remuneration policies and their implementation. Sanlam supports the benefit of an advisory vote, which is to promote constructive dialogue between Sanlam and its shareholders and helps to ensure that directors pay attention to the elements of compensation that matter most to investors, such as linking performance and strategy. At the 2020 AGM, shareholders endorsed the Company's remuneration policy.

Read more in the Remuneration Report that forms part of the 2020 Sanlam annual reporting suite.

## Nominations committee

### Members and dates of appointment

- Elias Masilela (Chair, 11 June 2020 until present)
- Dr Patrice Motsepe (1 July 2006 until present)
- Siphon Nkosi (Chair) (5 September 2017 until 10 June 2020)\*
- Karabo Nondumo (6 December 2017 until present)

\* *S Nkosi stepped down as member and the Chair of the Nominations committee with effect from 11 June 2020.*

### Meetings

The Nominations committee meets at least four times a year. During the financial year, meetings were also attended by the Sanlam Group Chief Executive.

### Committee composition and role

The committee is responsible for making recommendations to the Board on all new appointments to the Board and its committees. The committee follows a formal and transparent process of reviewing the balance, effectiveness and diversity attributes of the Board and its committees including the cluster governance structures. It identifies the skills required and those individuals who are seen to provide such skills, in a fair and thorough manner. In addition to an annual Board

## Committee profiles and composition continued

evaluation exercise being conducted to assess the effectiveness of the Board as a collective, a thorough review of the independence and performance of non-executive directors serving on the Board for longer than nine years is undertaken by the Board with the support of the committee.

To ensure business continuity, succession planning is a key focus area across the Group and, in particular, at Board and committee level. The committee assists the Board in reviewing succession planning annually and includes the identification, mentorship and development of future candidates. The committee also assists the Chair with the annual evaluation of Board performance. Given the outcome of the 2020 Board evaluation process, the Board is satisfied that the current talent pool available within the Group and the work being done to strengthen it, provide Sanlam with a group of candidates that have the necessary skills and experience to fill any vacancies that may arise in the short and long term.

Subject to PA approval, the Board approves all interim appointments. Final appointments are, however, made by shareholders at the AGM.

### Key focus areas during the financial year

- The selection and recruitment of the Group Chief Executive as well as the Group Finance Director
- Overseeing the transition of the new Chair of the Board who succeeded Dr Johan van Zyl
- Facilitating the annual Board evaluation process
- Reviewing the composition of the Board, the committees as well as the clusters' governance structures

## Non-Executive Directors committee

### Members and dates of appointment

- Andrew Birrell (1 September 2019 until present)
- Anton Botha (8 March 2006 until present)
- Paul Hanratty (3 April 2017 until 10 June 2020)
- Nicolaas Kruger (10 June 2020 until present)
- Elias Masilela (member since 1 October 2019; Chair since 11 June 2020 until present)
- Mathukana Mokoka (14 March 2018 until present)
- Dr Patrice Motsepe (1 April 2004 until present)
- Siphon Nkosi (8 March 2006 until present)
- Karabo Nondumo (4 December 2015 until present)
- Dr Rejoice Simelane (1 April 2004 until present)
- Chris Swanepoel (28 March 2011 until 10 June 2020)
- Dr Johan van Zyl (Chair) (19 January 2016 until 10 June 2020; member until present)
- Prof Shirley Zinn (6 December 2018 until present)

### Meetings

The Non-Executive Directors committee meets after scheduled Board meetings.

### Committee composition and role

The committee comprises all non-executive and independent directors. The committee is responsible for the governance and functioning of the Board. The committee gives due consideration to the general requirements of the JSE Listings Requirements and King IV™ and simultaneously ensures that appropriate and balanced corporate governance practices and processes are entrenched within Sanlam. The committee objectively and independently oversees and gives due and careful consideration to the interests of Sanlam and its stakeholder groups.

## SES committee

### Members and dates of appointment

- Paul Hanratty (5 December 2017 until 10 June 2020)
- Kobus Möller (11 June 2020 until present)
- Temba Mvusi (1 January 2010 until 31 December 2020)
- Siphon Nkosi (Chair) (7 June 2018 until 10 June 2020)
- Karabo Nondumo (Chair) (11 June 2020 until present)
- Dr Rejoice Simelane (5 September 2006 until present)

### Meetings

The SES committee meets quarterly.

During the financial year, meetings were also attended by the Sanlam Group Chief Executive, Chief Executive: Group Brand, the Group Compliance Officer, the Group Sustainability Manager, the head of the Sanlam Foundation as well as the heads of business clusters (as required).

### Committee composition and role

The SES committee is a statutory committee and was established in terms of section 72 and regulation 43 of the Companies Act. Suitably qualified persons are co-opted to join the committee to render specialist services, when necessary.

The SES committee undertakes a quarterly review of all sustainability-related matters. This includes reports on legal, regulatory and ethical compliance, transformation, environmental management, sustainability-related risks, activities of the Sanlam Foundation and stakeholder engagements. The mandated criteria form the basis of the SES committee's fiduciary duties, as described in the Companies Act and King IV™. The committee is satisfied that it has fulfilled its responsibilities for the year according to its charter and its annual work plan.

These criteria provide a measure against which the effectiveness of the SES committee is assessed. To this end, the SES committee:

- monitors whether Sanlam complies with the relevant ESG, ethical and legal requirements and best practice codes;
- brings to the attention of Sanlam's Board any relevant matters within the scope of its mandate, including monitoring Sanlam's performance against the six principles set out in the UN's Principles for Responsible

Investment (PRI) relating to ESG issues. This includes *inter alia* how Sanlam contributes to the Sustainable Development Goals (SDGs); and

- reports to Sanlam's shareholders and other stakeholder groups on matters that fall within the scope of the SES committee's mandate.

The committee considers and reviews Sanlam's social, ethics and sustainability strategy on an annual basis. It oversees the Group's disclosure on ESG ratings, the FTSE/JSE Responsible Investment Index reporting requirements as well as the Group's B-BBEE performance. In addition, it monitors performance against specific targets and objectives. The committee considers Sanlam's sustainability reporting and recommends the approval thereof to the Board.

### Key focus areas during the financial year

- COVID-19 relief and contributions
- Environmental performance against corporate targets
- Sustainability reporting
- Various sustainability initiatives
- Adopting a heightened approach towards governance and compliance risk management processes
- Exercising an oversight role over the culture journey assessment that was launched across the Group in September 2020. 71% of employees participated, which was regarded as a very positive and encouraging participation rate. The insights shared by stakeholders, assisted the Group in obtaining a better understanding of a culture that could enable and complement the revised Group strategy.
- Influencing the Group's investment mandate and policy to ensure that responsible investment is practised by Sanlam with the objective to promote good governance including creating value through the companies in which Sanlam invests.

### Sanlam as a corporate citizen

Sanlam is the largest insurance group in Africa as measured by market capitalisation. It is one of the largest internationally active insurance groups in the world, as measured by in-country presence.

The Group is a key pillar of the continent's infrastructure. Any material instance of failure or impairment of Sanlam would have a significant impact on the economies in which the Group operates.

The Group takes its role in and contribution to a stable financial system seriously and is committed to supporting financial resilience, wellbeing, prosperity and inclusion. This is achieved in a sustainable manner by creating shared value for all stakeholders in an ethical and responsible manner.

Sanlam actively engages all its stakeholders and appreciates that being a responsible corporate citizen entails being responsive to its key stakeholders' needs and expectations. The Board, with the assistance of the SES committee and the Group Exco, oversees and monitors all processes and activities related to how Sanlam achieves its corporate citizenship responsibility. This includes the Group's impact on the workplace, economy, society and the environment and is measured against the performance targets agreed upon with management.

The successful execution of Sanlam's revised strategy depends on the Group's ability to deliver on business promises and principles through sound practices and processes. This includes effective risk management and the appropriate balancing of key stakeholders' interests to ensure sustainable value creation.

The Sanlam Resilience Report provides more information on Sanlam's role, key focus areas and planned areas of future focus as a corporate citizen.

## Committee profiles and composition continued

### Reporting ethical breaches

The table below summarises the reporting channels (with specific focus areas) that are available to stakeholders in the event of an ethical breach.

<b>Business units, HR departments and line management</b>	These primarily handle employer/employee concerns. Management regularly reviews internal reports about ethics and fraud-related concerns.
<b>Group compliance office (GCO), business unit level compliance and legal departments</b>	These manage Sanlam's compliance-related matters and receive reports of potential ethical breaches and non-adherence to compliance requirements.
<b>Sanlam's internal ombudsman and complaints department</b>	Primarily deal with clients' service-related complaints.
<b>Sanlam's Confidential Reporting Hotline</b>	This is managed through an external service provider, and enables individuals to report potential ethics breaches and fraud anonymously.
<b>Chair of the Sanlam Group Ethics committee</b>	Primarily for guidance on or escalation of ethical issues or concerns.

The Sanlam website contains detailed guidelines on how to identify and report fraud. During the financial year, two reporting options were available:

<b>Anonymous reporting</b>	<b>Confidential reporting</b>
The Sanlam Fraud and Ethics Hotline is managed by an external service provider, which guarantees the anonymity of the person who reports the fraudulent and/or unlawful conduct. The identity of the person making the report will not be disclosed to Sanlam. There is no requirement to supply details that might reveal a person's identity.	By completing an online form, the identity of the person reporting an incident of fraud or unlawful conduct will be known to the investigator. The person might be contacted by the investigator for further information.

## Sanlam Customer Interest committee

### Members and dates of appointment

- Paul Hanratty (7 June 2017 until 10 June 2020)
- Nicolaas Kruger (a member since 10 June 2020; Chair until present)
- Elias Masilela (1 October 2019 until present)
- Mathukana Mokoka (11 June 2020 until present)
- Karabo Nondumo (7 June 2017 until 10 June 2020)
- Chris Swanepoel (Chair) (3 June 2013 until 10 June 2020)

### Meetings

The Customer Interest committee meets at least four times per annum. During the financial year, meetings were also attended by the Sanlam Group Chief Executive, the Chief Actuary and Chief Risk Officer as well as selected members of senior management.

### Committee composition and role

The committee reviews and monitors all client-related decisions and associated matters in the Sanlam Group at a strategic level.

The committee's main function is to act as an advisory body and to provide guidance to the Sanlam Board on strategic issues relating to clients, amongst others. The committee also provides guidance to the Board and management on other relevant issues when requested to do so in alignment with its Board-approved mandate.

In general, the committee endeavours to provide guidance on questions that would typically arise in respect of the six fairness outcomes as defined by the FSCA under the proposed Treat Customers Fairly (TCF) legislation. These are:

- **Outcome 1:** Customers are confident that they are dealing with firms where the fair treatment of customers is central to the firm's culture.
- **Outcome 2:** Products and services marketed and sold in the retail market are designed to meet the needs of identified customer groups and are targeted accordingly.
- **Outcome 3:** Customers are given clear information and are kept appropriately informed before, during and after the time of contracting.
- **Outcome 4:** Where customers receive advice, the advice is suitable and takes account of their circumstances.

- **Outcome 5:** Customers are provided with products that perform as firms have led them to expect, and the associated service is both of an acceptable standard and what they have been led to expect.
- **Outcome 6:** Customers do not face unreasonable post-sale barriers to change a product, switch provider, submit a claim or lodge a complaint.

To this end, the committee continuously monitors how effectively Sanlam meets its obligations towards its clients. The committee also performs its responsibilities in addition to Sanlam's existing complaints-handling and internal arbitrator facilities without taking ownership of any of the responsibilities of these bodies.

### Key focus areas during the financial year

- The committee considered client relief measures due to COVID-19
- Influencing and guiding management regarding strategic client-related initiatives and focus areas
- Working with management to ensure the TCF principles are appropriately embedded across the Group, through consideration and continuous improvement of the TCF management information reports
- Although part of TCF management information indicators, specific attention was paid to complaints management and reporting, as these are important first indicators of possible areas of concern
- Oversight and monitoring of any client-related issues or key developments in the Group
- Keeping abreast of all significant regulatory developments and how these impact Sanlam's clients – i.e. with a specific focus on those developments relating to market conduct (behaviour towards clients)
- Applying the South African client principles in other countries where there are no regulations dealing with customer interest

## Independent Non-Executive Directors committee

### Members and dates of appointment

- Andrew Birrell (1 September 2019 until present)
- Anton Botha (25 August 2017 until 10 June 2020)
- Paul Hanratty (25 August 2017 until 10 June 2020)
- Nicolaas Kruger (10 June 2020 until present)
- Elias Masilela (member since 1 October 2019; Chair since 11 June 2020 until present)
- Mathukana Mokoka (14 March 2018 until present)
- Kobus Möller (1 January 2020 until present)
- Siphon Nkosi (Chair) (25 August 2017 until 10 June 2020)<sup>(1)</sup>
- Karabo Nondumo (4 December 2015 until present)
- Chris Swanepoel (25 August 2017 until 10 June 2020)
- Prof Shirley Zinn (6 December 2018 until present)

<sup>(1)</sup> Siphon Nkosi stepped down as a member of the committee on 10 June 2020 due to his status that changed from being an independent non-executive director to a non-executive director, serving on the Board.

### Meetings

The Independent Non-Executive Directors committee meets as and when required. However, during the 2020 financial year it met seven times.

### Committee composition and role

The committee's responsibilities and duties are to:

- review and recommend for approval by the Board any related-party transaction, including, without limitation, any financial, economic interest, position, association or relationship, which, when judged from the perspective of a reasonable and informed third party, could unduly cause bias in decision-making in the best interest of Sanlam;
- periodically review and assess ongoing relationships with related persons to ensure that Sanlam complies with the principles of good corporate governance at all times; and
- review and consider actual, perceived and/or potential conflicts of interests where applicable, as they exist from time to time.

### Key focus areas during the financial year

- Considering and diligently evaluating strategic related-party transactions before making recommendations to the Board for their approval
- Continuously enhancing the effectiveness and management of conflicting interests at Board level

### Ad hoc Board sub-committees

The Board has the prerogative to appoint and authorise special ad hoc Board sub-committees from time to time to perform specific tasks. The appropriate Board members would be designated to serve on these sub-committees as and when required.

### General

The Sanlam non-executive directors do not have service contracts. Remuneration paid to non-executive directors for their services as directors is annually approved by the shareholders at the AGM, as required by the Companies Act. Executive directors are full-time employees and, as such, are subject to Sanlam's conditions of service.

### Group Exco

During the year under review, the Board approved Sanlam's revised Group strategy. A process was simultaneously managed which resulted in structural changes to the Company's operating model.

Sanlam Personal Finance was replaced by two businesses: SA Retail Mass and SA Retail Affluent. This will facilitate a better focus on important South African client segments. The Group further established the Sanlam Life and Savings cluster, which incorporates Sanlam Corporate, SA Retail Mass and SA Retail Affluent to ensure appropriate focus on

## Committee profiles and composition continued

collaboration and cross-selling across the three business clusters. In addition, a decision has been taken to combine Group Technology and Information (GTI) and SPF IT into a new entity known as Sanlam Group Technology. This currently acts as a centre of excellence for the whole Group in the technology space.

In order to complement the abovementioned organisational structural changes as well as supporting the execution of Sanlam's revised Group strategy, the following appointments had been made to the Group Exco:

- Anton Gildenhuis (previously the Group's Chief Risk Officer and Chief Actuary) was appointed as Chief Executive: SA Retail Affluent effective 1 September 2020;
- Paul Hanratty (previously an independent non-executive director on the boards of Sanlam and Sanlam Life) was appointed as the Group's Chief Executive effective 1 July 2020;
- Bongani Madikiza was appointed Chief Executive: SA Retail Mass, which comprises Sanlam Sky, Safrican and African Rainbow Life effective 1 September 2020;
- Lotz Mahlangeni was appointed as Chief Risk Officer and Chief Actuary with effect from 14 September 2020;
- Kanyisa Mkhize was appointed Chief Executive: Sanlam Corporate, effective 1 September 2020;
- Abigail Mukhuba was appointed as the Chief Financial Officer effective from 1 October 2020;
- Wikus Olivier (previously the Acting Chief Financial Officer) was appointed Group Executive: Strategy with effect from 1 October 2020;
- Karl Socikwa (previously the Chief Executive: Sanlam Sky) was appointed Group Executive: Market Development effective 1 September 2020. This was partially due to Temba Mvusi who retired on 31 December 2020. Karl Socikwa's portfolio, however, also includes transformation; and
- Jurie Strydom (previously the Chief Executive of Sanlam Personal Finance), has been appointed as the Chief Executive of the newly established Life and Savings cluster effective 1 September 2020.

### Members of the Group Exco

- Thinus Alsworth-Elvey (until 31 August 2020)
- Anton Gildenhuis
- Paul Hanratty (Group Chief Executive and Chair, effective 1 July 2020 until present)
- Ian Kirk (Group Chief Executive and Chair until 30 June 2020)
- Lizé Lambrechts
- Bongani Madikiza
- Lotz Mahlangeni
- Sydney Mbhele
- Kanyisa Mkhize
- Jeanett Modise
- Abigail Mukhuba
- Temba Mvusi (retired on 31 December 2020)
- Junior Ngulube (retiring in January 2021)
- Wikus Olivier
- Robert Roux
- Karl Socikwa
- Jurie Strydom
- Heinie Werth

### Meetings

The Group Exco meets at least once per month. In addition, ad hoc meetings are held as and when required.

### Committee composition and role

The committee comprises the Group Chief Executive, the heads of business clusters and the heads of Group service functions. Members of the committee are prescribed Sanlam officers as defined in the Companies Act.

The Group Exco assists the Group Chief Executive in the operational management of Sanlam, subject to statutory and delegated limits of authority. Its main functions include the execution of the Group's strategy, co-ordination, and performance monitoring and reporting.



# Additional governance disclosures

## Information Management and Information Technology (IIT) governance

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IIT is regarded as strategic and deeply entrenched in the way the Group conducts its business. For this reason, Sanlam acknowledges the pivotal role that IIT governance plays in conducting business in a highly competitive environment. The Board, supported and assisted by the Risk and Compliance committee, has the ultimate responsibility and accountability for the management and governance of IIT. IIT management and governance are deemed essential for Sanlam to achieve its strategic objectives.

**T**he Board exercises oversight and directs the strategic and operational application and use of technology and information. IT decision-making is delegated to the Group IT Steering committee and where appropriate, the cluster governance structures. To this end, the Board directs the strategic and operational use and management of IT to ensure that benefits are realised in the clusters and businesses within an acceptable and articulated level of risk. IIT governance capacity and awareness are continuously supported by the Board and management structures within the clusters and businesses. The governance of the cyber and information security strategy and shared infrastructure is centralised.

The Group's IIT governance framework and reporting system, furthermore, enable the Board to reinforce and verify that value is derived through the appropriate use of IT and that IT change initiatives are aligned with business strategy and implemented within an acceptable level of risk. The framework continues to holistically make provision for centralised oversight and guidelines, in alignment with the broader Group governance framework.

The role and responsibilities of the Board and the relevant committees in respect of IIT governance, include among others, the following:

- The **Risk and Compliance committee** is responsible for IIT governance as well overseeing the management of Sanlam's top technology and information-related risks based on materiality and in alignment with the Group's risk appetite. The committee also oversees the Group's technology strategy, establishes cyber-resilience, and oversees technology architecture and operational excellence of the shared IT infrastructure.
- The **Sanlam Group IT Steering committee** reports to the Group Exco and the Sanlam Risk and Compliance committee and it co-ordinates the development and implementation of IT-related frameworks and policies. The committee also considers and reviews the Group's exposure to IT-related risks and reports on the outcome thereof to the Risk and Compliance committee.

- **External and internal audit** perform reviews and assessments as part of their audits of IT management and governance.
- The **various cluster governance structures** are responsible for monitoring performance and reporting to the Risk and Compliance Committee and the IT Steering committee on a frequent basis.
- **Management** provides assurance to the Risk and Compliance committee and to the Audit committee that effective IT governance practices are in place and that material risks are mitigated appropriately.
- All significant technology, governance and information-related audit findings are reported to the **Audit committee**, which ensures that these are addressed accordingly. This process is aligned to the application of the Group's approach towards combined assurance and it is an integral part of what the Audit committee affords consideration to in order to ensure the integrity of the information disclosed and reported on from time to time.

IIT oversight relates to the following elements:

- IIT governance frameworks and charters; and
- The information security charter, which defines the information security management system.

Sanlam revised the structure of policies pertaining to information and technology by consolidating all previous policies and charters into four Group policies. We now use an adaptive governance model which applies tight control around the core matter while business units can adapt governance to meet their specific requirements.

The aim is to keep Group policies at a principle level and make use of Group standards to explicitly define requirements for tight controls. Guidelines direct implementation which is supported by a working group for each domain.

## Information Management and Information Technology (IIT) governance continued

- These IIT governance elements are supported by the following Group-wide policies:
- The Sanlam Group IT policy;
- The Sanlam Group information and data policy;
- The Sanlam Group cybersecurity policy; and
- The Sanlam Group digital behaviour (user) policy.

The Board, with the assistance of the Risk and Compliance committee, has satisfied itself that an appropriate IIT governance framework exists and that it is functioning effectively.

### Integration of technology and information risks

There is regular quarterly reporting of the Group's consolidated key technology and information risks through the Group IT Steering committee to the Risk and Compliance committee of the Board. This is done in a manner consistent with the requirements of the enterprise risk management framework of Sanlam.

The Group's internal audit function also exercises oversight of the management of the business technology and information risks and the effectiveness of the identified controls. Assurance is then provided to the Audit committee which satisfies itself of the effectiveness of the Group IIT governance system and applied controls.

### Focus areas during 2020

- The execution of the Group's technology strategy
- Due to digital technology advances, a heightened approach was adopted towards digital transformation to ensure that the Group continues to meet its clients' expectations and needs
- An increased focus was placed on enhancing the effectiveness of the Group's internal controls considering the impact of COVID-19, data privacy and cybersecurity threats
- IT resources were allocated and concerted efforts were made to ensure that Sanlam operated effectively during the global pandemic. This included creating and maintaining secured platforms to allow the business to continue rendering services to its clients as well as enabling Sanlam's employees to work remotely during the COVID-19 national lockdown and beyond
- The Group's system of governance, its IT policy framework and guiding artefacts were significantly revised which resulted in the development of new Group policies for IT, information and data management, information and cybersecurity as well as policies for digital end-user behaviour. These were duly approved by the Board during the 2020 financial year
- Addressing systems architecture complexity and entrenching a culture of sharing and creating synergies
- Improved sharing of digital initiatives across the Group
- Improving business intelligence (BI) and the Group's analytics capability

- Ensuring compliance to applicable regulatory requirements
- Improved centralised information security capability with a focus on cyber-resilience policy
- Benchmarking of the shared IT infrastructure division and implementing key actions aimed at enhancing efficiencies and synergies
- Various assessments of the Group's cyber-resilience capability
- In order to drive digital transformation across the Group, a new role (Digital Technology Officer) was created during 2020. In addition, three cross-Group digital councils were also established – i.e. the Governance council, the Digital Initiatives council and the Simplification council.

### Effectiveness of IIT governance

The Group's shared IT division, Group Technology and Information (GTI), reports progress made regarding its execution of the Group's technology strategy by using a scorecard that is linked to management's key performance areas and annual bonuses. All clusters in the Group report on its respective execution of the Group's technology strategy on an annual basis. Clusters, businesses and GTI report on the effectiveness of technology management to their respective governance structures and oversight committees.

### Planned areas of future focus

Guided by the technology strategy for the Group, digital progress, risk and regulatory requirements, the Group IT Steering committee plans to focus its attention on the following:

- Further execution of the Group's technology strategy in alignment with Sanlam's reviewed Group strategy as approved by the Board in September 2020;
- Continuously improve regulatory compliance capabilities;
- Establishing and maintaining effective cloud sourcing capabilities;
- Developing coherent target technology architectures for digital technologies and initiatives;
- Improving the core capabilities for authenticated self-service platforms for clients;
- Continuously improving the Group's cyber-resilience service as well as the Group's internal controls;
- An enhanced digital focus combined with the need to prioritise the implementation of regulatory projects whilst effectively managing resources in alignment with the strategic objectives; and
- Whilst the Group would remain focused on exploiting digital opportunities and embrace new innovative ways of doing business, the Group would continue to strive to position itself digitally.



# New regulatory developments

**S**anlam embraces every opportunity to influence and participate in policy-making processes at industry and/or Company level by engaging key regulatory bodies on an ongoing basis. This ensures that the Group's views on topical regulatory issues are properly documented and communicated to the relevant enforcement and regulatory bodies. Monitoring developments and changes to applicable regulatory requirements also continues to be a standing item on the Risk and Compliance committee's agenda. The Risk and Compliance committee assists the Board by frequently updating it regarding key regulatory developments that are relevant to the Company and its operations. Data management as well as safeguarding personal information on Sanlam's e-platforms remain one of the key focus areas during the reporting period and beyond.

## A zero-tolerance approach to financial crime

The Sanlam Group recognises that financial crime and unlawful conduct conflict with the principles of ethical behaviour as set out in the Code and that they undermine the organisational integrity of the Group.

The Sanlam Group's financial crime combating policy is designed to counter the threat of financial crime and unlawful conduct. A zero-tolerance approach is applied in combating financial crime and all offenders will be prosecuted.

The chief executives of the business clusters are responsible for the implementation of the Group financial crime combating policy in their respected clusters. However, the latter does not prescribe the establishment of a dedicated forensics or financial crime combating function for each cluster.

The Sanlam Life and Savings and Santam clusters have dedicated forensic functions as these clusters represent the areas where the highest volumes of incidents are likely to occur. They maintain statistics on financial crime experienced and actions taken. The remaining clusters deal with financial crime as part of broader risk management and information on

financial crime experiences is provided on a case-by-case basis.

The Chief Executives of each business cluster are accountable to the Group Chief Executive, the Risk and Compliance committee as well as the Board.

Group forensic services submits quarterly reports to the Sanlam Risk and Compliance committee on the incidence of financial crime and unlawful conduct in the Group and on measures taken to prevent, detect, investigate and deal with such conduct. During the year under review, the various businesses within the Group reported heightened activity on the part of fraudulent actions, especially in the areas of attempted identity theft and cybercrime attempts. Changes to processes and procedures were, furthermore, necessitated by the COVID-19 pandemic. The latter also demanded a review of the Group's existing fraud controls as well as specific focus being placed on creating awareness to alert staff and clients to the increased fraud-related risk. The Board is, however, pleased to report that no material losses had been suffered during the reporting period as a result of the increased fraudulent activity. Management as well as the forensic and risk resources remain vigilant as the threat is not expected to dissipate soon.

Furthermore, given the fact that anti-money laundering and the countering of the financing of terrorism (AML/CFT) continue to be a focus area for regulators globally, Sanlam deployed two solutions to form the foundation of the Group's response to regulatory requirements aimed at ensuring compliance with AML/CFT measures and to enforce targeted financial sanctions. A heightened approach was, as a result, adopted to enhance the level of scrutiny placed on the onboarding of new clients and transactions with existing clients.

## Political party support

While it is Sanlam's policy to support the development of democratic institutions and social initiatives across party lines, it does not provide support to any individual political party, financially or otherwise.

# A stakeholder-inclusive approach

- 16 Sanlam strives to be a leader in transparent, open and clear communication with all of its stakeholders. The Group seeks to continuously improve its communication through detailed, targeted and relevant disclosure of information through a variety of channels that invite feedback, dialogue and engagement. Reports and announcements to all stakeholder audiences, meetings with investment analysts, institutional investors, regulatory authorities and journalists, as well as the Sanlam website, are useful conduits for information.

Communication with institutional shareholders and the investment community is conducted by Sanlam's investor relations (IR) team. A comprehensive IR programme is in place to ensure that appropriate communication channels are maintained with domestic and international institutional shareholders, fund managers and investment analysts. In addition, a new position was established during 2020 for an Executive Head: Investor Relations within the Group finance team who would be able to provide dedicated services to the Group as well as ensuring interactive engagements with Sanlam's investment community.

During the period under review, implementation of the Group stakeholder management policy, which was approved by the Board in 2019, is continuing and monitored closely to ensure that stakeholder management is institutionalised across the Group. The objective of this policy is to entrench principles and minimum standards that are being applied consistently by the different business clusters in respect of stakeholder management as a "tight area" of governance. The policy sets out basic principles to be adhered to and governs how stakeholder management should be approached. This includes the following:

- Minimum requirements for planning;
- Engagement conduct; and
- Reporting on stakeholder management.

The SES committee, on behalf of the Board, oversees and monitors the implementation and compliance to the Group stakeholder management policy throughout the Sanlam Group.

Read more about Sanlam's stakeholder approach and initiatives in the 2020 annual reporting suite and on the investor relations website.

## Industry memberships and participation

The Group actively participates in the development of the financial services industry in the markets where it operates. In South Africa:

- Sanlam is a founding member of ASISA;
- the previous Group Chief Executive, Ian Kirk, was a Board member of ASISA during the 2020 financial year;
- Lizé Lambrechts, Chief Executive of Santam, chairs the South African Insurance Association (SAIA);
- the Group is actively involved in all ASISA and SAIA activities, including participating in the development of regulatory frameworks;
- the Group continuously engages the FSCA, the PA, the South African Reserve Bank and the National Treasury on matters affecting the insurance, savings and investment industry in South Africa;
- Group employees serve on a number of industry working groups and forums responsible for the development of regulatory frameworks; and
- Sanlam's employees contribute to the development of financial reporting and actuarial standards and guidelines by participating in forums established by the South African Institute of Chartered Accountants (SAICA) and the Actuarial Society of South Africa (ASSA).

Similarly, outside of South Africa, the Group participates in the development of local regulatory frameworks by leveraging off the South African experience.

The Group's participation adds value by:

- providing an industry perspective on global and local regulatory developments;
- imparting practical insight into client needs and behaviour; and
- lending credibility to industry associations such as ASISA and SAIA.

Sanlam's governance structures, combined with its approach to risk management, aim to create a comprehensive system that supports its contribution to financial resilience and prosperity. At the core of this system is the trust that material stakeholders place in the Group to uphold the highest level of integrity and ethical conduct.

# Responsible investment

17 As institutional investors, Sanlam has a duty to act in the best long-term interests of its beneficiaries. In this fiduciary role, we believe that ESG issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, and asset classes and through time). Following the release of King IV™, the SES committee charter was updated to align with the recommended practices of the King Code. These include assisting the Board with responsible investment (such as the promotion of good governance and value creation in all entities in which Sanlam invests).

The Board exercises its oversight responsibility, rights and obligations through elected representatives in the various companies in which it has invested. The Sanlam and Sanlam Life Board has the ultimate responsibility to ensure that Sanlam promotes good governance by investing responsibly. The Board achieves this through its Group Exco and the respective governance structures within each of the cluster businesses. The clusters' ExcOs have the responsibility to ensure that Sanlam's investments are managed in accordance with the policies and Board-approved investment mandates. The Board requires that these governance practices promote responsible investment, achieve good governance, promote ethical culture and enhance effective control, good performance and legitimacy. Examples of responsible investment include investing in support of economic growth and financial stability (funding provided to government and private enterprises, as well as liquidity provided to the banking system).

Sanlam Investment Group subscribes to CRISA and continues to be committed to integrating the following five principles into its investment approach:

- An institutional investor should incorporate sustainability considerations, including environmental and social sustainability and governance, into its investment analysis and investment activities as part of the delivery of superior risk-adjusted returns to the ultimate beneficiaries;
- An institutional investor should demonstrate its acceptance of ownership responsibilities in its investment arrangements and investment activities;
- Where appropriate, institutional investors should consider a collaborative approach to promote acceptance and implementation of the principles of CRISA, as well as other codes and standards applicable to institutional investors;

- An institutional investor should recognise the circumstances and relationships that have the potential to produce conflicts of interest and should proactively manage these when they occur; and
- Institutional investors should be transparent about the content of their policies, how the policies are implemented and how CRISA is applied to enable stakeholders to make informed assessments.

CRISA gives guidance on how institutional investors should execute investment analysis and investment activities with the objective to promote sound governance. The first CRISA was launched in 2011 to encourage institutional investors and service providers to integrate ESG issues into their investment decisions. Since then, significant advancements have been made locally and globally in the regulatory and governance context as it relates to ESG and broader sustainable development. After a year of research and consultation, the CRISA committee, however, released a draft revised CRISA Code for public comment during November 2020. It is anticipated that the new Code will be launched during 2021. As and where applicable, Sanlam would consider amending its current policies and practices to ensure alignment to the revised Code once it comes into effect.

Sanlam subscribes to the UNPRI as both an asset owner (Sanlam) and an asset manager (Sanlam Investment). Both annually assesses their policy framework and implementation against the PRI principles to compare their progress made with that of international peers. The Board is of the view that the Group's approach towards responsible investment will improve Sanlam's ability to meet commitments to beneficiaries as well as better align our investment activities with the broader interests of society.

Read more about Sanlam's approach and its response to responsible investment in the Resilience Report.



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