



**SANLAM LIMITED AND SANLAM LIFE INSURANCE LIMITED
("the Company")**

THE POLICY FOR THE SELECTION AND (RE)-APPOINTMENT OF DIRECTORS

1. INTRODUCTION

The Company implemented a Group Governance Policy, a Board Approval Framework, Board and Board Committee Charters as well as other related governance practices – i.e. subject to the provisions of the Insurance Act, the Companies Act, the Memoranda of Incorporation (MOIs) of entities within the Sanlam Group, the JSE Listings Requirements, the JSE Debt Listings Requirements, King IV™, other applicable regulatory and supervisory prescripts as well as relevant corporate governance principles, codes and best practices.

To this end, the JSE Listings Requirements require that directors must be appointed in terms of a policy detailing the procedures for appointment to the Board. Given the Prudential Standards issued by the Prudential Authority under the auspices of the Insurance Act, 2017 (the Act), all licensed insurers are effective from 01 July 2018 also required to provide comfort to the Prudential Authority of the process followed to ensure the independence and capacity needed to govern and prudently manage an insurer's business.

This Policy serves to guide the Nominations Committee of the Company on the practice of the proposing, nominating, appointing, and voting for directors.

2. SCOPE AND APPLICATION

This Policy applies to the Board of directors of Sanlam Limited and Sanlam Life Insurance Limited. As far as reasonably possible, the same and/or a similar approach would be adopted and implemented at a subsidiary level.

3. SIZE AND COMPOSITION OF THE BOARD

The Board should be structured in such a way that it has a proper understanding of, and competence to deal with, the current and emerging issues of the business and encourages enhanced performance of the Company as the Company's size and operations evolve from time to time.

In addition, Sanlam is required to seek prior approval from the Prudential Authority before implementing a Board structure that deviates from the requirements relevant to the composition of the Board as outlined in GOI 2 (i.e. Governance of Insurance Standard) paragraph 5.1. The latter requirement relates to the Company having to ensure a sufficient number of non-executive and independent directors to promote objectivity in decision making exercised by the Board. This includes making provision for the Board comprising an appropriate number and mix of individuals to ensure that there is an adequate overall spread and level of knowledge, expert skills and experience at Board level, commensurate with the nature, scale and complexity of the business and risks of the insurer.

4. NEW DIRECTORS

It is the Policy of the Company that in determining candidates for the Board, the following process shall be followed:

4.1 The Nominations Committee ("the Committee") shall evaluate the composition, range of skills, diversity, experience and expertise of the existing Board and its

Board Committees. The annual Board evaluations will provide valuable information to assist in this “needs analysis”. In particular, the Committee is required to identify the particular skills that will enhance the Board's effectiveness. Consideration must also be given to the balance of independent directors serving on the Board.

- 4.2 A potential candidate would be considered with reference to his/her skills and expertise in relation to existing Board members. The Committee should therefore ascertain whether a prospective candidate is competent to be approved as a director and can therefore contribute to the business judgement calls that are made by the Board. In considering the skills and suitability of a prospective director, the knowledge and experience required to fill any potential skills shortcomings on the Board must be taken into account. The integrity of the individual and the capacity of the individual to discharge his/her duties to the Board and the company, are also key considerations.
- 4.3 Prior to a prospective director's appointment to the Board, the candidate's background must be investigated along the lines of the approach required for listed companies by the JSE and the Prudential Authority's governance standards. It is also important to ensure that prospective directors have not been declared delinquent nor are serving probation. Directors must at all times meet the “fit and proper” requirements contained in the Act, as amended.
- 4.4 It is expected that non-executive directors attend Board and Board Committee meetings and acquire and maintain a broad knowledge of the economic environment, industry and business of the Company.
- 4.5 In view of the time and dedication required to fulfil their duties properly, it is important to ensure that non-executive directors do not hold more directorships than is reasonable for them to exercise due care, skill and diligence. Although the onus is on individual directors to determine whether they have the requisite skills and capacity to make a meaningful contribution and are free from apparent or actual conflicts, the Committee should give consideration to these issues prior to nominating a candidate director to the Board.
- 4.6 The Committee will recommend an appropriate candidate for appointment to the Board. It is recommended that each nomination/proposal of a candidate be accompanied by the candidate's consent to act as director to the Company and a detailed curriculum vitae outlining the candidate's relevant experience, current directorships and qualifications.
- 4.7 Any appointment made by the Board is subject to the approval by the Prudential Authority as well as shareholders at the subsequent Annual General Meeting (AGM). An abridged curriculum vitae of all candidates that are appointed to the Board, should be made accessible to shareholders.
- 4.8 It is in the interest of the shareholders (and all stakeholders) that the Board is properly constituted from the viewpoint of skills, diversity and representivity. Procedures for appointments to the Board should be formal and transparent and should be a matter for the Board as a collective, assisted by the Nominations Committee.
- 4.9 The appointment of a director should be formalised in an agreement or letter of appointment between the Company and the director. The agreement/letter of appointment should include, *inter alia*, the director's code of conduct to be complied with and the contribution that is expected from the specific individual. Directors are required to retire by rotation in terms of the Company's Memorandum of Incorporation.
- 4.10 The following checks/screening exercises will be conducted upon the appointment of a director and/or thereafter on a regular basis:
 - a) Credit and criminal check
 - b) SARS Compliance
 - c) CIPC external directorship check
 - d) Qualification checks (on appointment only)
 - e) Reference checks (on appointment only).

- f) Anti-money laundering (AML) sanctions screening
- g) Politically Exposed Persons (PEP) screening
- h) Adverse media screening

4.11. The Financial Intelligence Centre Act 38 of 2001 (as amended) (FICA) distinguish between two types of individuals who are or have in the past, been entrusted with a prominent public or private sector position - i.e.

- a) Domestic prominent influential persons (DPIPs); and
- b) Foreign prominent public officials (FPPOs).

4.11.1 The Company will provide guidance on the acceptance, management and monitoring of individuals who are classified as DPIPs or FPPOs, related parties, associates and/or close family members of DPIPs or FPPOs. The objective is to (amongst others) mitigate reputational risk, operational risk and/or legal risk whilst simultaneously meeting compliance standards imposed by applicable regulatory requirements.

4.11.2 A register of individuals serving on the Company's Board and on its executive management team who have been classified as DPIPs and FPPOs (including associates, related parties and/or close family members of DPIPs and FPPOs), would be maintained. Such a register would as a minimum, include the following information relating to DPIPs and FPPOs, related parties, associates and/or close family members of DPIPs and FPPOs:

- i) The name of the Director and/or executive manager of the Company; and
- ii) A brief description of the nature of the relationship.

5. DIRECTORS SERVING ON THE BOARD FOR MORE THAN NINE (9) YEARS

In terms of King IV, non-executive directors who serve in an independent capacity may be re-elected to continue to serve on the Sanlam Limited Board for longer than nine years, if upon an annual review, the Sanlam Limited Board concludes that the member continues to exercise impartial and objective judgment and there is no interest, position, association or relationship which (when judged from the perspective of a reasonable and informed third party), is likely to influence unduly or cause bias in decision making by the concerned director. These members will also come up for re-election at every AGM thereafter.

6. COMMITMENT TO THE BOARD

Non-executive directors shall provide to the Committee, prior to their appointment or re-election, with the requisite details of any other commitments and an indication of the time involved in carrying out those other commitments. All directors should consider the number and nature of their directorships and calls on their time from commitments other than that of the Sanlam Limited Board.

7. BOARD RENEWAL

The Board recognises that Board renewal is critical in the annual Board performance evaluation and the impact of the respective Board members' tenure on succession planning. To this end, the re-appointment of directors is not automatic.

8. INFORMING SHAREHOLDERS

Shareholders shall be informed when a director has been appointed to the Board. Shareholders shall also be informed of the names of candidates submitted for re-election as directors. In order to enable shareholders to make an informed decision regarding the re-election, the candidates' biographical details, directorships held, the term of office currently served by any directors available for re-election and any other particulars required by law, shall be made available to shareholders.

10. COMMUNICATION - CHAIR/NOMINATIONS COMMITTEE ON NEW POSITIONS

Before a Board member can accept an appointment to a board of directors of another company (after being appointed to the Sanlam Board), a formal submission in that regard should be presented to the Nominations Committee for its consideration and discussion with the Chair. The objective is that the Nominations Committee should at least be able to take new/other directorships into account, before an existing Board member accepts such an appointment to evaluate any potential conflicts and or capacity of the director.

11. APPROVAL AND REVIEW OF POLICY

This Policy was reviewed by the Nominations Committee and recommended to the Board for approval on 09 June 2021. It is reviewable annually.
