

SANLAM LTD AND SANLAM LIFE INSURANCE LTD (SANLAM)

ACTUARIAL FORUM CHARTER

(Terms of Reference)

20 January 2022

1. Purpose

The purpose of the Actuarial Forum is to assist the Audit, Actuarial & Finance Committee (“Audit Committee”) in fulfilling its duties regarding actuarial-related life and non-life insurance matters.

This Forum also assists the Head of Actuarial Function (HAF) in providing oversight over first line activities in Group Actuarial, most notably balance sheet management.

2. Constitution

The **Audit Committee** is a committee of the Board of Directors of Sanlam. Its purpose is to assist the Board in fulfilling its responsibilities by (inter alia) reviewing:

- The overall quality and integrity of actuarial reporting; and
- The quality of the work done by the professionals responsible for actuarial reporting.

The **HAF** (or Statutory Actuary where applicable) must provide assurance to the Board (via the Audit Committee) regarding the accuracy of the calculations and the appropriateness of the assumptions underlying the insurance liabilities and the capital adequacy requirement. The HAF will also provide oversight over the first line activities in Group Actuarial, most notably balance sheet management.

The **Actuarial Forum** is a mechanism authorised by the Audit Committee to assist it in fulfilling its duties regarding actuarial related matters. The Actuarial Forum will also act as sounding board for the HAF. Because the Audit Committee’s responsibilities are not restricted to Sanlam Life, but extend to the Sanlam Group as a whole, the Actuarial Forum will not only consider actuarial

matters related to Sanlam Life, but also significant matters related to other life and non-life licences in the Group.

3. Role

The Actuarial Forum will:

- 3.1 Review all actuarial-related papers/documents presented to the Audit Committee. This will include the reports of the HAF of Sanlam Life regarding:
 - the reliability and adequacy of the insurance liabilities and capital requirements;
 - the appropriateness of the methodologies and models used and assumptions made;
 - the sufficiency and quality of the data used in the calculations;
 - the comparisons of best estimates against experience when evaluating liabilities;
 - approximations used in the calculations of liabilities and the capital adequacy requirement;
 - opinion on the asset-liability management policy;
 - opinion on the underwriting risk management policy;
 - opinion on the reinsurance and other forms of risk transfer policy and the adequacy of the reinsurance arrangements;
 - opinion on the actuarial soundness of premiums, benefits and any other values thereof, including the awarding of bonuses to policy holders.
- 3.2 In addition to its focus on Sanlam Life, discuss significant actuarial-related matters arising in Sanlam's other life and non-life insurance entities. These will be matters identified either by the HAF of that entity, or by the Chief Actuary of Sanlam.
- 3.3 Review all actuarial-related papers/documents/legislation presented to the Risk Committee. This will include solvency scenarios and projections presented in the Own Risk and Solvency Assessments (ORSA).

- 3.4 Review the Balance Sheet Management actions of Group Actuarial (i.e. help to strengthen the second line and third line of defence roles in areas where Group Actuarial undertakes first line activities).
- 3.5 Review the reports of Internal Audit/External Audit/External Reviewers regarding the activities of the Actuarial Function and the HAF.
- 3.6 Discuss any actuarial-related matter referred to the Actuarial Forum by the Audit Committee, Sanlam Exco or Chief Actuary of Sanlam (and request further action, where deemed necessary).

The Actuarial Forum will thus be a technical forum that

- debates actuarial matters related to Sanlam Life, as well as significant actuarial issues arising in the wider Group;
- reviews actuarial papers;
- make recommendations to the Audit Committee, Risk Committee, Sanlam Exco, Group Chief Executive and Chief Actuary of Sanlam.

The Actuarial Forum will not be a decision-making entity.

4. Membership

- 4.1 The Sanlam Group Chief Executive Officer will nominate the Chairperson of the Actuarial Forum for ratification by the Audit Committee and Human Resources and Remuneration Committee.
- 4.2 The Actuarial Forum will consist of no less than five members, of which at least one should be non-executive. Members will be:
 - Chairperson of the Actuarial Forum
 - Non-Executive member of the Audit Committee
 - Non-Executive member of the Risk Committee
 - Group Chief Executive Officer (CEO)

- Chief Actuary of Sanlam
- Head of Actuarial Function (Sanlam Life)
- Financial Director
- Audit Senior Manager: Actuarial Finance and Investments
- Audit Committee appointees, nominated by the Group CEO

4.3 The following individuals will also be invited:

- Head of Actuarial Function (Sanlam Developing Markets)
- Head of Actuarial Function (Safrican)
- Head of Actuarial Function (Sanlam Emerging Markets)
- Engagement partners of the external audit firms

4.4 The Chairperson of the Actuarial Forum may invite members of management or other persons to attend and participate at Actuarial Forum meetings.

4.5 A quorum for constituting the forum will be more than one half of the members appointed to the Forum.

4.6 Membership of the forum will be part of the ordinary employment by Sanlam (or, for non-executive directors, part of their appointment as directors) and no remuneration will be paid, unless otherwise agreed to by the Sanlam Human Resources and Remuneration Committee.

5. Meetings

5.1 Meetings of the Actuarial Forum will be held as often as the Chairperson of the Actuarial Forum deems appropriate; however, the Forum will meet at least four times a year.

5.2 The Actuarial Forum shall appoint a Secretary.

5.3 The Secretary shall circulate the agenda and discussion documents prior to each meeting.

- 5.4 The Actuarial Forum Secretary will take minutes of meetings. Minutes of meetings would be circulated to the members of the Actuarial Forum. The Chairperson of the Actuarial Forum has to pre-approve any wider distribution of the minutes.
- 5.5 The Chairperson of the Actuarial Forum will provide summarised feedback to the Audit Committee on the Actuarial Forum's activities and deliberations.

6. General

- 6.1 The Actuarial Forum must assess its performance each year, having regard to the principles and requirements of its terms of reference and the overall objectives of the Actuarial Forum's work. The Chairperson of the Actuarial Forum shall ensure that the results of the assessment of its effectiveness are reported to the Audit Committee.
- 6.2 These terms of reference may from time to time be amended as required, subject to the approval of the Audit Committee.