

# GOVERNANCE Report



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## ABOUT SANLAM

Sanlam Limited (Sanlam) is a South African financial services group headquartered in Bellville, Western Cape, and is listed on the Johannesburg Stock Exchange (JSE), the Namibian Stock Exchange (NSX) and the A2X. It is one of the 50 largest internationally active insurance groups in the world. 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. Sanlam has a decentralised management structure and conducts operations through five clusters.


## ABOUT THIS GOVERNANCE REPORT

The Sanlam Governance Report forms part of the 2019 annual reporting suite that covers the activities of the Sanlam Group for the financial year ended 31 December 2019. 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 and this Governance Report.

The Board is committed to good corporate governance in all the territories where the Sanlam Group operates. It is pleased to report that for the period ended 31 December 2019, 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 IV 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. Please visit 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.

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The Sanlam Board oversees a group of companies that has been in business for more than a century. Its role includes safeguarding this legacy while ensuring that the Group continues to create value for 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 managing the expectations of the Group's various stakeholders. These interest groups include, however, are not limited to, those stakeholders who are affected by our business, those stakeholders who could potentially influence how we conduct business, and those stakeholders who have an interest in the Group's actions and how these are being performed.

# OUR APPROACH TO GOOD GOVERNANCE

# ORGANISATIONAL ETHICS

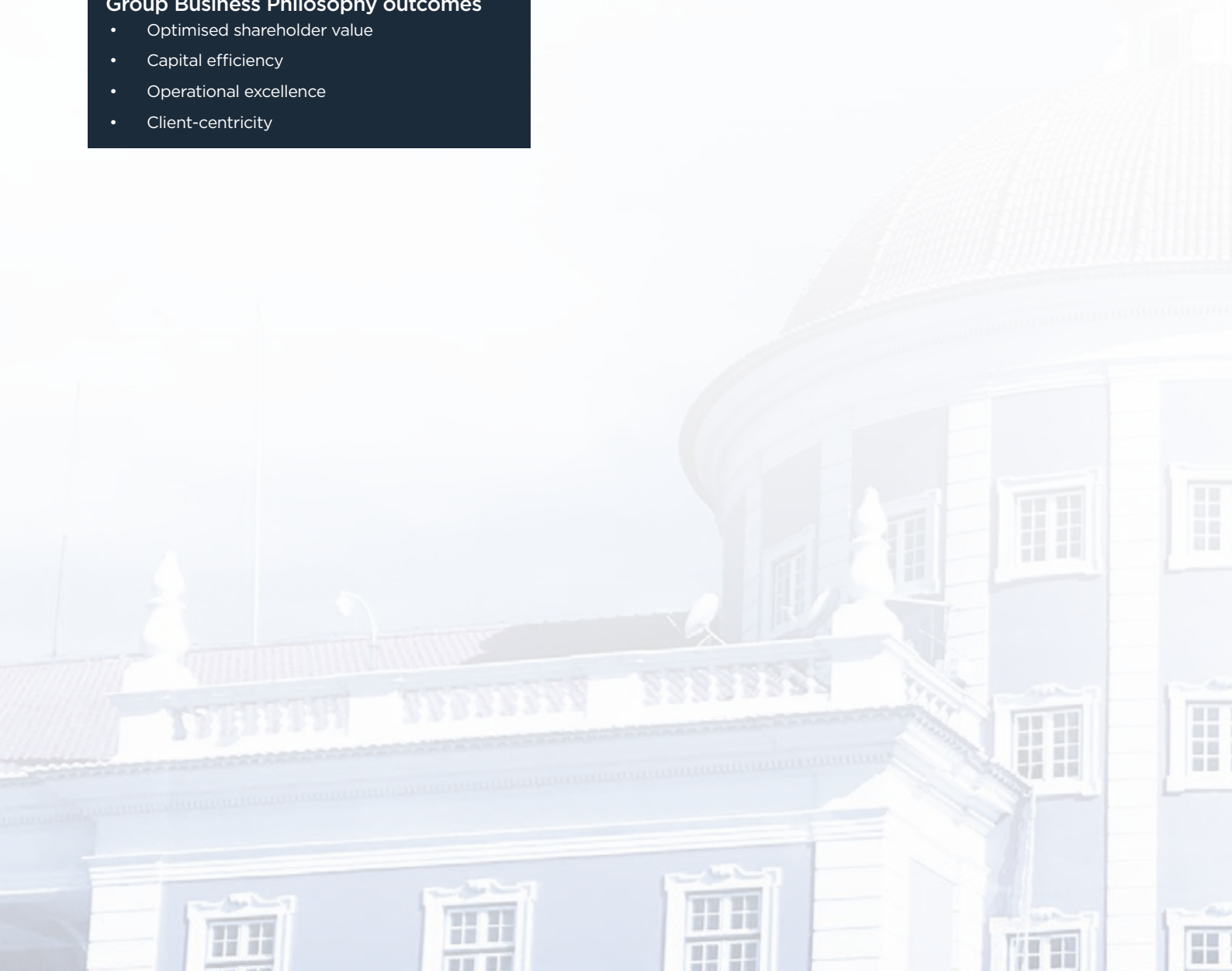
## Group Business Philosophy areas of guidance

- An entrepreneurial culture
- Traditional values
- Innovation
- Stakeholder value
- Strong ties with business partners
- Client-centricity
- Solution-oriented
- Business responsibility (federal model)

## Group Business Philosophy outcomes

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

Ethical leadership is paramount as 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 and the Group's Code of Ethical Conduct (the Code). This 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 allocates resources.



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 core values.

## 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, hard-working, 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 (federal model)</b>	The five 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. Interdependence and collaboration are clearly understood in the effort to generate maximum sustainable value and return on capital employed.

## Salient features: Sanlam Code of Ethical Conduct



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 govern how the Group conducts its business:

- Conform 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 conflicts or perceived conflicts of interest
- Acknowledge innovation, ethical conduct and commitment
- 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. The Sanlam Way, furthermore, defines the values and behaviour of the Group whereas the Group Business Philosophy sets out the most appropriate approach for how the Board, executives and employees should conduct themselves when implementing the Group's strategy.

These guidelines set the standard for effective, ethical leadership and compliance.

### 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 in an annual representation letter from their respective boards addressed to the appropriate Sanlam governance structures. In addition, the Group continuously reviews and assesses the maturity of the risk management processes across the Group. There continues to be a strong focus 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.

A Group Ethics committee functions under the chairmanship of the Group chief risk officer and includes representatives of the business clusters and divisions. The Group Ethics committee's objective is to monitor compliance with the principles underlying the Code and investigate all matters brought to its attention, if and when necessary. 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 a newly appointed external services provider. While the hotline allows staff members to make anonymous reports and guarantees the protection of their identity, in accordance with the provisions of the Protected Disclosures Act, 26 of 2000, Sanlam's preference is to create an open reporting environment, usually through our line managers. All cases are investigated and a process is in place to track, report and close out all calls received. Actions taken as a result of these investigations include 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 or given.

The Board is satisfied that adequate grievance and disciplinary procedures are in place to ensure enforcement of the Code and to address any ethical breaches. During the period under review, no material breaches of the Code were reported.

The Sanlam Code of Conduct specifically includes a principle which deals with managing and mitigating actual 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 milestones achieved during 2019 therefore includes the adoption by the Board of a Group conflict of interest policy within the Code. The policy provides practical guidance with regards to the identification of potential conflicts of interest and the governance relating to Sanlam's relationships with third-party service providers. Its objective is not to prevent employees from pursuing personal interests, but rather to govern and mitigate any potential risk associated with such interests. To this end, all employees are required to declare all actual or potential conflicts of interest as and when it may arise. In addition, and in the absence of any actual or potential conflicts of interest, 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 Group 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 Group 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.

# GOOD GOVERNANCE CRITERIA AND EXTERNAL GUIDELINES

Sanlam adopted the recommendations by King IV™. The Board aligned its practices to achieve the four outcomes:

- Ethical culture
- Good performance
- Effective control
- Legitimacy

In this report, we explain how we have applied the 17 principles of King IV™ during the financial year. Where evidence related to specific principles is disclosed, we use an ICON.

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## King IV™ status

The Board is satisfied with the effort made, during 2019, to apply and explain all aspects of King IV™, as appropriate. The Risk and Compliance, the Audit, Actuarial and Finance, the Human Resources and Remuneration, and the Social, Ethics and Sustainability committees are all satisfied that Sanlam has complied with the King IV™ principles during 2019. 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.

A register with a summary of the 17 principles and references to more information per principle is available on the Sanlam investor relations website.

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 Companies Act, 71 of 2008, as amended (Companies Act)
- The JSE Listings Requirements, as amended
- 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
- ISS-oekom corporate rating

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

- Investor member of the CDP (formerly the Carbon Disclosure Project)
- Signatory to the Principles for Responsible Investments
- Signatory to the Principles for Sustainable Insurance

- Member of ClimateWise
- A partnership with WWF-SA

Sanlam Investment Group subscribes to the Code for Responsible Investing in South Africa, 2011 (CRISA).

## 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 of the value-creation process.

The Board provides ongoing oversight and monitoring with the support of its committees and ensures that management implements and executes Sanlam's strategy. 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. The Group's chosen key performance metric is its Return on Group Equity Value (RoGEV).

The Board, through the Audit, Actuarial and Finance committee of Sanlam Limited 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 required 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 its 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 (Sanlam for Sanlam)
- Ensure the quality of financial results
- Implement processes, decisions and programmes to the benefit of all stakeholders
- Ensure compliance with laws and regulations

## The boards of Sanlam and Sanlam Life

Sanlam Limited (Sanlam) is the holding company with a primary listing on the JSE, a secondary listing on the NSX and a listing on A2X. Sanlam Life Insurance Limited (Sanlam Life) is a wholly owned subsidiary of Sanlam Limited 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 Group 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. This promotes the productivity and efficiency of the two boards, reduces effort and 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
- Social, Ethics and Sustainability
- Independent Non-Executive Directors

### The Sanlam Life Board

The Sanlam Life Board is responsible for statutory matters across all Sanlam businesses, monitoring operational efficiency and operational risk issues throughout the Group, and ensuring compliance with the requirements set out in the Prudential Standards under the Insurance Act, 18 of 2017 (Insurance Act).

The responsibility for managing all Sanlam’s direct subsidiaries was formally delegated to the Sanlam Life Board. The Sanlam Life Board has the following committees:

- Audit, Actuarial and Finance
- Risk and Compliance
- Human Resources and Remuneration
- Customer Interest

### Sanlam Limited Board

Audit, Actuarial and Finance	Risk and Compliance	Human Resources and Remuneration	Nominations	Non-Executive Directors	Customer Interest	Social, Ethics and Sustainability	Independent Non-Executive Directors
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### Sanlam Group Executive committee

Five business clusters supported by a Group Office



Cluster boards and committees

## OUR MULTINATIONAL GOVERNANCE FRAMEWORK (continued)

### 10 The Sanlam Group Executive committee and Group Office

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

#### The five business clusters

Sanlam's operations are grouped into five clusters according to a federal model:



The federal business 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 effect to the Group's strategy and business objectives.

Each cluster is managed by a chief executive, supported by an executive committee and support functions that are appropriate to the cluster's particular operational needs. These chief executives form part of the Sanlam Group Executive committee 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.

The cluster boards (which are not all statutory) exist for each of the clusters. Each of these boards have committees (or forums) with specific roles and responsibilities for the operation of the cluster. Each has a financial, risk and human resources and remuneration committee or forum. The cluster boards consist of non-executive and executive directors.

Non-executive directors include members of the Sanlam Life Board and, where appropriate, expert external appointees.

Most of the operating business decisions are made by these boards and committees working together with the management of that particular cluster. These structures are responsible for generating memoranda and formulating matters for consideration by the Sanlam Life Board. Individual business units have their own boards and executive committees that structure their activities within appropriately delegated authority levels. Where required, the boards of the various business units will also act as statutory boards of subsidiaries, joint ventures and associated companies.

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

**Sanlam's decentralised 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 requires the Board to consist of a minimum of six and a maximum of 20 directors. The Board appoints committees and determine 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 other, 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 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.

The committee charters as well as each committees' annual work plan, are available on the Sanlam investor relations website.

The Board discharges its responsibilities and control of Sanlam as outlined in Sanlam's Board charter and the Memorandum of Incorporation. 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 Group Company Secretary, considers and deliberates on declarations when there is a conflict of interest. This is in addition to each director having to submit an official declaration of interest on a quarterly basis. Sanlam's directors, executives and senior employees are prohibited from dealing in Sanlam securities during certain periods. The Group 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 committees are appropriately constituted, and members are appointed by the Board, with the exception of the Audit, Actuarial and Finance committee, whose members are nominated by the Board and elected by shareholders. Summaries of the committee charters follow later in this report on pages 31 to 42.

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 matter 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 Group corporate governance policy framework

The Group's corporate governance policy framework details optimal corporate governance principles as well as the Group cluster authorisation requirements. The Group's corporate governance policy framework 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 of directors adopted the Group corporate governance policy framework. This policy framework is reviewed on an annual basis and 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 Memorandum of Incorporation 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 cluster boards and/or a Group Executive, as appropriate

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 governance. It recognises Sanlam's responsibility to conduct its affairs ethically, transparently, with accountability, fairly and in a socially responsible way. This ensures a sustainable business that creates value for 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 corporate strategy, setting targets and developing plans, while being cognisant of the business impact on its stakeholders, its financial performance and the environment.

# GOVERNANCE MATTERS IN 2019

## 7 Board transactions and independence

Appropriate measures have been put in place to ensure that good governance practices are applied in related-party dealings and to issues relating to conflicts of interest 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 Siphon Nkosi who also functions as the Group's lead independent director (LID).
- 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 the 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 independent without any favouritism to any other party. After the appointment of Dr Johan van Zyl as the Chair of the Board in 2017, the Board added certain governance principles to the Board criteria document. These are being 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.
- All conflicted directors recuse themselves from all Board deliberations relating to any conflicts or perceived conflicts of interest matters at the Sanlam Board or committee meetings.

On 12 December 2018, an annual general meeting (AGM) 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 BEE partner, but three of Sanlam's directors are also related parties to UBI (Johan van Zyl, Patrice Motsepe and Rejoice V 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 reporting period, at which the actions plans and deliverables had been tabled for discussion purposes. In alignment with the mandate approved by the shareholders, the execution thereof was managed and facilitated under the auspices of the Independent Non-Executive Directors committee's charter.

Pursuant to this corporate action, Sanlam received some recommendations on refining its governance at Board level. The Board takes cognisance of these recommendations and remains committed to continuous improvement in its governance practices. Specifically, the Board agreed to implement the following three steps from 2019 to lift the level of governance and to allow shareholders to better express their opinions:

- Two new independent non-executive directors (Andrew Birrell and Elias Masilela) were appointed to the Board during 2019 with a further independent non-executive appointment (Kobus Möller) effective from 1 January 2020. These appointments were part of a rigorous process adopted to strengthen the independence of the Board. In 2018, the Board already appointed two new independent non-executive directors (Mathukana Mokoka and Shirley Zinn), who joined the Board during the 2018 financial year. The five new directors replace some recent Board retirees and should serve the Board well for the foreseeable future.
- The Board will in future provide more detail on the independence assessments done by the Board in respect of each non-executive Board member, including the reasons why the Board is of the opinion that a specific Board member should continue to serve on the Board – either as an independent or a non-independent member.

- 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 2019, 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:

- Implementing the Sanlam 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;
- Regularly refining combined assurance models (CAMs) for each significant business within the Group;
- Ongoing compliance with and enhancement of the Sanlam Group corporate governance policy framework, including enhancing governance and compliance practices 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 Prudential Authority as well as in accordance with the JSE's diversity criteria;
- Ongoing adherence to the Group Information management and information technology (IIT) governance framework and charter, as well as the IIT policy framework;
- Evaluating the independent status of Sanlam's directors in accordance with King IV™ independent criteria and other indicators, and on a substance-over-form basis; 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 2020 as members are elected annually at the AGM.

Areas considered for improved disclosure in the annual reporting suite for 2019 include:

- 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.

## Changes to the Board in 2019

The following directors were appointed to the Board:

- Andrew Birrell (effective 1 September 2019) – independent non-executive director;
- Elias Masilela (effective 1 October 2019, however, his Board participation commenced 3 December 2019) – independent non-executive director;
- Jeanett Modise (effective 1 September 2019) – executive director; and
- Kobus Möller (effective 1 January 2020) – independent non-executive director.

In addition, Heinie Werth stepped down as the Group's Financial Director (effective 1 August 2019) to assume his new role as Chief Executive Officer at one of the largest business clusters within the Sanlam Group, namely Sanlam Emerging Markets. He, however, remained serving on the Board in his capacity as an executive director. In the interim, Wikus Olivier was appointed as interim Chief Financial Officer (CFO) until such time when the Group has finalised the recruitment of the Financial Director's successor. A SENS announcement had been issued during July 2019, informing shareholders of the aforesaid development. The JSE has confirmed the interim CFO position until 30 June 2020.

# 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 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. In addition, criminal checks are being performed on each candidate considered to be appointed to the Board where after a formal application to the Prudential Authority 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 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 annual 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 16 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 Listings Requirements amendments 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 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 2019)	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
AD Botha*	66		✓		✓				✓						✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
PB Hanratty	58			✓	✓	✓			✓	✓						✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
IM Kirk	61	✓				✓			✓		✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
KT Nondumo	41			✓			✓	✓			✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
PT Motsepe	57		✓			✓		✓							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
M Mokoka	46			✓			✓	✓		✓						✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
SA Nkosi*	65			✓			✓	✓							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
RV Simelane	67		✓				✓	✓							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
CG Swanepoel	69			✓					✓					✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
J van Zyl	63		✓						✓	✓						✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
HC Werth	56	✓							✓		✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
TI Mvusi	64	✓						✓							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
SA Zinn	58			✓			✓	✓								✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
A Birrell	50			✓	✓				✓	✓						✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
E Masilela	55			✓				✓								✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
J Modise	55	✓					✓	✓								✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Total</b>		<b>4</b>	<b>3</b>	<b>9</b>	<b>2</b>	<b>11</b>	<b>5</b>	<b>9</b>	<b>7</b>	<b>7</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>5</b>	<b>8</b>	<b>14</b>	<b>3</b>	<b>13</b>	<b>9</b>	<b>6</b>	<b>4</b>	<b>10</b>	<b>4</b>	<b>2</b>	<b>5</b>	<b>8</b>

<sup>(\*)</sup> These directors will remain on the Board as non-independent members of the Board with effect from 10 June 2020.

## Key facts about Sanlam's Board of directors at 31 December 2019

16 Board members

5 years 9 months average tenure as a Board member

10 years 3 months of collective Board experience

58 average age of Board members

11 male Board members

5 black female Board members

5 average other board memberships

4 black male Board members

5 Board meetings in 2019

3 newly appointed Board members in 2019

96% attendance at Board meetings

3 non-executive Board members (not independent)

7 Board committees

9 independent Board members

4 executive Board members

## Rotation of Board members

In terms of Sanlam's Memorandum of Incorporation, 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 2020 is five. 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. Based on this, the following members of the Board would be standing for rotation:

- Andrew Birrell (new director appointment effective 1 September 2019)
- Elias Masilela (new director appointment effective 1 October 2019)
- Jeanett Modise (new director appointment effective 1 September 2019)
- Rejoice Simelane
- Paul Hanratty

The aforementioned two Board members (i.e. Paul Hanratty and Rejoice Simelane) have made themselves available for re-election at the AGM during 2020.

A brief curriculum vitae of each director standing for election or re-election at the AGM is available on pages 22 to 29. 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. The Chief Executive: Sanlam Emerging Markets (Heinie Werth) and chief executive: human resources (Jeanett Modise) will be rotating as executive directors during 2020.

The Board considered these rotations and supports all of them. It is therefore recommended to shareholders that they vote for the reappointment of these Board members.

## Diversity at Board level

Underpinned by the Group's four pillar 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 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 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 race, culture and gender diversity.

Sanlam recognises and embraces the benefits of a diverse Board. To this end, targets to increase the number of female Board members are set and reviewed every year by the Nominations committee and recommended to the Board.

The target that was set for the 2019 financial year was women had to represent 35% of the Board members at year-end. Non-executive and executive directorships were included in the mentioned 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 appointing two new members to the Board:

- Andrew Birrell, an actuary; and
- Elias Masilela, an economist.

The targets set for the 2020 financial year include maintaining the Group's current performance and retaining the existing talent that had been attracted and appointed to the Board during 2019. 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 conflicts of interest that might occur, at each Board meeting. If a director making a declaration of this nature, it is documented in accordance with sound corporate governance principles and the relevant director is 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.

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 Patrice Motsepe, Rejoice Simelane and Johan van Zyl, owing to their involvement in UB. Ian Kirk, Heinie Werth, Jeanett Modise and Temba Mvusi are executive directors.

Anton Botha and Sipho Nkosi are long-standing valuable members of the Board, however, due to their tenure, the Board has agreed to retain them as Board members, however, recognised them as non independent with effect from 10 June 2020.

## Roles and responsibilities within the Board structure

The Board's terms of reference, which are reviewed every year, governs and regulates 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 regard to their fiduciary duties and responsibilities. As a minimum, they are 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 core purpose and values through the strategy it adopts. 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.

## BOARD COMPOSITION AND FUNCTIONING (continued)

### Our Chair

Every year, the Board appoints (from among the Board members) a Chair, who is preferably an independent non-executive director. 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.

As at 31 December 2019, the status of Dr Johan van Zyl as the Chair of the Board was evaluated as not independent, 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 appointed a LID and established an Independent Non-Executive Directors committee as a committee of the Board.

Shareholders were informed at the Sanlam AGM in June 2019 that Dr Johan van Zyl had indicated that he would be stepping down as Chair at the AGM, scheduled for 10 June 2020. A key item on the Nominations committee and Board agenda in 2019 has been to identify a suitable successor as Chair. As part of the Group's commitment to sound corporate governance practices, including transparency, the Prudential Authority has been receiving frequent updates regarding the process followed in this regard as well as progress made over time.

### Our lead independent director

In terms of the JSE Listings Requirements as well as the requirements outlined in King IV™, the Board is required to appoint a senior independent non-executive director as LID to lead the Board where a potential or perceived conflict of interest occurred and/or was likely to occur. In addition, Sanlam's LID serves as a sounding board for the Chair, acts as an intermediary between the Chair and other members of the Sanlam Board if and when necessary, and deals with shareholders' concerns. The Group's LID's appointment is reviewed on an annual basis.

The Board also established an Independent Non-Executive Directors committee, which is chaired by the LID. This committee's primary function is to assist the Board on matters relating to independence and conflicts of interest, in particular 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
- 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

### 10 Our Group Chief Executive and the Group Executive committee

The Group Chief Executive (Ian Kirk) was appointed by the Board with effect from 1 July 2015, on recommendation of the Nominations committee. The role and functions of the Group Chief Executive are outlined in the Board charter and his/her performance during a particular financial year would be evaluated by the Board against agreed criteria. In addition, the Board appoints members of the Group Executive committee upon 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 position of Group Chief Executive.

The delegation of authority and Group corporate governance policy framework, in terms of which matters are delegated to the Group Chief Executive, are reviewed and approved annually. The Group Executive committee 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 framework.

The Group Chief Executive is accountable to the Board for the successful implementation of the four-pillar 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, the Audit, Actuarial and Finance, or the Nominations committees, but attends any meeting, or part thereof, by invitation to contribute to pertinent issues and provide information to the respective committees, if needed.

The Board agrees with the Group Chief Executive on 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 Company Secretary

Sana-Ullah Bray was appointed on 1 January 2011, in accordance with the requirements of the Companies Act, as the Group Company Secretary of Sanlam and Sanlam Life. All 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 is the custodian of governance with regard to, among other things, compliance with the JSE Listings Requirements as amended as well as insider trading. The Company Secretary is also responsible for regulatory compliance and is the delegated information officer of the Group in terms of the Promotion of Access to Information Act, 2 of 2000 (PAIA) and is responsible for the execution of all statutory requirements applicable to those responsibilities. The Company Secretary has an arm's-length relationship with the Board and is not a director of the Company nor involved in the day-to-day operations of the Group other than the provision of legal and compliance services to the Group. Refer to section 3.84(j) of the JSE Listings Requirements in this regard.

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

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

All directors have unlimited access to the advice and services of the Group 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 Group 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 Group Company Secretary.

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## BOARD COMPOSITION AND FUNCTIONING (continued)

The Group Company Secretary oversees the induction of new directors, including directors of subsidiary companies, as well as the ongoing training requirements of directors. The Group Company Secretary inducts all newly appointed directors in Sanlam's business, Board matters, and their duties and governance responsibilities, in accordance with each director's specific needs.

Board-approved 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 keeps the directors abreast of applicable legislation and regulations, changes to rules, standards and codes, as well as relevant 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 or 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.

During the course of the 2019 financial year, Standard Bank of South Africa Limited was appointed 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. The Board Chair's own performance is appraised by the Board under the direction of the LID. The Nominations committee considers the results of the evaluation process and makes recommendations to the Board where deemed appropriate. During the 2019 financial year, this assessment was performed with the assistance of an external service provider – the Institute of Directors in South Africa NPC (IoDSA). 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.



# BOARD MEMBER PROFILES

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# BOARD MEMBER PROFILES

## 7 Anton Botha

### Member of the Board of directors

*Nationality: South African*

*Year of birth: 1953*

Mr Botha has been a member of the Board of directors since 2006. He qualifies as an independent non-executive director, is the chair of the Human Resources and Remuneration committee and a member of the Audit, Actuarial and Finance committee (Audit committee) and Risk and Compliance committee. The Board has appointed him as an Audit committee financial expert. He is also an expert in risk and compliance as well as in financial markets, investments general business, human resources, marketing and international business.

Mr 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.

Mr 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.

Mr Botha also serves as a non-executive director on the boards of the University of Pretoria and African Rainbow Minerals Limited (ARM).

Mr 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, building it into a leading South African investment banking group. Prior to becoming a wholly owned subsidiary of Sanlam Limited in December 2000, Gensec was recognised as one of South Africa's 40 largest listed companies.

Mr Botha will be re-categorised as a non-independent director with effect from 10 June 2020 and his Board committee membership will be evaluated prior to this.

## Andrew Birrell

### Member of the Board of directors

*Nationality: British/South African*

*Year of birth: 1969*

Mr Birrell was appointed to the Board of directors 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.

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 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 a non-executive director of JSA Group and YASA Limited (all UK-based companies); alternate director of SC Lowy Partners, the holding company of a Hong Kong domiciled specialist investment bank; non-executive director of Investec Life Limited (South Africa) from April 2017 to August 2019; non-executive director of Sun Life of Canada UK, chair of the risk committee, since June 2018; and 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.

His past experience on boards and board committees of regulated companies involved in life insurance, health insurance, general insurance, stock broking, investment management and banking in the United Kingdom, South Africa, Ireland, Scandinavia and Canada.

He holds a BBusSci (Actuarial) (1990) from the University of Cape Town and is a fellow of the Faculty of Actuaries (1994); fellow of the Actuarial Society of South Africa (1994); Chartered Enterprise Risk Actuary (CERA Global Association, 2009); and is a member of the Institute of Directors (UK), 2015.



## Paul Hanratty

### Member of the Board of directors

*Nationality: Irish*

*Year of birth: 1961*

Mr Hanratty has been a member of the Board of directors since 2017. He qualifies as an independent non-executive director and is the chair of the Audit committee, as well as a member of the Risk and Compliance and the Social, Ethics and Sustainability (SES) committees. The Board has appointed him as an Audit committee financial expert. He is an expert in actuarial, risk and compliance as well as ethics governance.

Mr Hanratty obtained his bachelor's degree in Actuarial Sciences (BBusSci (Hons)) from the University of Cape Town in 1984. He is a fellow of the Institute of Actuaries (FIA). He started his career at Old Mutual SA in 1984 where he filled various roles including head of product development. He was appointed chief executive officer (CEO) of Old Mutual SA, a position which he filled from 2006 to 2008. From 2009 to 2010 he was appointed as CEO of Long-term Savings, where he was responsible for the insurance and asset management businesses of Old Mutual in the USA, UK, Scandinavia, Europe, South Africa, Africa and emerging markets. He served as the Old Mutual Group operating officer until his retirement in 2016.

As chair of Old Mutual SA from 2010 to 2016, he was responsible for the emerging markets insurance and asset management business and the UK Wealth Management business, as well as serving on the board of Nedbank and driving the restructuring of the SA Group to prepare for Twin Peaks regulation in South Africa. Mr Hanratty has been a director of MTN since 2016, is the non-executive chair of Intelligent Debt Management (IDM), a director of Atlanta in the UK insurance market since December 2018, and serves on the board of Columbia Leadership, a leadership development charity for young people. Mr Hanratty is, furthermore, a member of the audit and risk committees, as well as chair of the finance committee at the MTN Group. He is also a member of the audit and risk committee and the chair of the remuneration committee of the IDM, as well as the chair of the Atlanta risk and audit committee.

## Ian Kirk

### Member of the Board of directors

*Nationality: Irish*

*Year of birth: 1958*

Mr Kirk was appointed Deputy Chief Executive of Sanlam on 1 January 2015 and Group Chief Executive on 1 July 2015. He qualifies as an executive director and attended the Audit, Risk and Compliance, SES, Nominations and the Human Resources and Remuneration committees in the capacity as an invitee. He is an expert in general insurance, life insurance, financial markets and investments, and general and international business.

Mr Kirk was formerly Chief Executive of Santam from 2007 to 2014 and chief executive: strategy and special projects at Sanlam. He was appointed to the PriceWaterhouse partnership in 1986, was the CEO of Capital Alliance Holdings and Deputy CEO of the Liberty Group.

He is currently a director of Santam, Sanlam Life, other subsidiary boards in the Sanlam Group and the deputy chair of the Association of Savings and Investment South Africa (ASISA).

Mr Kirk qualified as a CA(SA) and has an HDip BDP and FCA (Ireland).

## Mathukana Mokoka

### Member of the Board of directors

*Nationality: South African*

*Year of birth: 1974*

Ms Mokoka has been a member of the Board of directors since March 2018. She qualifies as an independent non-executive director and is a member of the Audit committee and the Risk committee. The Board has appointed her as Audit committee financial expert. She is also an expert in risk and compliance as well as ethics governance.

Ms Mokoka is a qualified Chartered Accountant (SA) and completed her articles with Arthur Andersen (KPMG). She has a diversity of 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.

Ms Mokoka currently serves as an independent non-executive director at Contract Services Group, Palabora Mining Company, Alviva Holdings Proprietary Limited. Ms Mokoka is a member of the Institute of Directors in South Africa.

## Dr Patrice Motsepe

### Member of the Board of directors

*Nationality: South African*

*Year of birth: 1962*

Dr Motsepe has been a member of the Board of directors since 2004. He is a non-executive director, Deputy Chair of Sanlam and a member of the Nominations and Human Resources and Remuneration committees.

Dr 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).

Dr Motsepe is the founder and executive chairman of African Rainbow Minerals (ARM). He is also the founder and chair of Ubuntu-Botho Investments, African Rainbow Capital (ARC), African Rainbow Energy and Power (AREP) and UBI General Partner Proprietary Limited. He is the chairman of Harmony Gold and President of Mamelodi Sundowns Football Club.

Dr Motsepe was 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 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 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, 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 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 (ICMM).

His past business responsibilities include being the president of National African Federated Chamber of Commerce and Industry (NAFCOC) from 2002 to 2006, founding president of Business Unity South Africa (BUSASA) from January 2004 to May 2008 in South Africa, founding president of Chamber of Commerce and Industry South Africa (CHAMSA), president of the Black Business Council (BBC), and the founding chairman of the BRICS (Brazil, Russia, India, China, South Africa) Business Council in March 2013.

Dr 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.

## Temba Mvusi

### Member of the Board of directors

*Nationality: South African*

*Year of birth: 1955*

Mr Mvusi has been a member of the Board of directors since 2009 and is a member of the SES committee. He qualifies as an executive director of Sanlam Life Insurance Limited and Sanlam Limited. He is a non-executive director of Sanlam Investment Management and Sanlam Investment Holdings. He is an expert in financial markets and investments, and has in-depth knowledge of general business and human resources.

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

He has been the chief executive: market development since August 2005 and was appointed Acting CEO: Sanlam Corporate in April 2017 until the latter part of 2019, when Thinus Alsworth-Elvey assumed the role as CEO: Sanlam Corporate.

Mr Mvusi is also an independent director of Northam Platinum and non-executive director of Umso Construction.

## Sipho Nkosi

### Member of the Board of directors

*Nationality: South African*

*Year of Birth: 1954*

Mr Nkosi has been a member of the Board of directors since 2006 and became the LID of the Sanlam Board on 19 December 2016. Mr Nkosi is a member of the Non-Executive Directors committee and is the chair of the Independent Non-Executive Directors and the Nominations committees. He is an expert in governance, marketing as well as general business.

Following an illustrious career in mining, Mr Nkosi co-founded investment holding company Talent10 Holdings in 2012, where he now serves as non-executive chair.

He assumed the role of board chair of Sasol from November 2019, in addition to the other board positions he holds.

Mr Nkosi served as CEO of Exxaro Resources Limited 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 director of Sanlam. He has been a member of the Board of directors of Sanlam since 2006 and became the LID of the Sanlam Board on 19 December 2016. He serves as a member of the risk committee of the council at the Wits University.

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 was awarded the following awards:

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

Mr Nkosi will be re-categorised as a non-independent director with effect from 10 June 2020 and his Board committee membership will be evaluated prior to this.

## Karabo Tshailane Nondumo

### Member of the Board of directors

*Nationality: South African*

*Year of birth: 1978*

Ms Nondumo has been a member of the Board of directors since 2015. She qualifies as an independent non-executive director and is a member of the Audit, Risk and Compliance, Human Resources and Remuneration, Customer Interest and Nominations committees. The Board has appointed her as an Audit committee financial expert. She is also an expert in risk and compliance, governance and human resources and remuneration.

Ms Nondumo obtained her BCom 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. Ms Nondumo started her career at PricewaterhouseCoopers (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 CEO of AWCA Investment Holdings (AIH), an investment company for black female chartered accountants. From 2010 to 2014 she served in various roles in the Vodacom Group: 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 holds independent non-executive directorship roles in some of the Sanlam Group subsidiaries.

Ms Nondumo is the chair of the following committees:

- Audit and risk committee (MTN South Sudan)
- Audit and risk committee chair (African Rainbow Life Limited)
- Remuneration committee (BrightRock Holdings Proprietary Limited)

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

## Dr Rejoice Vakashile Simelane

### Member of the Board of directors

*Nationality: South African*

*Year of birth: 1952*

Dr Simelane has been a member of the Board of directors 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 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 Simelane commenced her career at the University of Swaziland as a lecturer in economics. Between 1998 and 2001 she worked at 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 Simelane's other board directorships include ARM, where she is also the chairperson of the social and ethics committee and a member of the audit, risk, nominations and the non-executive directors committees. She also sits on the boards of African Rainbow Energy and Power and Mamelodi Sundowns Football Club. Through the latter, Dr Simelane was elected onto the executive committee of the Premier Soccer League in 2016. A CIDA scholarship recipient and a Fulbright Fellow, Dr 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 of directors

*Nationality: South African*

*Year of Birth: 1950*

Mr Swanepoel was the chief actuary of Sanlam from 1 January 1990 up to his retirement on 31 August 2005. He qualifies as an independent non-executive director of Sanlam Limited and Sanlam Life Insurance Limited.

He is currently the chair of the Sanlam Risk and Compliance committee as well as of the Sanlam Customer Interest committee. The Board has appointed him to these committees because of his expert knowledge in finance, actuarial, risk and compliance as well as governance. He also has directorships in Sanlam Personal Finance, Sanlam Developing Markets Limited and Channel Life Limited.

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 terms.

Mr 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.

## Jeanett Modise

### Member of the Board of directors

*Nationality: South African*

*Year of birth: 1964*

Ms Modise is a member of the Board of directors 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 on 1 July 2019 effective 1 September 2019.

Ms Modise previously served as non-executive director and chair of the board human resources and remuneration committee of Foskor, and non-executive director for Save the Children South Africa (a global non-governmental organisation that focuses on the rights of children).

Ms Modise's academic background includes a BCom degree, an MDP, an 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.

## Dr Johan van Zyl

### Member of the Board of directors

*Nationality: South African*

*Year of birth: 1956*

Dr Van Zyl has been a member of the Board of directors since 2016. He qualifies as a non-executive director and is the Chair of the Board of directors. 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 CEO. In 2003 he was appointed Group CEO of Sanlam, a position he held until 2015.

His major external positions, directorships and associations include ARC, UBI and the Vumelana Advisory Fund, of which he is the chair.

Dr 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.

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## BOARD MEMBER PROFILES (continued)

### Heinie Werth

#### Member of the Board of directors

*Nationality: South African*

*Year of birth: 1963*

Mr Werth was appointed as Chief Executive Officer 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 Financial Director. He qualifies as an executive director and is an expert in accounting, finance, financial markets and investments, general business and risk management.

Mr Werth is a non-executive director of major Sanlam subsidiaries such as Santam, Sanlam Capital Markets, Sanlam Emerging Markets, Sanlam Investment Holdings and Genbel Securities. He also serves as a non-executive member of several Sanlam Group cluster boards such as Sanlam Personal Finance and Sanlam Employee Benefits.

Mr 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 senior general manager (IT) at Sanlam Life, financial director at Sanlam Life and Sanlam Employee Benefits, manager: corporate finance at Gencor and financial director at Kelgran.

Mr Werth is a qualified CA(SA) and holds a Hons B.Accountancy, an MBA and an EDP (Manchester).

### Prof Shirley Zinn

#### Member of the Board of directors

*Nationality: South African*

*Year of birth: 1961*

Prof Zinn has been a member of the Board of directors since December 2018. She qualifies as an independent non-executive director. The Board has appointed her as an expert in human resources as well as ethics governance.

Prof 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 that 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 recently 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 and then moved to 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 a non-executive director on the board of JSE-listed AdvTech where she serves as LID and chair of the remuneration committee.

She also serves as a director on the boards of Tuesday Consulting, Empowerment Capital, Knowledge Resources, Business Engage, Community Chest and the Boston Consulting Group SA. In addition, she is the human resources adviser to the board of Silvertree Internet Holdings. She also serves on the Take-Over Regulation Panel Board and on the Council of the University of Cape Town.

She is a trustee on the Nedbank Eyethu Community Trust, ambassador for the Orbis Africa Charity, and the former chair of Starfish Greathearts Foundation. She also serves on the advisory boards of Monash South Africa and the University of Pretoria's Faculty of Economic and Management Sciences. 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. She was recently appointed as the patron for South Africa Council of Business Women.

In addition, Prof 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. It 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 hope of motivating and inspiring especially youth and women that they can achieve despite adversity to never give up.

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

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 awarded Africa's Most Influential Women in Business and Government for 2016 in the SME Sector by CEO Global.

## Elias Masilela

### Member of the Board of directors

*Nationality: South African*

*Year of birth: 1964*

Mr Masilela was appointed to the Board of directors on 1 October 2019. He qualifies as an independent non-executive director. The Board has appointed him as an expert in life insurance, general insurance and empowerment.

He is currently executive chair of DNA Economics, Commissioner of the 1st & 2nd National Planning Commission, and chair of several influential entities in South Africa, namely V&A Waterfront and Capital Harvest. He has recently taken up the chairpersonship of the National Advisory Board on Impact Investing in South Africa.

He is a member of the boards of the MultiChoice Group, MultiChoice SA, Alternative Prosperity Holdings, Future Planet Capital in London and Strate.

Previously, he was CEO 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 Swaziland. 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 UN Global Compact (UNGC). He was also chairman of the SA Local Network. Until recently, he was chairman of Economic Research Southern Africa and member of the Avior Capital Markets Board.

Mr Masilela is the founder of many initiatives such as the Financial Sector Charter Council, Social Security and Retirement Reform, UNGC Africa Implementation Agenda for the SDGs, Impact Investing in South Africa and the Ratepayers Association network in Eswatini, amongst others.

He has published and lectured widely.

Mr Masilela has won the Top 40 of Alan Paton Award in 2007 and ranked as the 14th influential player for the Sovereign Wealth Funds Institute, 2013. His most recent book, entitled "Larry, Simply Larry", September 2018, is changing lives.

He holds a BA degree in Social Sciences from the University of Eswatini, a MSc in Economic Policy and Analysis from Addis Ababa University as well as several professional certificates from Harvard University.

# BOARD AND COMMITTEE MEETING ATTENDANCE FOR 2019

6 The Sanlam Board meets at least quarterly to consider business philosophy and 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 Group Executive committee members to review the Group strategy, which is considered and approved annually.

During the 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	Nominations committee	Social, Ethics and Sustainability committee	Ad hoc 1 <sup>#</sup>	Customer Interest committee	Independent Non-Executive Directors committee	Ad hoc 2 <sup>#</sup>	Non-Executive Directors committee
	Planned/ held 5/5	Planned/ held 4/4	Ad hoc 2/2	Planned/ held 4/4	Planned/ held 4/4	Planned/ held 4/4	Planned/ held 4/4	Planned/ held 4/4	Planned/ held 4/4	Planned/ held 4/4	Planned/ held 4/4	Planned/ held 4/4	
AD Botha	5/5	4/4	2/2	4/4	4/4	-	-	-	-	4/4	2/2	4/4	
PB Hanratty	5/5	4/4	2/2	4/4	-	-	4/4	1/1	4/4	4/4	1/2	4/4	
IM Kirk	5/5	2/4	1/2	4/4	4/4*	4/4*	3/4*	0/1*	4/4*	4/4	2/2*	-	
E Masilela	1/1	-	-	-	-	-	-	-	-	1/1	1/1	1/1	
PT Motsepe	5/5	-	-	-	4/4	4/4	-	-	-	-	-	4/4	
M Mokoka	3/5	3/4	2/2	3/4	-	-	-	-	-	3/4	2/2	2/4	
TI Mvusi	5/5	-	-	-	-	-	4/4	1	-	-	-	-	
KT Nondumo	5/5	4/4	2/2	4/4	3/4	3/4	-	-	3/4	4/4	2/2	4/4	
SA Nkosi	5/5	-	-	-	4/4	4/4	4/4	-	-	4/4	2/2	4/4	
RV Simelane	5/5	-	-	-	-	-	4/4	1	-	-	-	4/4	
CG Swanepoel	5/5	4/4	2/2	4/4	-	-	-	-	4/4	4/4	2/2	4/4	
HC Werth	5/5	2/2*	-	2/2	-	-	-	-	-	1/1*	1/1*	-	
A Birrell	2/2	1/1	0/1	1/1	-	-	-	-	-	2/2	0/1	2/2	
J Modise	1/2	-	-	-	3/4	-	1/2	-	-	-	-	-	
J van Zyl	5/5	-	-	-	4/4	4/4	-	-	-	-	-	4/4	
S Zinn	5/5	-	-	-	4/4	-	-	-	-	4/4	2/2	4/4	

<sup>(#)</sup> Ad hoc Board and committee meetings for specific subjects by selected members.

<sup>(\*)</sup> 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

**8** 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 responsibility resides at all times with the Board. The Board does not abdicate this responsibility to the committees and exercises its oversight responsibility 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 questions. During the financial year, all the Board committees conducted their 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

- PB Hanratty (chair) (1 December 2017)
- AD Botha (2 March 2017)
- KT Nondumo (1 January 2016)
- M Mokoka (14 March 2018)
- A Birrell (1 September 2019)

### Meetings

The Audit committee meets at least quarterly.

The external audit partners and other assurance providers attend committee meetings.

During the financial year, meetings were also attended by the Sanlam Group Chief Executive, the Financial Director, chief actuary, chief audit executive, the heads of business clusters (as required), the heads of control functions and the following expert invitees: CG Swanepoel, JP Möller, D Ladds and AP Zeeman. In addition, effective since 1 August 2019 when the Financial Director assumed his new role as Chief Executive: Sanlam Emerging Markets, the appointed acting Chief Financial Officer also attended the Audit, Actuarial and Finance committee meetings.

### 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. The committee consists 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.

The committee oversees the preparation of the resilience information provided in the annual reporting suite. To review the assurances obtained regarding the resilience information, the chair of the Audit committee is also a member of the SES committee. Likewise, the chair of this committee is invited to meetings of the Audit committee when sustainability reporting is addressed.

### Key focus areas during the financial year

- Rotation of the external audit partner
- Ensuring that the Integrated Report addresses all stakeholders' needs
- Ongoing focus on new Solvency Assessment and Management (SAM) reporting and the associated controls, and preparing for IFRS 17
- Assurance coverage of the internal and external audit function across the Group
- Assessing the effectiveness of the audit committees of underlying clusters (e.g. full coverage of all businesses, quality of reporting)
- Ensuring appropriate and fair reporting of financial results
- Approving the framework and monetary limits for non-audit services to be provided by external auditors
- Monitoring non-audit services provided by external audits for compliance with the agreed framework aimed at preventing any potential negative impacts on the external auditors' independence and/or objectivity
- Confirming the independence of the external audit firm and the designated auditor
- Recommending the appointment of the external audit firm and the designated auditor for approval by shareholders
- Evaluating the appropriateness of resourcing and skills of the financial function
- Evaluating the performance of the Financial Director and the chief audit executive

The Audit committee has a Board-approved formal terms of reference and is satisfied that it has discharged its responsibilities 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 Audit committee, after due consideration, recommends 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.

The Audit committee ensures that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities. The committee reviews and approves the internal audit charter on an annual basis, reviews the effectiveness of the internal audit structures and considers the findings of the internal audit functions. The committee meets with the chief audit executive independently of management.

In terms of the JSE Listings Requirements as amended, the Audit committee performs an annual evaluation of Sanlam's finance function. The committee executed this responsibility at its meeting in December 2019 and was satisfied that the finance function had appropriate resources, skills, expertise and experience. In December 2019 the committee confirmed that it was satisfied that Heinie Werth, the Financial Director of Sanlam until 1 August 2019, possesses 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 Acting Chief Financial Officer (Wikus Olivier) since he assumed his role. The Audit committee also confirmed its satisfaction with the Acting Chief Financial Officer's competence, skills, expertise and experience. The committee also reviewed and confirmed its satisfaction with the performance of the chief audit executive. As part of Sanlam's corporate governance practices, the interim financial results were reviewed by the external auditor.

The Board 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 consideration of the level and types of non-audit services provided and other enquiries and representations, satisfied itself that Sanlam's external auditor is independent of the Company and has recommended the reappointment of Ernst & Young Inc. as external auditor for the 2020 financial year, with C du Toit as the designated individual registered auditor who will undertake the audit of Sanlam on behalf of Ernst & Young Inc.

The committee is satisfied that the external auditor remained independent of Sanlam in relation to significant changes in the management of Sanlam during the external auditor's tenure, which may mitigate the attendant risk of familiarity between the external auditor and management.

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.

Ernst & Young Inc., as the audit firm, and C du Toit, Sanlam's individual auditor for 2019, have been accredited on the JSE list of auditors in terms of the criteria 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 other, independently and objectively. However, taking into account the current external auditors' (Ernst & Young Inc.) 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 reporting period, 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 Prudential Authority, 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 early in 2019, the Audit committee agreed to embark on a process to ascertain the availability of prospective and eligible auditors currently available in the market that could potentially render the required services to the Group. This initiated a proposal and selection process that was implemented during the latter part of 2019. The 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 other) 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 firms' 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.

## COMMITTEE PROFILES AND COMPOSITION (continued)

As per the recommendation of the Audit committee, the Board noted and recommended for approval by the Prudential Authority and Sanlam's shareholders, the appointment of KPMG Inc. as Sanlam's joint external auditors with effect from the 2021 financial year. This appointment will include the review of the Group's 2021 consolidated interim results. To this end, the Prudential Authority subsequently approved KPMG Inc's appointment as Sanlam's joint auditor. This appointment, however, continues to be subject to Sanlam obtaining shareholders' support and approval at the 2020 AGM. Further to the aforementioned, the Board also noted the Audit committee's approach adopted in order to select an eligible audit firm as the Group's replacement external auditors for Ernst & Young with effect from the 2023 financial year. The Prudential Authority approved the appointment of KPMG Inc. as Sanlam's joint auditor, but remains subject to Sanlam obtaining shareholders' support and approval at the 2020 AGM.

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

### The Audit committee report for the 2019 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, six 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 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 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 auditor and the audit quality in terms of the JSE Listings Requirements, as amended.

**Paul Hanratty**  
*Chair: Audit committee*

### Assurance and effective control

The Audit committee is responsible for the quality and integrity of Sanlam's integrated reporting. The Board, with the support of the Audit committee, has satisfied itself that the quality and integrity of the combined assurance model was effective. It is also satisfied that the model 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 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.**

**15** The Board endorses the principle of combined assurance as defined in King IV™. The Group has formalised Combined assurance models (CAMs) in place for its clusters and major businesses. The CAMs specify the governance, reporting and controls regarding material risks and describe the roles of the various lines of defence.

The Risk and Compliance committee reviewed 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 2019 for implementation during the 2020 financial year, will further improve the quality of the Group and cluster ORSAs and strengthen our various risk policies.

An internal audit charter is in place and outlines the responsibilities of the internal audit function. The Audit committee has been delegated the responsibility for overseeing that internal audit services are executed in line with the charter.

Sanlam's chief audit executive (André Nortier) is appointed (and may be removed) by the Audit committee. The chief audit executive reported administratively to the Group Financial Director until the end of July 2019 and thereafter to the Acting Chief Financial Officer from 1 August 2019. The chief audit executive, furthermore, reported functionally to the Audit committee. The chief audit executive also acts as the head of the internal audit control function for the South African-based life insurance businesses. He has the necessary authority, which includes unfettered access to meetings, minutes, documentation and risk registers of Sanlam's businesses and functions. His performance is evaluated annually by the Audit committee, which confirms that he has the necessary competence and independence. The committee also assesses annually whether the necessary arrangements are in place to ensure that the internal audit function is adequately resourced with skills 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

- CG Swanepoel (chair) (8 June 2011)
- PB Hanratty (3 April 2017)
- AD Botha (31 August 2017)
- HC Werth (1 October 2016 until 31 July 2019 as financial director)
- KT Nondumo (1 January 2016)
- M Mokoka (14 March 2018)
- A Birrell (1 September 2019)

### 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.

During the financial year, meetings were also attended by the Group Chief Executive, Group chief risk officer, head of Group compliance, chief audit executive, the external auditors, the heads of business clusters (as required), heads of control functions and the Acting Chief Financial Officer since 1 August 2019. In addition, the following experts attended the meetings as standard invitees: JP Möller, D Ladds and AP Zeeman.

### Composition and role

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

The primary role of the Risk and Compliance 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:

- 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 an independent risk management function
- Establishing a process for appropriate risk disclosures to stakeholders
- Ensuring that a formal assessment of the risk management processes is undertaken
- 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;
- information systems and cyber-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 annually by the Board to ensure that it aligns with national and international corporate governance best practices. The Risk and Compliance 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.

## COMMITTEE PROFILES AND COMPOSITION (continued)

### 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 under the new SAM regime
- Incorporating environmental, social and governance (ESG) principles and, in particular, climate change considerations, into the Group's approach to risk management.

### Effective and strategic risk management

The Board is ultimately responsible for the governance of risk. The Risk and Compliance committee advises and assists the Board in overseeing risk governance by setting the direction for how risk 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 achievement of the Sanlam Group's strategic goals 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 applied to, and corporate culture is fully supportive of, the effective implementation of these structures, policies, procedures and practices; and
- Sanlam's risks are being managed in accordance with the foregoing.

The Group Executive committee ensures that the business achieves its strategic goals 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 in a way that supports Sanlam to achieve its strategic goals.

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 reporting to the Audit and Risk and Compliance committees and assisting them in fulfilling their respective duties regarding actuarial related matters.

### Compliance governance

- 12 The Risk and Compliance 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 business cluster boards and employees to comply with applicable laws, non-binding rules, codes and standards in all the jurisdictions in which Sanlam operates.

Implementing sound compliance management practices and procedures serve to mitigate compliance risk and improve the Group's ability to remedy instances of non-compliance that may occur. Creating a sound 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.

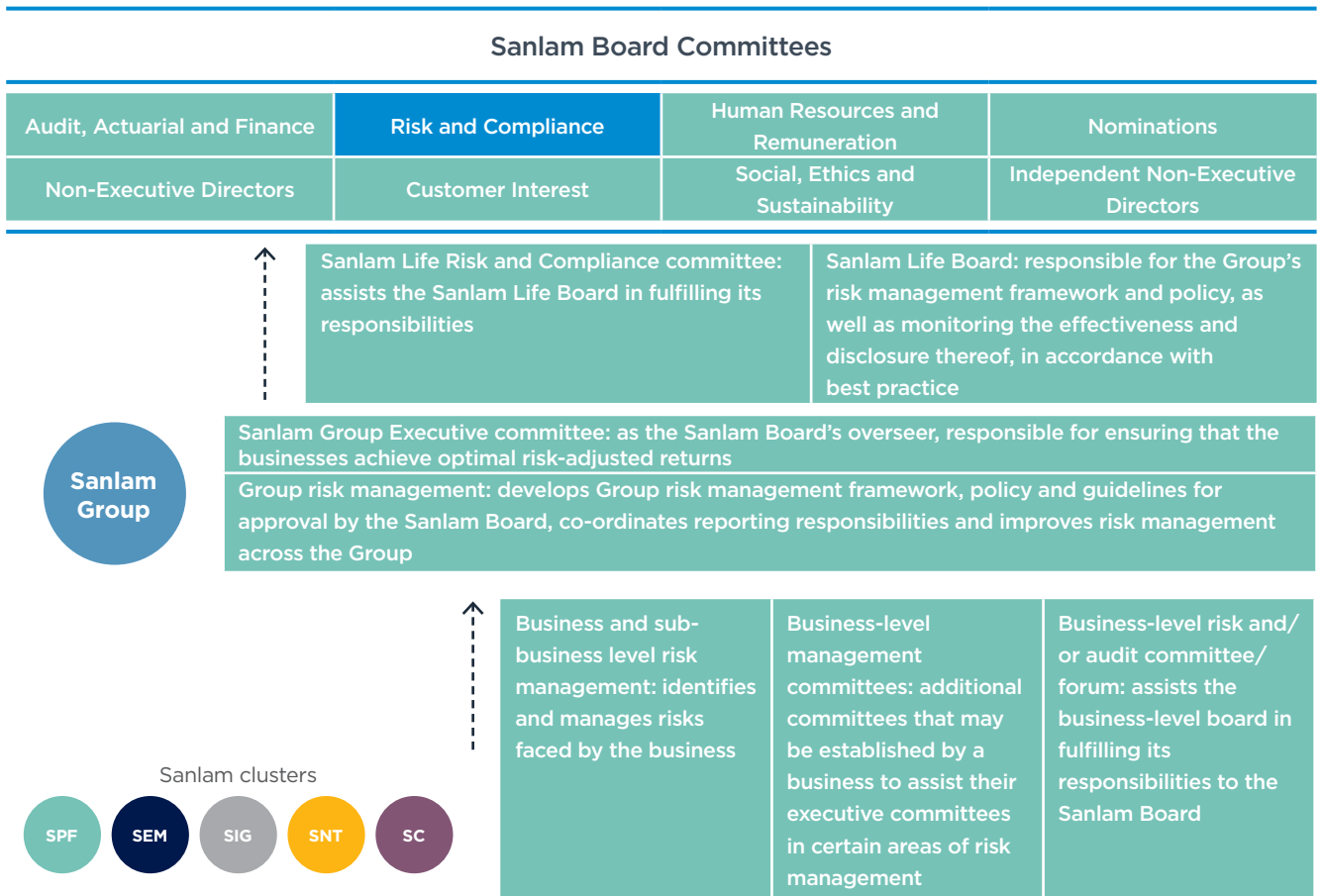
The Sanlam Group compliance policy gives effect to the "tight" aspects of governance in respect of which the Sanlam Group establishes the principles and minimum standards that should be adhered to. The Group compliance policy defines principles and minimum standards for the tight aspects of governance that are set and approved by the Sanlam Group Executive committee 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, with the compliance functions of the business clusters and units, facilitates the management of compliance through analysing statutory and regulatory requirements, and monitoring the implementation and execution thereof. Material deviations are reported to the Risk and Compliance committee.

The Risk and Compliance committee receives regular reports on compliance matters through the Group Compliance Officer, who is suitably skilled and experienced and reports directly to the Group 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

- AD Botha (chair) (7 June 2006)
- PT Motsepe (2 March 2004)
- KT Nondumo (6 December 2017)
- SA Nkosi (8 March 2018)
- S Zinn (6 December 2018)

### 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 Financial Director. After Wikus Olivier assumed his role as acting Chief Financial Officer effective as from 1 August 2019, he also attended the committee meetings as an invitee.

### 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 Executive committee 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 Executive committee. The committee takes cognisance of local and international industry 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). The Chair of the Board attends the committee meetings in his capacity as an invitee, with no voting rights.

### 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 Executive committee reward with a suitable comparator group

## COMMITTEE PROFILES AND COMPOSITION (continued)

- ⊗ Compliance with the South African Revenue Service (SARS) Binding General Ruling 41 requiring non-executive directors to register for tax and approval given to increase non-executive directors' fees by 15% from June 2018 onwards
- ⊗ Consideration of the draft governance and operational standards for insurers and insurance groups, governed by the Financial Sector Conduct Authority (FSCA)
- ⊗ A review of the progress made against Sanlam's employment equity and transformation targets and plans
- ⊗ Consideration of the core human resources risks across the Group which includes talent management and succession planning at Group Executive committee level

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 business strategy. At the 2019 AGM, shareholders endorsed the Company's remuneration policy.

Read more in the Remuneration Report that forms part of the 2019 Sanlam annual reporting suite.

### Nominations committee

#### Members and dates of appointment

- SA Nkosi (chair) (5 September 2017)
- J van Zyl (1 March 2016)\*
- PT Motsepe (1 July 2006)
- KT Nondumo (6 December 2017)

\* *J van Zyl stepped down as member from the Nominations committee with effect from 6 March 2019.*

#### 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 process of reviewing the balance, effectiveness and diversity of the Board and its committees and the boards of the cluster businesses. 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 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 more than nine years is undertaken by the Board with the support of the Nominations committee.

To ensure business continuity, succession planning is a key focus area across the Group and in particular, at Board and committee level. The Nominations 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 2019 Board evaluation process, the Board is satisfied that the current talent pool available within the Group and the work being done to strengthen it, provides 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 Prudential Authority approval, the Board approves all interim appointments: final appointments are made by shareholders at the AGM.

The LID is appointed as the chair of the Nominations committee, due to the Chair of the Board not being regarded as independent.

### Non-Executive Directors committee

#### Members and dates of appointment

- J van Zyl (chair) (19 January 2016)
- AD Botha (8 March 2006)
- PB Hanratty (3 April 2017)
- PT Motsepe (1 April 2004)
- M Mokoka (14 March 2018)
- SA Nkosi (8 March 2006)
- KT Nondumo (4 December 2015)
- RV Simelane (1 April 2004)
- CG Swanepoel (28 March 2011)
- S Zinn (6 December 2018)
- A Birrell (1 September 2019)
- E Masilela (1 October 2019)

#### 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 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.

## Social, Ethics and Sustainability committee (SES committee)

### Members and dates of appointment

- SA Nkosi (chair) (7 June 2018)
- TI Mvusi (1 January 2010)
- PB Hanratty (5 December 2017)
- RV Simelane (5 September 2006)
- J Modise (4 December 2019)

### 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 as well as the heads of business clusters (as required). The chair of the Audit committee also attends SES committee meetings.

### 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.

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 10 Principles of the United Nations Global Compact (UNGC), the Sustainable Development Goals (SDGs) and the National Development Plan 2030; and
- reports to Sanlam's shareholders and other stakeholder groups on matters that fall within the scope of the SES committee's mandate.

Sanlam subscribed to the 10 Principles of the UNGC in February 2008 and has since addressed particular goals through its activities.

The committee reviews Sanlam's social, ethics and sustainability strategy and structures annually. 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

- Environmental performance against corporate targets
- Sustainability reporting
- Various sustainability initiatives
- Adopting a heightened approach towards governance and compliance risk management processes

### Sanlam as a corporate citizen

Sanlam is one of the biggest internationally active insurance groups and is classified as a domestic, systemically important financial institution in South Africa. As one of the largest financial services groups in Africa, we are 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 we operate.

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

Sanlam's strategic intent – to create sustainable value for all stakeholders – recognises that the Group is an integral part of society, with associated responsibilities and obligations.

To ensure that Sanlam conducts itself as a good corporate citizen, the Board approves the Group strategy that aims to create value for all Sanlam stakeholders on a sustainable basis. 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 Executive committee, 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.

For more information on Sanlam's role, key focus areas and planned areas of future focus as a corporate citizen, visit the sustainability section on the Sanlam investor relations website.

The successful execution of Sanlam's 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.

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## 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 cases of an ethical breach.

<b>Business units, human resource departments and line management</b>	Primarily handling employer/employee concerns. Management regularly reviews internal reports about ethics- and fraud-related concerns.
<b>Business unit and Group-level compliance and legal departments</b>	Manages Sanlam's compliance-related matters and occasionally receives reports of potential ethical breaches and of non-adherence to compliance requirements.
<b>Sanlam's internal ombudsman and complaints department</b>	Deals with clients' service-related complaints, including reports on potential ethical issues and allegations of fraud affecting or involving clients.
<b>Sanlam's Fraud and Ethics Hotline</b>	Managed through an external service provider, Sanlam's Fraud and Ethics Hotline enables individuals to report potential ethical breaches and fraud anonymously.

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

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#### ANONYMOUS REPORTING

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.

#### CONFIDENTIAL REPORTING

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

- CG Swanepoel (chair) (3 June 2013)
- KT Nondumo (7 June 2018)
- PB Hanratty (7 June 2017)

### Meetings

The Customer Interest committee meets four times a year.

During the financial year, meetings were also attended by the Sanlam Group Chief Executive, the chief actuary and selected members of senior management.

### Committee composition and role

The Sanlam Customer Interest 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. The committee also provides guidance to the Board and management on relevant issues when requested to do so.

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 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.

The committee monitors how effectively Sanlam meets its obligations to 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

- 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 on clients, with a specific focus on those developments relating to market conduct (behaviour towards clients)
- Applying the South African customer principles in other countries where there are no regulations dealing with customer interest

## Independent Non-Executive Directors committee

### Members and dates of appointment

- SA Nkosi (chair) (25 August 2017)
- AD Botha (25 August 2017)
- PB Hanratty (25 August 2017)
- M Mokoka (14 March 2018)
- KT Nondumo (25 August 2017)
- CG Swanepoel (25 August 2017)
- S Zinn (6 December 2018)
- A Birrell (1 September 2019)
- E Masilela (1 October 2019)

### Meetings

The Independent Non-Executive Directors committee meets as and when required. However, during the 2019 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.

## General

The Sanlam non-executive directors do not have service contracts. Remuneration paid to non-executive directors for their services as directors is 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.

## Ad hoc Board subcommittees

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

## Group Executive committee

### Members

- I Kirk (Group Chief Executive and Chair)
- L Lambrechts
- T Mvusi
- R Roux
- J Strydom
- H Werth
- J Ngulube
- A Gildenhuys
- S Mbhele
- T Alsworth-Elvey
- J Modise
- W Olivier (*ex officio*) – effective 1 August 2019

### Meetings

The Group Executive committee meets twice 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 Executive committee assists the Group Chief Executive in the operational management of Sanlam, subject to statutory and delegated limits of authority. Its main functions are strategic directing, co-ordination and performance monitoring.



**ADDITIONAL  
GOVERNANCE  
DISCLOSURES**

# INFORMATION MANAGEMENT AND INFORMATION TECHNOLOGY (IT) GOVERNANCE

**12** The Board, supported and assisted by the Risk and Compliance committee, has the ultimate responsibility and accountability for the management and governance of IT. IT management and governance are deemed essential for Sanlam to achieve its strategic objectives.

The Board exercises oversight and directs the strategic and operational use of technology and information. The Board's IT governance approach is complemented by the strengths of the Group's federal business model by delegating IT decision-making to the appropriate cluster and/or business boards. In this way, 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. IT 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 role and responsibilities of Board and the relevant committees in respect of IT governance, includes among others, the following:

- The **Sanlam Group IT Steering committee** reports at the Group Executive committee and at the Sanlam Risk and Compliance committee and co-ordinates the development and implementation of IT-related frameworks and policies.
- The **Risk and Compliance committee** is responsible for IT 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.
- **Management** provides assurance to the Risk and Compliance committee and to the Audit committee that effective IT governance practices are in place in the Sanlam Group and that material risks are mitigated appropriately.
- **External and internal audit** perform assessments as part of their audits of IT management and governance.
- 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 combined assurance model, which 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.

IT oversight relates to the following elements:

- IT governance frameworks and charters
- The information security charter, which defines the Information Security management system

These IT governance elements are supported by the following Group-wide policies:

- Cloud and technology outsourcing
- Information security management
- Cyber-resilience
- Digital behaviour and information security for users
- Various lower level information security policies

IT is regarded as strategic and deeply entrenched in the way the Group conducts its business. For this reason, Sanlam acknowledges the pivotal role that IT governance plays in conducting business in a highly competitive environment.

The Group's IT governance framework and reporting system, furthermore, enables 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 Board, with the assistance of the Risk and Compliance committee, has satisfied itself that an appropriate IT 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 annually, which satisfies itself of the effectiveness of the Group IT governance system and applied controls.

## 2019 focus areas

Due to digital technology advances, increased focus on big data and increasing cybersecurity threats, the Group IT Steering committee focused on the following:

- Further execution of the Group's technology strategy
- Addressing systems architecture complexity and entrenching a culture of sharing
- Improved sharing of digital initiatives
- Improving business intelligence (BI) and analytics capability
- Compliance to applicable regulatory requirements
- Improved centralised information security capability with a focus on cyber-resilience
- Approval of the Group cyber-resilience policy
- Benchmarking of the shared IT infrastructure division
- Various assessments of the Group's cyber-resilience capability

## Effectiveness of IT governance

The Group's shared IT division, Group Technology and Information (GTI), reports progress made regarding their 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 boards 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
- Improve regulatory compliance capabilities
- Establish effective cloud sourcing capabilities
- Develop coherent target technology architectures for digital technologies and initiatives
- Improve the core capabilities for authenticated self-service platforms for clients
- Continuously improve the Group's cyber-resilience service

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# NEW REGULATORY DEVELOPMENTS

Sanlam 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.

## 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 of Ethical Conduct and that it undermines 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.

A forensic services function at Group level oversees the prevention, detection and investigation of incidents of unlawful conduct that may have an impact on the Group or the executives of a business cluster. Group forensic services is responsible for formulating Group standards to combat unlawful conduct and implementing measures to monitor compliance with these standards.

The chief executives of each business cluster are responsible for the implementation of the aforementioned policy in their respective business clusters and are accountable to the Group Chief Executive and 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.

## 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 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.

During the period under review, the Board approved the Group stakeholder management policy. The objective of this policy is to establish principles and minimum standards applied across the Group 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 across the Group. This includes the following key aspects made provision for in the policy:

- To identify minimum requirements for planning purposes
- Engagement conduct
- Reporting on stakeholder management engagements

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 2019 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 Group Chief Executive, Ian Kirk, is a board member of ASISA.
- 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 Prudential Authority, 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.
- Group 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 and risk management approach in combination, aims 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.

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# RESPONSIBLE INVESTMENT

**17** 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 Executive committee and the respective governance structures within each of the cluster businesses. The cluster executive committees have the responsibility to ensure that Sanlam's investments are managed in accordance with the policies and 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 subscribed to the Code for Responsible Investing in South Africa (CRISA) since 2011 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.
- 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.

In addition, Sanlam Investment Group subscribes to the United Nations' Principles for Responsible Investment (UNPRI), upon which CRISA is based. Sanlam Investments annually assesses its policy framework and implementation against the CRISA principles to compare its progress made with that of its international peers.

Read more about responsible investment in the sustainability portal of the Sanlam investor relations website.



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