

Corporate governance report



Sana-Ullah Bray
Company Secretary

Statement of commitment

The board is committed to the highest standards of business integrity, ethical values and governance; it recognises the responsibility of Sanlam to conduct its affairs with prudence, transparency, accountability, fairness and social responsibility, thereby safeguarding the interests of all its stakeholders.

Our 2014 Annual Report (incorporating the Integrated Report) covers the activities of the Sanlam Group. The Board has adopted an integrated approach to managing the Group to ensure that the governance structure actively identifies, responds to and communicates on those material issues that impact on our capacity to create value. The Board acknowledges its responsibility to ensure the integrity of the Annual and Integrated Reports. It believes that it addresses all material issues appropriately and that it fairly represents the integrated performance of the Group.

The Board further promotes and supports high standards of corporate governance and in so doing endorses the principles of the third report on Corporate Governance in South Africa (King III). Sanlam also complies with the requirements for good corporate governance stipulated in the Johannesburg Stock Exchange (JSE) Socially Responsible Investment (SRI) Index. Sanlam subscribes to a governance system whereby, in particular, ethics and integrity set the standards for compliance. It constantly reviews and adapts its structures and processes to facilitate effective leadership, sustainability and corporate citizenship in



support of the Group strategy and to reflect national and international corporate governance standards, developments and best practice.

With regard to the year under review, the directors of Sanlam believe that the King III principles are already entrenched in the Group's internal controls, policies and procedures governing corporate conduct within all the major operations and at a Group level. The Board remains committed to the full implementation of King III throughout the Group, including the smaller operations as appropriate.

The Board is committed to the highest standards of business integrity, ethical values and governance. It recognises the responsibility of Sanlam to conduct its affairs with prudence, transparency, accountability, fairness and social responsibility, thereby ensuring its sustainability and safeguarding the interests of all its stakeholders. The Board also acknowledges the relationship between good governance and risk management practices, the achievement of the Group's strategic objectives and equity performance.

Sound governance principles remain one of the top priorities demonstrated by the Board and Sanlam's executive management.

➤ Application of and approach to King III

The Board is satisfied that every effort has been made during 2014 to apply all aspects of King III as far as appropriate. Details of the Group's application of each King III principle are available on its website (www.sanlam.com/investorrelations). The Risk and Compliance committee is satisfied that Sanlam will continue to comply with the King III principles during 2015 and has taken steps to ensure adherence with the obligations placed on the Group as a consequence thereof. The Group assesses its compliance levels in respect of King III to ensure that all areas that require improvement are identified and addressed.

During the past financial year these included the following:

- The existing Sanlam Group Corporate Governance Policy Framework was updated in September 2014 to ensure alignment with the King III recommendations on a subsidiary, joint venture and associated company level. It

includes the Group Business Philosophy, Code of Ethical Conduct as well as the Board Approval Framework.

- The annual evaluation of the independent status of Sanlam's directors was again conducted in accordance with the King III standards and criteria.
- Sanlam prepared a comprehensive Sustainability Report for 2014.
- Sanlam's Risk Appetite Statement has been approved by the Board and is reviewed annually.
- A combined assurance model (CAM) for each significant business within the Group is kept up to date on a regular basis.
- The Group IT Governance Framework and Charter as well as the IT Policy Framework continue to be implemented.
- Sanlam annually presents a Remuneration report to its shareholders, enabling them to cast a non-binding advisory vote on the Company's Remuneration Policy. The disclosure in the 2014 Remuneration report was updated in line with developing best practice.
- The members of the Sanlam Audit, Actuarial and Finance committee have been elected by the shareholders at the AGM held in June 2014 and this process will be repeated in 2015 as members are elected annually at the AGM.
- Finalising of the JSE Information Policy.

Information Technology (IT) is essential for Sanlam and is truly pervasive. The Board's governance of IT directs the strategic and operational use of IT, ensuring benefits are realised at an acceptable and articulated level of risk. IT receives appropriate focus and is viewed as an important enabler of projects that effect change to businesses in the Sanlam Group. Thus, IT Governance is extended to include all major change projects. The IT Governance framework established at Group level extends into the businesses and is tailored to suit their specific needs. Similarly, IT Governance capacity and awareness are established through all Board and management structures within the businesses.

The Board continues to entrench the principles and recommendations of King III across the Group. The roll-out and implementation of the King III principles at subsidiary, joint venture and associated company level (including non-SA entities) will continue with

Corporate governance report continued

special focus on the application of the Group governance policy, disclosure requirements regarding integrated reporting as well as the composition of governance structures.

According to Sanlam's decentralised business approach, each of its business clusters operates in concert with its underlying business units. However, all entities within the Group are required to subscribe to the spirit and principles of King III. All the business and governance structures in the Group are supported by clear approval frameworks and agreed upon business principles, ensuring a coherent and consistent governance approach throughout the Group.

➤ Sustainability performance

Sanlam's overall philosophy, policy and achievement of best practice in sustainability are set out in the Integrated Report. A full Sustainability report will also be available on Sanlam's website. Sanlam has once again qualified for the JSE's SRI Index in 2014.

➤ Board structures

All the directors of Sanlam Limited (Sanlam) also serve on the Board of Sanlam Life Insurance Limited (Sanlam Life), a wholly owned subsidiary of Sanlam. The two Boards function as an integrated unit in practice as far as possible. Both Boards have the same independent director as chairman as well as the same executive director as Chief Executive.

➤ Board responsibilities and functioning

The Sanlam Limited and Sanlam Life Board meetings are combined meetings and are held concurrently, thereby removing one layer of discussions in the decision-making process. This is an attempt to enhance productivity and efficiency of the two Boards, to prevent duplication of effort and to optimise the flow of information.

The agenda of the Sanlam Board focuses largely on Group strategy, execution of capital management, accounting policies, financial results and dividend policy, human resource development, JSE requirements as well as corporate governance throughout the Group. It is also responsible for

overseeing the relationship with stakeholders in the Group. The Sanlam Limited Board has the following Board committees:

- Audit, Actuarial and Finance
- Risk and Compliance
- Human Resources and Remuneration
- Nominations
- Non-executive directors
- Customer Interest
- Social, Ethics and Sustainability.

The Sanlam Life Board is responsible for statutory issues across all Sanlam businesses, monitoring operational efficiency and operational risk issues throughout the Group, as well as compliance with Long-term Insurance Act requirements.

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

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

➤ Business divisions and cluster boards

The Sanlam business clusters are Sanlam Investments (Investment Management, Capital Management and Employee Benefits), Sanlam Personal Finance (SA Retail), Sanlam Emerging Markets (Africa excluding South Africa, India and South-East Asia) and Santam (General Insurance).

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

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



Cluster boards (not all are statutory) were established for the business clusters. Each of these boards has committees (or forums) with specific responsibilities for the operation of that particular business cluster. Each of the cluster boards has its own Financial and Risk, as well as Human Resources and Remuneration (HRRC) forum/committee.

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.

The majority of the operating business decisions are made by these boards and committees working together with the relevant cluster management. These structures are also responsible for the generation of memoranda and issues for consideration by the Sanlam Life Board.

Individual business units have their own boards and executive committees that structure their activities within appropriate delegated authority levels. Where required, the various business unit boards will also act as the statutory boards of subsidiary, joint venture and associated companies.

➤ Group office

The Group Chief Executive is supported by a Group Executive committee as well as by a small centralised Group Office mainly performing the following functions: strategic directing (tight issues); coordinating; synergy seeking; performance monitoring; assurance provision; the allocation of capital and support functions.

➤ The board and board committees (as at 31 December 2014)

Board charter

The Board charter (and the committee charters) embraces the Code of Practices and Corporate Conduct in the King III Report which contains corporate governance guidelines and recommendations. The current Board charter has been modelled on the principles of sound corporate

governance, recommended by King III. The powers of the Board include:

- Determination of the overall objectives for the Group.
- Developing strategies to meet those objectives in conjunction with management.
- Formulation of a clear and concise policy which is adhered to.
- The division of the Board's responsibilities and accountability.
- Evaluating performance of the Group Board, its committee structures and individual directors.

An annual evaluation process to review the effectiveness of the Board, its committees and individual directors has been entrenched.

Committee charters

The Board committee charters, which describe the terms of reference of the committees as delegated and approved by the Board, are reviewed at least annually.

Board composition

As at the 2014 financial year-end the Board comprised of 18 members, two of whom were non-executive, 12 were independent non-executives (in accordance with King III's standards of independence) and four executive directors.

The roles of Chairman and Group Chief Executive are separated, with Desmond Smith and Johan van Zyl holding these positions respectively. The Group Executive committee members are also attendees at the Board meetings. At least a third of Board members retire every year at Sanlam's annual general meeting (AGM). It had been agreed by the Board that executive directors would also rotate on a voluntary basis as per a determined schedule of rotation. Retiring directors are eligible for re-appointment. None of the non-executive directors has a director's service contract, and all remuneration paid to non-executive directors for their services as a director is in terms of approval, by the shareholders, at the AGM as required by the Companies Act, 2008. Executive directors are full-time employees and as such are subject to Sanlam's conditions of service.

Corporate governance report continued

Particulars of the Board members and their capacities categorised as executive, non-executive and independent, are set out below.

The Sanlam Board of Directors

Director	Executive (E) Non-executive (N) Independent (I)	Changes during 2014
MM Bakane-Tuoane	I	—
AD Botha	I	—
PR Bradshaw	I	—
A Duggal	I	—
MV Moosa	I	—
JP Möller	E	—
PT Motsepe	N	—
MP Mthethwa	I	—
TI Mvusi	E	—
SA Nkosi	I	—
Y Ramiah	E	—
P de V Rademeyer	I	—
RV Simelane	N	—
DK Smith	I	—
CG Swanepoel	I	—
ZB Swanepoel	I	—
J van Zyl	E	—
PL Zim	I	—

Composition of the Board as at 31 December 2014: South African: Four black females, five black males and seven white males. International: Two independent non-executive directors are foreign directors (United Kingdom and India). More information on individual director's qualifications and experience is provided in the Board of directors section of the Integrated Report.

Independence of Board members

Through the Chairman and the Nominations committee the Board annually considers and reconfirms the classification of directors as being independent. The guidelines of King III were used for the 2014 classification. Their independence in character and judgement (nine-year rule), and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, their judgement, are also taken into consideration.

The independent and non-executive directors of Sanlam and Sanlam Life are highly respected and experienced, having the required integrity, professional knowledge and skills to exercise sound judgement on various key issues relevant to the business of Sanlam, independent of management.

The Nominations committee is of the view that all the non-executive directors meet the criteria set for independence except for PT Motsepe and RV Simelane owing to their involvement in Ubuntu-Botho, as well as J van Zyl, JP Möller, TI Mvusi and Y Ramiah being executive directors.

Appointment and re-election of directors

The Board charter contains a policy detailing the formal and transparent procedures for appointment to the Board. The Nominations committee reviews



the composition of the Board on a continuous basis to ensure the appropriate level of skills and experience in key areas such as strategy, industry knowledge, finance, human resources, corporate governance, risk management and sustainability. Consideration of gender and racial diversity, as well as diversity in business, geographic and academic backgrounds are also taken into account, in accordance with Sanlam's commitment to transformation.

Sanlam's Memorandum of Incorporation empowers the Board to appoint a director until the next AGM if a casual vacancy arises. In terms of the Memorandum of Incorporation, non-executive directors are subject to retirement by rotation every three years and, if put forward for re-election, are considered for re-appointment at the AGM. Shareholders may also nominate directors for election at the AGM, in accordance with formal, prescribed procedures. In the interest of good governance, executive directors are also put forward for re-election as directors on a similar basis. All directors are consequently appointed on an individual basis at an AGM by a shareholders' resolution.

Education and induction

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, and approved by the Board. The directors are kept abreast of all applicable legislation and regulations, changes to rules, standards and codes as well as relevant developments that could affect the Group and its operations. The office of the Company Secretary manages the induction programme. Ongoing support and resources are also provided to Board members as required, in order 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 the Group or its businesses.

Board effectiveness evaluation

Every year, a collective Board effectiveness evaluation is conducted by the Chairman. This assessment, which is performed in alternate years with the assistance of an external service provider and by the Chairman, is aimed at determining how the Board's effectiveness can be improved. The Nominations committee considers the results of the evaluation process and makes recommendations to the Board where deemed appropriate. These assessments are transparent and well documented. The Board Chairman's own performance is appraised by the Board under the direction of the Deputy Chairman.

The names and short curricula vitae of the directors standing for re-election at the 2015 AGM are contained in the proposed resolutions for the AGM.

The annual Board effectiveness review for 2014 was conducted externally by Deloitte. It was reported that the Board and committees were functioning very well and there were no material matters to report.

Board meetings

The Board meets at least quarterly to consider business philosophy and strategic issues, to 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 the quarterly Board meetings, a two-day strategy session is held and is attended by all Board members and Group Executive committee members, reviewing Group strategy which is considered and approved annually.

Board committees

The Board has established a number of permanent standing committees with specific responsibilities, defined in terms of their respective charters as approved by the Board, to assist the Board in discharging its duties and responsibilities. The ultimate responsibility at all times resides in the Board and, as such, it does not abdicate this responsibility to the committees.

There is full disclosure, transparency and reporting from these committees to the Board at each Board meeting, while the chairpersons of the committees attend the AGM and are available to respond to any shareholder questions. For the period under review, all the committees conducted their annual self-assessments to evaluate their effectiveness and procedures. The committee members are all satisfied that they have fulfilled their responsibilities in terms of their respective charters.

Audit, Actuarial and Finance committee (Audit committee)

In line with global best practice the functions of the Audit and Risk committee continue to be split into two separate committees, namely a Risk and Compliance committee and an Audit, Actuarial and Finance committee. This allows sufficient attention to be devoted to the Audit and Risk matters.

Members and dates of appointment:

P de V Rademeyer (Chairman) (08/06/2011), PR Bradshaw (04/12/2013), CG Swanepoel (08/06/2011), MP Mthethwa (01/07/2011 - attended the meetings of 27/02/2014 & 29/05/2014 whereafter she stepped down).

Attendees:

Group Chairman, Group Chief Executive, Financial Director, Chief Actuary, Chief Audit Executive, the heads of business clusters (as required) as well as expert invitees: AS du Plessis, PJ Cook and D Ladds.

This committee is chaired by and comprises only independent non-executive directors. In accordance with the requirements of the Companies Act 71 of 2008 (the Act), as amended, the individual members of the committee are appointed annually by the shareholders at the AGM for the ensuing financial year. The committee consists of three members with financial, actuarial and other relevant areas of experience (as described in its charter). The external audit partners as well as other assurance providers also attend committee meetings. This committee also discharges all the (statutory) Audit committee responsibilities in terms of the Act on behalf of almost all of the subsidiary companies within the Group.

To oversee the preparation of the sustainability information provided in the Integrated Report and to

review the assurances provided regarding the sustainability information, the chairman of the Audit committee is also a member of the Social, Ethics and Sustainability committee. Likewise, the chairman of last-mentioned committee also attends selected meetings of the Audit committee when the Sustainability report is addressed.

The Audit committee has formal terms of reference approved by the Board, and is satisfied it has discharged these responsibilities. The role of the Audit committee is to fulfil all of the functions set out in the Act, to assist the Board in fulfilling its responsibility with regard to financial and auditing oversight responsibilities, as well as the overall quality and integrity of financial and actuarial reporting and internal control matters. The Audit committee annually evaluates the Company's internal controls and has satisfied itself that there were no material breakdowns in internal financial control systems during the year.

The Audit committee, after due consideration, recommends the Annual Report (incorporating the Integrated Report) to the Board for approval. It also performs the prescribed statutory requirements including those applicable to the external auditor. The last-mentioned includes the annual recommendation of the external auditor to the shareholders at the AGM, agreeing to the scope of the audit and budgeted audit fees in the annual audit plan presentation and approval of the final audit fees. As required by the Act, the committee annually reviews compliance of the external auditor with the non-audit services policy of the Group.

The Audit committee ensures that a combined assurance model is applied to provide a coordinated approach to all assurance activities. The committee also reviews and approves the Internal Audit Charter, reviews the effectiveness of the internal audit structures and considers the findings of internal audit. The committee also meets with the Chief Audit Executive independently of management.

In terms of the JSE Listings Requirements, the Audit committee performs an annual evaluation of the financial function in Sanlam. The committee executed this responsibility at its meeting in December 2014 and was satisfied that the financial function had appropriate resources, skills, expertise and experience. In December 2014 the committee



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also confirmed that it is and was satisfied that Mr JP Möller, the Financial Director of Sanlam, possesses the appropriate skills, expertise and experience to meet the responsibilities required for that position during his service as such. The committee also reviewed and confirmed its satisfaction with the performance of Mr AC Nortier, the Chief Audit Executive. As part of Sanlam's corporate governance practices, the interim financial results are reviewed by the external auditor.

The Board sets a policy that governs the level and nature of non-audit services, which requires pre-approval by the Audit committee for all non-audit services. As required by the Act, the 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 2015 financial year and Ms JC de Villiers as the designated individual registered auditor who will undertake the audit of Sanlam on behalf of Ernst & Young Inc.

Ernst & Young Inc. being the audit firm, as well as Ms JC de Villiers, being Sanlam's individual auditor for 2014, has been accredited on the JSE list of auditors in terms of the criteria in the JSE Listings Requirements.

This committee's charter is also reviewed annually by the Board. The Audit committee is satisfied it has discharged its legal, regulatory and other responsibilities.

The committee meets at least four times a year.

The Audit, Actuarial and Finance (Audit) committee report for the 2014 financial year

The Audit committee has pleasure in submitting this report, as required in terms of the Companies Act of South Africa (Companies Act). At 31 December 2014, the Audit committee consisted of three non-executive directors who act independently as described in Section 94 of the Companies Act. During the period under review, four meetings were held and all the committee members attended all the meetings. At the meetings, the members fulfilled all their functions as prescribed by the Companies Act as well as those additional functions as determined by the Board.

A list of the functions of the Audit committee is contained in the Committee Charter, some of which is elaborated upon in the Corporate Governance report. The Audit committee evaluated the Company's internal financial controls and has satisfied itself that there were no material breakdowns in such 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 auditors are independent of the Company and are thereby able to conduct their audit functions without any undue influence from the Company.

The Audit committee has recommended the Annual Report (incorporating the Integrated Report) to the Board for approval.

P de V Rademeyer

Audit committee Chairman

Risk and Compliance committee (Risk committee)

Members and dates of appointment:

CG Swanepoel (Chairman) (08/06/2011), PR Bradshaw (04/12/2013), JP Möller (08/12/2010), MP Mthethwa (08/06/2011), P de V Rademeyer (08/06/2011).

Attendees:

Group Chairman, Group Chief Executive, Group Chief Risk Officer, Group Compliance Officer, Chief/Statutory Actuary, Chief Audit Executive, the heads of business clusters (as required) as well as expert invitees: AS du Plessis, PJ Cook and D Ladds.

This committee is chaired by an independent non-executive director and further comprises three other independent non-executive directors, as well as the Group Financial Director. In view of this committee's Group-wide role, the external audit partners as well as other assurance providers also attend the committee meetings.

The role of the Risk committee is to advise and assist the Board in fulfilling its responsibility with regard to overseeing the design and implementation of Sanlam's Group enterprise risk management framework and responsibilities. The Risk committee assists the Board, including but not limited to:

- Ⓢ Determining the risk appetite and limits for the Group;
- Ⓢ Setting and implementing the Group enterprise risk management framework and supporting policies;
- Ⓢ Evaluating the adequacy and efficiency of risk policies, procedures, practices and controls;
- Ⓢ Considering Sanlam's total risk exposure and communicating the results to the entire Board;
- Ⓢ Establishing a process for appropriate risk disclosures to stakeholders;
- Ⓢ Ensuring that a formal assessment of the risk management processes is undertaken; and
- Ⓢ Overseeing the state of IT Governance across the Group.

The committee evaluates risk areas, including but not limited to:

- Ⓢ Market risks;

- Ⓢ Credit risks;
- Ⓢ Liquidity risks;
- Ⓢ Insurance risks (life business);
- Ⓢ Insurance risks (general insurance business);
- Ⓢ Operational risks;
- Ⓢ Reputational risks;
- Ⓢ Strategic risks; and
- Ⓢ Compliance and regulatory risks.

The committee annually reviews the performance of Sanlam's Chief Risk Officer. This committee's charter is reviewed annually by the Board to ensure that it is aligned with national and international corporate governance best practices. The Risk committee is satisfied with the effectiveness and performance of the Company's risk management processes as well as the performance of the Chief Risk Officer.

The committee meets four times a year.

Human Resources and Remuneration committee

Members:

AD Botha (Chairman), DK Smith, PT Motsepe and MM Bakane-Tuoane.

Attendees:

Group Chief Executive and Group Human Resources Executive.

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, including all the Group Executive committee members, as well as the position of the Group Chief Executive. The committee is also 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 Sanlam Group's Executive committee. The committee takes cognisance of local and international industry benchmarks, ensures that incentive schemes are aligned with good business practice and that excellent performance is rewarded. It also makes recommendations to the Board regarding directors' remuneration (except for the Human Resources and Remuneration committee).



In accordance with the King III recommendations, the Company's remuneration policy is 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 a company and its shareholders, and which helps to ensure that directors pay stronger attention to the elements of compensation that mattered most to investors, such as linking performance and business strategy. At the 2014 AGM, shareholders endorsed the Company's remuneration policy.

The committee meets four times a year.

Nominations committee

Members:

DK Smith (Chairman), MM Bakane-Tuoane and PT Motsepe.

Attendees:

Group Chief Executive.

The committee is responsible for making recommendations to the Board on all new appointments to the Board and its committees. A formal process of reviewing the balance and effectiveness of the Board and its committees, identifying the skills needed and the individuals to provide such skills in a fair and efficient manner, is required of the committee to ensure the Board and its committees remain effective and focused. This includes a regular review of the composition of the Board committees. It also includes assisting the Chairman with the annual evaluation of Board performance. It is responsible for identifying appropriate Board candidates and evaluating them against the specific disciplines and areas of expertise required.

The Board approves all interim appointments, with the final appointments being made by shareholders at the AGM. The committee is chaired by the Chairman of the Board and meets at least four times a year.

Succession planning is a key focus area within the Group. The Nominations committee considers the

composition of the Board and its committees on an ongoing basis. 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 pool of candidates that have the necessary skills and experience to fill any vacancies that may arise in the short and long term.

Committee of non-executive directors

Members:

DK Smith (Chairman), MM Bakane-Tuoane, AD Botha, PR Bradshaw, A Duggal, MV Moosa, PT Motsepe, MP Mthethwa, SA Nkosi, P de V Rademeyer, RV Simelane, CG Swanepoel, ZB Swanepoel and PL Zim.

This committee is responsible for the governance and functioning of the Board. The committee gives due regard to the general requirements of the JSE as well as King III, 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 all its stakeholder groups.

The committee comprises all the non-executive and independent directors. The committee meets subsequent to scheduled Board meetings.

Social, Ethics and Sustainability committee (SES committee)

Members:

MV Moosa (Chairman), A Duggal, TI Mvusi, P de V Rademeyer, Y Ramiah, RV Simelane, ZB Swanepoel and PL Zim.

Attendees:

Group Chief Executive, Group Human Resources Executive and heads of business clusters (as required).

The Social, Ethics and Sustainability committee is a committee established in terms of section 72 and Regulation 43 of the Act.

The committee's statutory functions are set out in the abovementioned regulation and are supplemented as set out in the committee charter, some of which we elaborate on in this report. The

committee has the responsibility to recommend for approval, monitor and advise on all social, ethics and sustainability material and relevant issues that have a significant impact on the Group and its stakeholders. This committee also addresses transformation, safety, health and environmental matters. In respect of transformational matters, the committee recommends for approval, monitors and advises on matters pertaining to transformation and black economic empowerment throughout the Group. With regard to safety, health and environmental issues, the committee's main responsibility is to recommend for approval, monitor and advise on matters pertaining to such issues throughout the Group.

The committee annually reviews Sanlam's social, ethics and sustainability strategy and structures. It also monitors performance against specific pre-set targets and objectives. The committee considers Sanlam's Sustainability report (including the report from the independent assurance provider, Ernst & Young Inc.) and recommends the approval thereof to the Board.

Suitably qualified persons are co-opted onto the committee when necessary to render specialist services.

The committee meets four times a year.

Customer Interest committee

Members:

CG Swanepoel (Chairman), MM Bakane-Tuoane, DK Smith and PR Bradshaw.

Attendees:

Group Chief Executive, Chief Actuary and selected members of senior management.

The main responsibility of the committee is to review and monitor all customer-related decisions and other related matters in the Group at a strategic level. Its main function is to act as an advisory body and to provide guidance to the Board on strategic issues relating to customers. The committee meets four times a year.

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 make up these subcommittees.

In addition to the abovementioned Board committees, there is also a:

Group Executive committee

Members:

J van Zyl (Group Chief Executive and Chairman), BT Gamedze, I Kirk, L Lambrechts, JP Möller, TI Mvusi, JHP van der Merwe, Y Ramiah, HC Werth and AP Zeeman.

The Group Executive committee, which functions under the chairmanship of the Group Chief Executive, is responsible for assisting the Group Chief Executive in the operational management of Sanlam, subject to statutory and delegated limits of authority. Its main functions are strategic directing, coordination and monitoring performance.

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



Attendance of meetings

During the period under review the Board and committee members' attendance were as follows:

Attendance: board and committee meetings: 2014

Directors	Board meeting	Audit committee		Risk and Compliance committee	Human Resources and Remuneration		Nomina-tions committee	Social, Ethics and Sustainability committee		Sanlam Customer Interest committee
	Planned/ held 5/5	Planned/ held 4/4	Ad hoc #2	Planned/ held 4/4	Planned/ held 4/4	Ad hoc #2	Planned/ held 4/4	Planned/ held 4/4	Ad hoc #1	Planned/ held 4/4
MM Bakane-Tuoane	4/5				4/4	2/2	4/4			4/4
AD Botha	5/5				4/4	2/2				
PR Bradshaw	5/5	3/4	2/2	4/4						4/4
A Duggal	4/5							1/4	0	
MV Moosa	5/5							4/4	1	
JP Möller	5/5	4/4	2/2	4/4						
PT Motsepe	5/5				4/4	2/2	4/4			
MP Mthethwa	4/5	2/2*	1/1*	4/4						
TI Mvusi	5/5							4/4	1	
SA Nkosi	5/5									
P de V Rademeyer	5/5	4/4	2/2	4/4				4/4	1	
Y Ramiah	5/5							4/4	1	
RV Simelane	5/5							4/4	1	
DK Smith	5/5	4/4	2/2		4/4	2/2	4/4			4/4
ZB Swanepoel	5/5							4/4	1	
CG Swanepoel	5/5	4/4	2/2	4/4						4/4
J van Zyl	5/5	4/4	2/2	4/4	4/4	2/2	4/4	4/4	1	4/4
PL Zim	5/5							4/4	1	

* Stepped down on 29 May 2014, hence attended the planned meetings until then.

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

Company secretary and professional advice

Sana-Ullah Bray was appointed (01/01/2011), in accordance with the requirements of the Act, as the Group Company Secretary, acting as the Company Secretary of Sanlam and Sanlam Life. The Group Company Secretary is responsible for the execution of all relevant and regulatory requirements applicable to those positions, including those set out in the Act and the JSE Listings Requirements. The Group Company Secretary oversees the induction of new directors, including directors of subsidiary companies, as well as the ongoing education of directors.

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

- ④ Group Company Secretary is competent and has the relevant qualifications and experience to be the company secretary;
- ④ Group Company Secretary is not a director of the Company; and
- ④ The Board has an arm's-length relationship with the Group Company Secretary.

All directors have unlimited access to the advice and services of the Group Company Secretariat, which 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 independent professional advice concerning the discharge of their responsibilities at Sanlam's expense. The Group Company Secretary attends all Board and committee meetings.

Dealings in JSE securities

Sanlam complies with the JSE Listings Requirements in respect of the share dealings of its directors. In terms of Sanlam's closed-period policy, all directors and staff 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. The same arrangements apply for closed periods during other price-sensitive transactions for directors, officers and participants in the share incentive scheme and staff with access to price sensitive information. A pre-approval policy and process for all dealings in Sanlam securities by directors and selected key employees are strictly followed and duly reported on to the Board. Details of directors' and the Company Secretary's dealings in Sanlam securities are disclosed to the JSE

through the Stock Exchange News Service (SENS). Even more 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 regarding the insider trading legislation and advises them of closed periods.

Sponsors

During the period under review, Deutsche Securities (SA) Proprietary Limited was Sanlam's appointed JSE sponsor.

Investor relations and communication with other stakeholders

Sanlam strives to be a leader in transparent, open and clear communication with all of its relevant shareholders and other stakeholders.

In this regard, the Group seeks to continuously improve upon its communication efforts through more detailed disclosure of relevant financial and other information. A formal Sanlam Stakeholder Engagement Strategy and Communication Policy has been developed for the Sanlam Group of companies. The Board appreciates the importance of dissemination of accurate information to all Sanlam stakeholders, and highly regards open and relevant dialogue with all parties with whom we do business.

Reports and announcements to all audiences and meetings with investment analysts, institutional investors, regulatory authorities and journalists, as well as the Sanlam website, are useful conduits for information. Open lines of communication are maintained to ensure transparency and optimal disclosure, and stakeholders are encouraged to make their views known to the Group.

Communication with institutional shareholders and the investment community is conducted by Sanlam's Investor Relations (IR) department and a comprehensive IR programme is also in place to ensure appropriate communication channels are maintained with domestic and international institutional shareholders, fund managers and investment analysts.



➤ 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.

➤ Corporate code of ethical conduct

Business ethics and organisational integrity

The Sanlam Group remains committed to the highest standards of integrity and ethical conduct in dealing with all stakeholders. This commitment is confirmed at Board and general management level by their endorsement of the code of ethical conduct for the Group.

A Group Ethics committee functions under the chairmanship of the Chief Risk Officer and includes representatives of the business clusters and divisions. The Group Ethics committee monitors compliance with the principles underlying the code of ethical conduct and investigates all matters brought to its attention, if necessary. A facility for the reporting of unethical conduct, the Sanlam fraud and ethics hotline, is available to all staff members in the Group. Although 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, 2000, our preference is to create an open reporting environment, usually through our line managers. Over the past 10 years we have had 254 calls to the hotline out of a staff complement of over 10 000. Of these, less than 10% of all callers felt the need to subsequently remain anonymous. All cases are investigated and a process is in place to track, report and close out all calls received. Actions taken as a consequence of resulting investigations include termination of employment and cancellation of contracts in the case of suppliers and contractors.

In terms of Sanlam's code of ethical conduct, 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 therefore has a formal Group gift/gratification policy to provide for the official declaration and recording of corporate gifts received or given.

The Board is satisfied that adequate grievance and disciplinary procedures are in place to ensure enforcement of the code of ethical conduct and to address any breaches of the code. Across the

Group, no material breaches of Sanlam's Code of Ethical Conduct were reported during 2014. In 2013 Sanlam participated in the South African Business Ethics Study (SABES 2013) by EthicsSA and will conduct the next biennial ethical climate survey in the Group in 2015.

Forensics

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

The financial crime combating policy for the Sanlam Group 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.

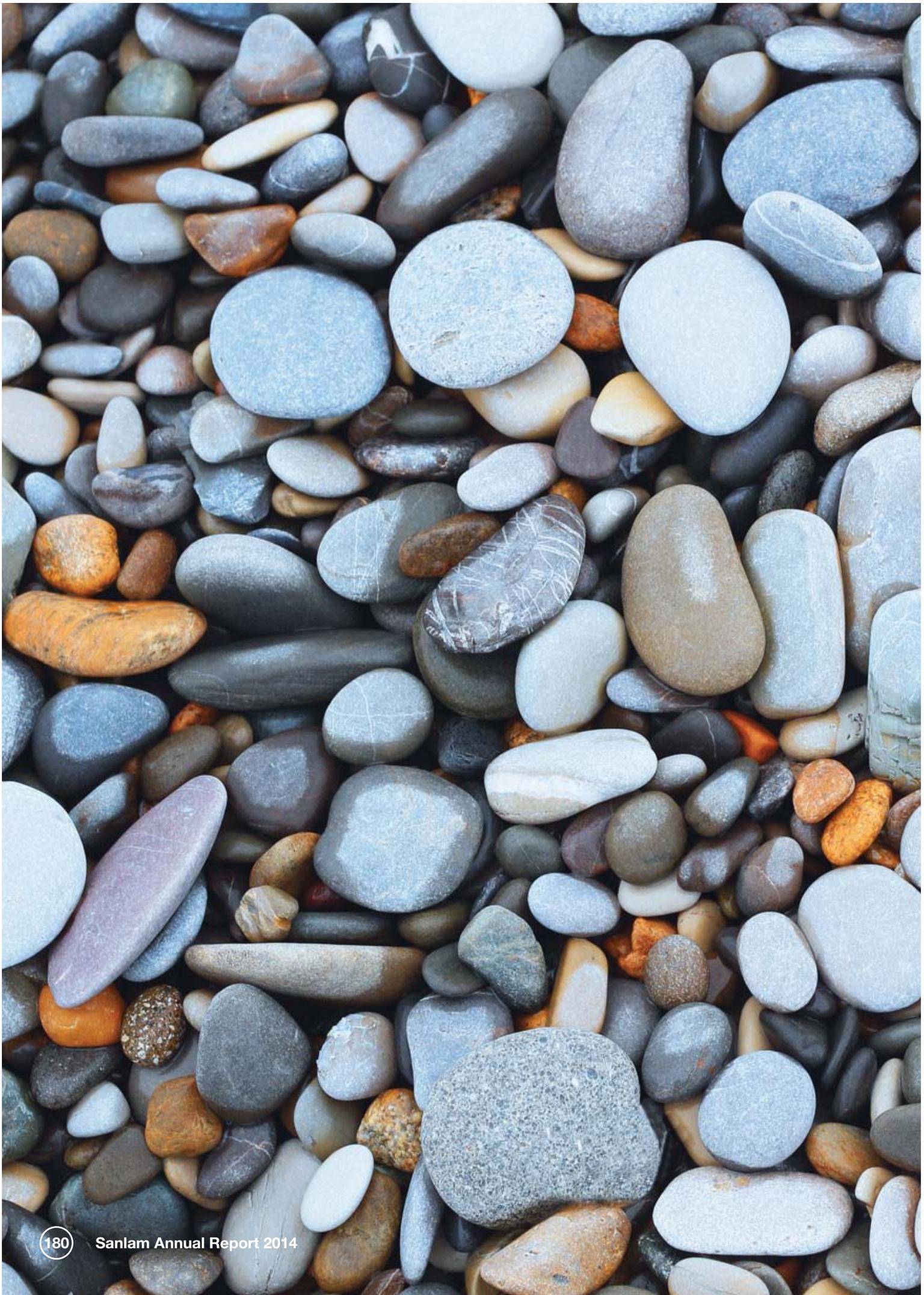
A forensic services function at Group level oversees the prevention, detection and investigation of incidents of unlawful conduct that are of such a nature that they may have an impact on the Group or the executives of a business cluster. Group Forensic Services is also responsible for the formulation of Group standards in respect of the combating of unlawful conduct and the implementation of measures to monitor compliance with these standards.

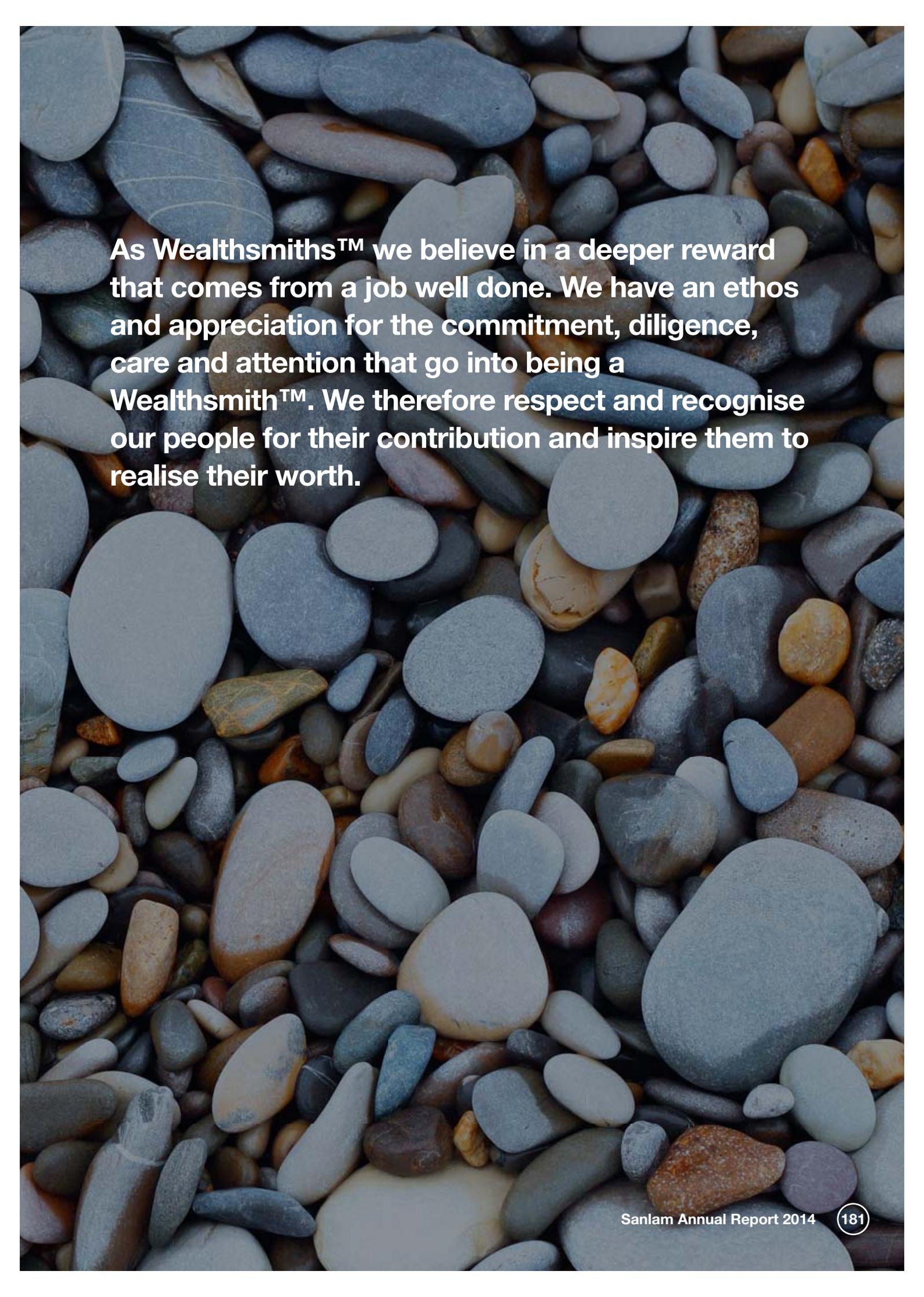
The chief executive of each business cluster is responsible for the implementation of the policy in his or her respective business cluster and is accountable to the Group Chief Executive and the Board.

Quarterly reports are submitted by Group Forensic Services 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.

➤ Compliance

Sanlam considers compliance with applicable laws, industry regulations, codes and its own ethical standards and internal policies to be an integral part of doing business. The Group compliance function, together with the compliance functions of the business clusters and units, facilitates the management of compliance through the analysing of statutory and regulatory requirements, and monitoring the implementation and execution thereof. Quarterly reports on the status of compliance management in the Group are submitted to the Risk and Compliance committee.





As Wealthsmiths™ we believe in a deeper reward that comes from a job well done. We have an ethos and appreciation for the commitment, diligence, care and attention that go into being a Wealthsmith™. We therefore respect and recognise our people for their contribution and inspire them to realise their worth.