



**SANLAM LIMITED  
("SANLAM" or "COMPANY")**

**HUMAN RESOURCES AND REMUNERATION  
COMMITTEE CHARTER**

(Version 1/GroupSecretariat: December 2022)  
(Version 2/GroupSecretariat: December 2023)  
(Version 3/GroupSecretariat: December 2024)

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## **1. CONSTITUTION**

- 1.1 The Human Resources and Remuneration Committee (“the Committee” or “the HRRC”) is constituted as a Committee of the Board of Sanlam Limited (“Sanlam”, “the Group” or “the Company”);
- 1.2 The Committee is principally concerned with matters relating to the oversight of the development of an appropriate remuneration policy, the monitoring of the implementation of the policy and a regular review of the suitability of the policy;
- 1.3 The duties and responsibilities of the members of the Committee are in addition to those as members of the Board of Sanlam, if applicable, contained elsewhere or arising from any applicable laws;
- 1.4 The deliberations of the Committee do not reduce or replace the individual and collective responsibilities of all Board members regarding their fiduciary duties and responsibilities and they are required to continue to exercise due care and judgement in accordance with their statutory obligations; and
- 1.5 This Charter is subject to the provisions of the Companies Act (Act 71 of 2008, “the Act”) as amended from time to time, Sanlam’s Memorandum of Incorporation (“MOI”), the recommendations outlined in the King IV Code on Corporate Governance for South Africa (2016) (“King IV”) to the extent that its recommended practices have been adopted by the Company, the rules of the Company (if any) and any other applicable law or regulatory provision; as may be amended from time to time, at the discretion of the Committee subject to obtaining prior Board approval.

## **2. PURPOSE OF THE CHARTER**

The purpose of this Charter is to set out:

- 2.1. The Committee’s role and responsibilities;
- 2.2. The requirements for its composition;
- 2.3. Meeting procedures; and
- 2.4. The delegation of authority to management.

## **3. ROLE OF THE COMMITTEE**

The Committee’s role includes the following:

- 3.1. To assist the Sanlam Limited Board of directors to discharge its responsibility of oversight of the management of remuneration. This includes the responsibility to ensure that Sanlam remunerates fairly, responsibly and transparently so as to promote the achievement of Sanlam’s strategic objectives and positive outcomes in the short, medium and long-term through the performance of the Committee’s delegated role and responsibilities as set out in this Charter;
- 3.2. To provide a level of comfort to the Sanlam Limited Board that Sanlam’s overarching approach to attract, retain and motivate talent is appropriate, relevant and in the interest of all stakeholders;
- 3.3. The Committee acts in terms of the delegated authority of the Board as recorded in this Charter. It has the power to investigate any activity within the scope of its mandate; and
- 3.4. The Committee, in the fulfilment of its duties, may call upon the Chair of the other Board Committees, any of the executive directors, officers or the Company Secretary to provide it with information relating to the Company.
- 3.5. The primary role of the Committee is to:

- 3.5.1 Ensure that an appropriate remuneration policy is developed from an organisation-wide perspective in alignment with Sanlam’s overarching business strategy and risk management strategy, which includes Sanlam’s risk management practices;
- 3.5.2 Oversee and monitor that the implementation and execution of Sanlam’s remuneration policy achieves the objectives of the policy. This includes regularly reviewing the suitability of the policy as well as reviewing the implementation and effectiveness of the policy against the Prudential standards issued in terms of the Insurance Act 18 of 2018 as amended from time to time;
- 3.5.3 Set the Company's direction on fair, responsible and transparent remuneration;
- 3.5.4 Ensure that the Company's ethical standards are applied to the processes for the evaluation of performance and the rewarding of employees;
- 3.5.5 Establish criteria required to measure the performance of executive management (including executive directors of the Company); that supports positive outcomes across the triple context (i.e. the economic, the environmental and social context) in which the Company operates and/or all the capitals that the Company uses and effects (being financial, manufactured, human, intellectual, natural and social and relationship capital);
- 3.5.6 Ensure that remuneration awarded to executives of the Company is fair and responsible in the context of overall employee remuneration and disclose the criteria used as a basis for awarding variable remuneration to executives;
- 3.5.7 Review the succession plans in place for the Group Chief Executive Officer (“CEO”) and executive management on an annual basis and provide for succession in both emergency situations and over the long-term;
- 3.5.8 Make recommendations to the Board on the Company’s remuneration philosophy and strategy from an organisation-wide perspective;
- 3.5.9 Make recommendations on the policy that articulates and gives effect to the need for fair, responsible and transparent remuneration;
- 3.5.10 Ensure that the implementation and execution of the remuneration policy achieves the objectives of the policy;
- 3.5.11 Ensure that the remuneration policy is applied consistently at all employment levels; and ensure that it applies in a proportionate and risk-based way as well as it containing specific arrangements that take into account the respective roles of the directors, executives, heads of control functions, key persons and other persons whose actions may have a material impact on Sanlam’s risk exposure;
- 3.5.12 Oversee, and continuously monitor, material human capital and remuneration related risks which could potentially have a negative impact on the execution of the Group’s strategic objectives;
- 3.5.13 Ensure that a continuous training and development policy is developed for Committee members and executive management (including executive directors of the Company) to enable them to remain relevant and competent in the rapidly changing environment they are required to lead in; and

- 3.5.14 Ensure the disclosure of information in relation to its:
  - 3.5.14.1 Overall role and associated responsibilities and functions;
  - 3.5.14.2 The Committee's composition, including each member's qualifications and experience;
  - 3.5.14.3 A statement on whether the Committee is satisfied that:
    - a) It has fulfilled its responsibilities in accordance with this Charter for the reporting period;
    - b) It has disclosed any external advisors or invitees who regularly attend its meetings;
    - c) It has reported on the key areas of focus; and
    - d) The number of meetings held during the year was disclosed.

#### **4. RESPONSIBILITIES AND FUNCTIONS OF THE COMMITTEE**

The Committee's responsibilities include the following:

##### **a) Matters pertaining to Remuneration:**

- 4.1. The Committee needs to approve a remuneration policy for Sanlam Limited that achieves the following objectives:
  - 4.1.1. The attraction, motivation, reward and retention of human capital;
  - 4.1.2. The promotion of positive outcomes;
  - 4.1.3. The promotion of an ethical culture and responsible corporate citizenship; and
  - 4.1.4. The promotion of the achievement of strategic objectives within Sanlam Limited's risk appetite.
- 4.2. It is responsible for ensuring that the remuneration policy addresses organisation-wide remuneration and includes provision for the following:
  - 4.2.1 The use of performance measures that support positive outcomes across the economic, social, and environmental context in which Sanlam Limited operates; and/or all the capitals that Sanlam Limited uses or affects; and
  - 4.2.2 The voting by shareholders on the remuneration policy and implementation report, and for the implementation of related responding measures.
- 4.3. The Committee is responsible for addressing the remuneration of directors, executives, heads of control functions and other persons whose actions may have a material impact on the risk exposure of Sanlam Limited (including persons to whom functions are outsourced);
- 4.4. The Committee review the key performance measures and achievement against these, of directors, executives, heads of control functions and any other person whose actions may have a material impact on the risk exposure of Sanlam Limited (including persons to whom functions are outsourced) and to ensure such performance measures do not induce excessive or inappropriate incentives which would be inconsistent with the interests of Sanlam Limited and its stakeholders; and
- 4.5. To consider and approve recommendations made by the Group CEO and Group Executive: Human Capital on the key performance measures and the achievement against these for key persons (which includes senior managers as defined in the Prudential Standards); which recommendations have to be aligned with the Company's risk management strategy to ensure

such performance measures do not induce excessive or inappropriate incentives which would be inconsistent with the interests of Sanlam and its stakeholders.

**b) Matters pertaining to Disclosure:**

- 4.6. The Committee is required to oversee, review, and approve the disclosure of remuneration in Sanlam's remuneration report prepared for each reporting period, and ensure that the disclosure complies with applicable regulatory requirements. In particular, the Committee should ensure that Sanlam's annual remuneration report contains a background statement, an overview of the main provisions of the remuneration policy and an implementation report that contains details of the remuneration and incentives awarded to individual Board members and prescribed officers;
- 4.7. The Committee is required to ensure that Sanlam's remuneration policy states the measures the Board commits to take if either the policy or the implementation report is voted against by more than 25% of voting rights exercised by the shareholders at the Annual General Meeting ("AGM"). In addition, the Committee is required to ensure that these measures include taking steps in good faith and with the best reasonable effort to undertake an engagement process to ascertain reasons for the dissenting votes and to address legitimate and reasonable objections and concerns raised through the engagement process; and
- 4.8. The Committee is required to review and approve Sanlam's disclosures in its external reports that pertain to Sanlam's King IV "*apply and explain*" disclosure requirements as it relates to discharging governance responsibilities regarding remuneration.

**c) Matters pertaining to the Fit and Proper criteria:**

- 4.9 As part of Sanlam Limited's overarching risk management strategy, the Committee, together with the Risk and Compliance Committee, reviews the Sanlam Group Fit and Proper Policy at least once per annum with any amendments to be referred to (with recommendations) the Sanlam Limited Board for approval; and
- 4.10 The Committee reviews the fit and proper assessment of existing directors.

**d) Matters pertaining to the Audit and Risk Committee:**

- 4.11 Assist the Audit and Risk Committees in executing their respective mandates to consider risks arising from human capital, remuneration arrangements and incentive structures within Sanlam and in respect of persons to whom activities have been outsourced, as well as adherence by Sanlam to its Remuneration Policy.
- 4.12 Ensure that the Audit and Risk Committees have all the remuneration and performance measurement and assessment information that they require to manage the Heads of Control functions effectively.

## **5 COMMITTEE COMPOSITION**

- 5.1 The Committee should have a minimum of three (3) members with the majority being independent non-executive members of the Board;
- 5.2 The Chair of the Committee must be an independent non-executive director of the Board;

- 5.3 The members of the Committee as a whole must have sufficient qualifications, skills and experience to fulfil their duties;
- 5.4 The composition of the Committee should be reviewed by the Nominations Committee and the Board from time to time;
- 5.5 Members of the executive and senior management can be invited to attend the Committee meetings either by standing invitation or on an *ad hoc* basis to provide pertinent information and insights in their areas of responsibility; and
- 5.6 The Company Secretary of the Company is the secretary of this Committee.

## **6 MEETINGS**

- 6.1 Meetings of the Committee will be held as the Committee deems to be appropriate. The Committee will, however, meet at least 4 times each year;
- 6.2 Meetings may be called by the Chair of the Committee or any member of the Committee;
- 6.3 Meetings in addition to those scheduled, may be held at the request of the Group CEO, the Group Executive: Human Capital or other members of senior management or alternatively, at the instance of the Board or a member of the Committee;
- 6.4 The notice of each Committee meeting, confirming the venue, the medium, time and date and enclosing an agenda of the items to be discussed, will other than under exceptional circumstances be forwarded to each Committee member not less than 5 (five) working days prior to the date of the meeting;
- 6.5 The quorum for the Committee to transact business will be more than one half of the members of the Committee; and
- 6.6 The Sanlam Group CEO has a standing invitation to attend the Committee's meetings but may not vote. The Sanlam Group CEO should take part in the discussion of the performance of the Group executive members or other executive directors and can make proposals as necessary but would be expected to recuse himself when his own remuneration is discussed.

## **7 PROCEEDINGS**

- 7.1 Unless varied by this Charter, meetings and proceedings of the Committee will be governed by Sanlam's Memorandum of Incorporation ("MOI") regulating the meetings and proceedings of directors and Committees;
- 7.2 Minutes of all meetings will be circulated to all the members of the Committee, and may also, if the Chair of the Committee so decides, be circulated to other members of the Board. Any Director may, provided that there is no conflict of interest and with the agreement of the Chair, obtain copies of the Committee's minutes;
- 7.3 A round robin resolution in writing adopted by the majority of the Committee members will be valid and effective as if it had been passed at a duly called and constituted meeting – i.e., provided that each Committee member received notice of the matter to be decided. Such resolution will be presented at the next meeting for noting and record purposes.
- 7.4 The Chair of the Committee will regularly provide summarised feedback to the Board as a collective on the Committee's activities and deliberations; and
- 7.5 The Committee must report at least annually to the Sanlam Board on its functions, responsibilities, and activities. This shall include the Committee's performance review and proposed amendments (if any) to its Charter.

## **8 COMMITTEE FEES**

- 8.1 The fees for the Committee members will be set annually for the following year by the shareholders of Sanlam Limited at the AGM as per the recommendation of the Sanlam Limited Board.
- 8.2 Having regard to the functions performed by the members of the Committee (in addition to their functions as directors) in relation to the activities of the Committee, and pursuant to the specific powers conferred upon the Board by the MOI, Non-Executive members of the Committee may, on the recommendation of the Nominations Committee and the Board, be paid special Committee fees subject to the Board approved Remuneration Policy; and
- 8.3 Such special Committee fees would be in addition to the annual fees payable to directors.

## **9 PERFORMANCE, EVALUATION AND TRAINING**

- 9.1 The Committee shall review its collective performance and that of its individual members on a regular basis, but at least every two years. The Committee should schedule an opportunity for consideration, reflection and discussion of the results of these formal performance evaluations, as part of its consideration and review of its annual work plan;
- 9.2 The members of the Committee should ensure they take appropriate steps to keep abreast of developments in human capital, remuneration and practices sufficient to be able to effectively perform the Committee's role and mandate defined in this Charter, including as part of the Sanlam Limited's Board's Director development programmes; and
- 9.3 The members of the Committee should continually develop and refresh their knowledge of current human capital and remuneration practices and principles to ensure that they have the requisite skills and knowledge to execute their mandate delegated by the Board.

## **10. AUTHORITY**

- 10.1 The Committee acts in terms of the delegated authority of the Board as recorded in this Charter;
- 10.2 It has the power to investigate any activity within the scope of its Charter;
- 10.3 The Committee, in the fulfilment of its duties, may call upon the Chair of the other Board Committees, any of the executive directors, officers or the Company Secretary to assist it with information relating to the Company;
- 10.4 The Committee has full access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities;
- 10.5 The Committee may form and delegate authority to sub-committees, *ad hoc* committees and may delegate authority to one or more designated member/s of the Committee;
- 10.6 The Committee, in carrying out its tasks under this Charter, may after consultation with the Chair of the Board, and in cooperation with the Company Secretary, obtain such independent professional advice (from both inside and outside Sanlam Limited) as it considers necessary to carry out its duties. The independent advisors may attend Committee meetings by invitation, but may not vote; and



10.7 The Committee makes recommendations to the Board that it deems appropriate in any area that falls within the ambit of its Charter where action or improvement is required.

**11. REVIEW OF THE CHARTER**

This Charter will be reviewed annually and may be amended as required, subject to the approval of the Board.

**12. ACCESS TO THE CHARTER**

The Committee's Charter shall be published on Sanlam's website, or such other platforms as is appropriate.

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