

**SANLAM LIMITED AND SANLAM LIFE  
INSURANCE LTD (“SANLAM”)**

**SANLAM CUSTOMER INTEREST COMMITTEE  
CHARTER  
(Terms of Reference)**

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## **1. CONSTITUTION**

The Sanlam Customer Interest Committee (“the Committee”) is constituted to assist the Sanlam Board in discharging its governance oversight responsibility of ensuring that all customer-related decisions and other related matters in the Sanlam Group are appropriately reviewed and monitored within Sanlam at a strategic level. The duties and responsibilities of the Committee as set out in this document are in addition to those duties and responsibilities that they have as members of the Board. The deliberations of the Committee do not reduce their individual and collective responsibilities as members of the Board in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement.

## **2. PURPOSE OF THE TERMS OF REFERENCE**

- 2.1. The purpose of these terms of reference is to document the Committee’s functions in relation to its role and responsibilities delegated to it by the Board, the duty of oversight of, and reporting on compliance with national market conduct regulation in Treating Customers Fairly (TFC).
- 2.2. The terms of reference seeks to outline:
  - a) The Committee’s role and responsibilities;
  - b) The requirements for its composition;
  - c) Process and, criteria for appointment of any committee members who are not board members;
  - d) Meeting procedures;
  - e) The Committees delegation of authority to management to promote the Board to exercise independent judgement; and
  - f) The Committees role in assist the Board in ensuring the balance of power to effectively discharge its duties.

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

- 2.3. Assist the Board to discharge its collective responsibility that fair treatment of Customers is an integral part of governance.
- 2.4. Assist the Board with sufficient knowledge to ensure that the reports issued by Sanlam enable Sanlam stakeholders to make an informed assessment of the way Sanlam treats customers, including short, medium and long term strategy relating to customer related matters.
- 2.5. The Committee will perform no statutory functions and will have no standing subcommittees
- 2.6. Ensure that the Board governs the treatment of Customers ethically in a way that supports the establishment of an ethical culture throughout Sanlam;

- 2.7. Assist the Board in ensuring that Sanlam is seen as a responsible corporate citizen in the way it treats its Customers.

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

- 4.1. The Committee's primary responsibility is to assist the Sanlam Board to discharge its governance oversight responsibility in relation to monitoring how effectively Sanlam meets its obligations to its customers in the context of compliance with national market conduct regulation in Treating Customers Fairly (TCF) in a way that supports Sanlam being an ethical and a good corporate citizen.
- 4.2. 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 customers and approve Sanlam Policy that articulates and give effect to the Sanlam Board's direction on compliance management and monitoring in this specific area. The Committee will also provide guidance to management on relevant issues when requested to do so.
- 4.3. In general, the Committee will endeavour to ensure Sanlam has effective compliance management and monitoring systems in place to establish effective compliance systems to address compliance risk associated with market conduct issues associated with the TCF legislative and associated regulatory framework, including as pertains to the six TCF fairness outcomes as defined by FSB under the TCF legislation, being:
  - a) Outcome 1: Customers are confident that they are dealing with firms where the fair treatment of customers is central to the firm's culture;
  - b) 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;
  - c) Outcome 3: Customers are given clear information and are kept appropriately informed before, during and after the time of contracting;
  - d) Outcome 4: Where customers receive advice, the advice is suitable and takes account of their circumstances;
  - e) 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.
  - f) Outcome 6: Customers do not face unreasonable post-sale barriers to change a product, switch provider, submit a claim or make a complaint. The Committee will perform its responsibilities in addition to Sanlam's existing complaints handling and its internal arbitrator facilities and will not take on any of the responsibilities of those bodies.

- 4.4. The Committee should exercise ongoing oversight of Sanlam's approach to management market conduct and compliance risk by overseeing that the following outcomes are achieved within Sanlam:
- a) That compliance is understood not only for the obligations it creates, but also for the rights and protection it affords.
  - b) Compliance management taking a holistic view of how applicable laws and non-binding rules, codes and standards relate to one another.
  - c) Continual monitoring of the regulatory environment and appropriate responses to changes and developments.
- 4.5. The Committee should consider the need for periodic independent assurance on the effectiveness of Sanlam's compliance management and monitoring systems for this aspect of market conduct risk.
- 4.6. The Committee shall consider, monitor and give direction to Sanlam's strategy and policy with respect to the group's relationship with all its customers as appropriate. The Committee will also:
- a) consider any reports forwarded to it by the Chief Actuary, Internal Arbitrator or any Sanlam Executive;
  - b) consider any customer related matter referred to it by the Sanlam Board or any of the other Board committees;
  - c) review relevant Board and Risk Committee as well as Audit Committee memoranda with a view to identify customer related issues that may require attention;
  - d) review TCF specific management information, approve policies and frameworks as they become available.
- 4.7. The Committee may escalate any customer related matter to the Sanlam Board, directly or via the appropriate Board committees.
- 4.8. The Committee will regularly provide feedback to the Sanlam Board.
- 4.9. The Committee will perform the compliance monitoring function regarding Sanlam Life's "Principles and Practices of Financial Management" ("PPFM") as applicable to its Smoothed Bonus, Reversionary Bonus and Participating Annuity types of businesses.
- 4.10. The Committee will consider, align and comment on the PPFM's of subsidiary life insurance companies (where applicable).
- 4.11. The Committee will be responsible for the continuous monitoring of the Sanlam TCF delivery and will report back to the Board on TCF compliance (including any issues, concerns or risks) every quarter.
- 4.12. The Committee will be responsible for monitoring demutualisation safeguards and will report back to the Board on an annual basis.

- 4.13. The Committee will exercise governance oversight to ensure external reports fairly record sufficient information, to enable a reasonable and informed stakeholder to make an informed assessment about how Sanlam treats its customers.
- 4.14. The Committee shall emphasise that the Board is the focal point and custodian of all matters related to governance oversight of Sanlam's conduct in relation to fair treatment of its customers.
- 4.15. The Chair of the Committee (or in his/her absence, an alternate member) will attend Sanlam Ltd's Annual General Meeting ("AGM") to answer possible questions regarding the Committee's focus areas.
- 4.16. Disclosure of information in relation to its:
- a) Overall role and associated responsibilities and functions;
  - b) Composition, including each member's qualifications and experience;
  - c) A statement on whether the Committee is satisfied that it has fulfilled its responsibilities in accordance with these terms of reference for the reporting period;
  - d) Any external advisors or invitees who regularly attend its meetings;
  - e) Key areas of focus;
  - f) Number of meeting held during the year.

## **5. RELATIONSHIP WITH SANLAM GROUP OF COMPANIES**

- 5.1. The Committee shall function within the developed and accepted a Group Governance Policy which proposes certain principles to be applied throughout the Sanlam Group in respect of subsidiary and associate companies, partnerships, joint ventures as well as business divisions across statutory entities. This also covers the broader 'tight' governance aspects such as branding, people management, risk management, culture and ethics.
- 5.2. In line with Sanlam's interest in Group companies, the Committee shall maintain sound relations with Sanlam's representatives on the boards of directors of these companies. The Committee shall ensure that the Group Governance Framework is recognised by each subsidiary and that the subsidiary functions within the Sanlam Group as a separate legal entity to whom its directors owe fiduciary duties.
- 5.3. The Committee further recognises that it is the responsibility of these directors to ensure that the different companies practise proper governance and adhere to the Group's policies, structures, standards and procedures. They are required to annually inform and report to the Committee any material deviations from Group policies and standards or the existence of any significant internal control breakdowns within these businesses. They may report directly or institute appropriate reporting mechanisms such as the

tabling of Social, Ethics & Sustainability minutes, and formal written reports by the chair, or by personal attendance at the meeting. These aspects are all considered “tight” in terms of the Group Governance Policy and the Committee will therefore from time to time provide guidance or set Group policy through the Sanlam Board.

- 5.4. In accordance with the Sanlam Board’s oversight responsibility, the Committee shall provide assurance regarding the process on the subsidiaries strategy towards TCF.

## **6. RELATIONSHIP WITH OTHER COMMITTEES**

The Committee will also ensure appropriate information flows between itself and all Board committees on all matters relating to the TCF.

## **7. COMMITTEE COMPOSITION**

- 7.1. The Committee will consist of no less than three directors appointed by the Board, all of whom are independent directors. A common member with the Risk and Compliance Committee would be advantageous.
- 7.2. External specialists/experts may also be appointed to the Committee by the Board in consultation with the Chair of this Committee and the Nomination Committee.
- 7.3. The Chief Actuary of Sanlam Ltd will not be a member of the Committee but will be a permanent invitee/attendee to all meetings of the Committee.
- 7.4. The Board will appoint the Chair and determine the period for which she/he will hold office.
- 7.5. The Company Secretary of Sanlam will act as the Secretary to the Committee.

## **8. COMMITTEE AUTHORITY**

- 8.1. The Committee’s authority will be subject to statutory limits and it will function within the authority levels delegated to it by the Sanlam Board (“the Board”).
- 8.2. The Committee has the power to request reports on any customer related issues from any appropriate Sanlam Executive.
- 8.3. The Committee, in performing its tasks under these terms of reference, may in consultation with the Chair of the Sanlam Board, and in cooperation with Sanlam Limited’s Company Secretary, obtain such outside or other independent professional advice (both inside and outside Sanlam) in order for it to perform its duties.

## **9. MEETINGS**

- 9.1. Meetings of the Committee will be held at such time and venue as it deems appropriate but it will normally meet at least once a quarter. The Chair of the Committee or any member of the Committee may call a meeting at any time.
- 9.2. The notice of each meeting of the Committee, confirming the venue, time and date, and enclosing an agenda of items to be discussed, will other than under exceptional circumstances be forwarded to each member at least two working days prior to the date of the meeting.
- 9.3. The Committee members are encouraged to raise and debate alternative viewpoints.
- 9.4. The quorum for the Committee to transact business will be more than one half of the members of the Committee.

## **10. PROCEEDINGS**

- 10.1. Unless varied by these terms of reference, 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.
- 10.2. The Committee Secretary will take minutes of meetings. 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 the Chair of the Sanlam Board. The Chair of the Board may request that such minutes or portions thereof be circulated to some or all other Board members.
- 10.3. Any director may, provided there is no conflict of interest, obtain copies of the Committee's minutes. The Chair will be informed of all such requests.
- 10.4. The Chair of the Committee will regularly provide summarised feedback to the Sanlam Board as well as to the Sanlam Risk & Compliance Committee on the Committee's activities and deliberations. Where appropriate detailed feedback on the issues addressed by the Committee will be provided.

## **11. REMUNERATION**

- 11.1. 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 power conferred upon the Sanlam Board by the MOI, non-executive members and external specialists/experts of the Committee may, on the recommendation of the Board, be paid special committee fees as is permitted in Sanlam's remuneration policy.
- 11.2. Such special Committee fees will be in addition to the annual fees payable to directors.



11.3. The remuneration of the Committee members will annually be set for the next year by the shareholders of Sanlam Ltd at the AGM on the recommendation of the Board.

## **12. PERFORMANCE, EVALUATION AND TRAINING**

The Committee must evaluate its performance each year, having regard to the principles and requirements of its terms of reference and the overall objective of the Committee's work. The Chair of the Committee shall ensure that the results of the assessment of its effectiveness and any proposed changes to its terms of reference are reported to the Board. The Committee shall ensure that its members undergo regular training in order to ensure that it effectively perform its responsibilities

## **13. REVIEW OF THE CHARTER**

These terms of reference will be reviewed annually and may be amended as required, subject to the approval of the Board.

## **14. ACCESS TO THE CHARTER**

These terms of reference will be made available to stakeholders via the Group's website.

SB/fga

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