

SANLAM LIMITED (“SANLAM”)

**HUMAN RESOURCES AND REMUNERATION
COMMITTEE CONSTITUTION**

(TERMS OF REFERENCE)

CONTENTS

- 1. CONSTITUTION3
- 2. PURPOSE OF THE TERMS OF REFERENCE3
- 3. ROLE OF THE COMMITTEE3
- 4. RESPONSIBILITIES AND FUNCTIONS OF THE COMMITTEE5
 - a) Matters pertaining to Remuneration:5
 - b) Matters pertaining to disclosure:6
 - c) Matters pertaining to the Fit and Proper criteria:6
 - d) Matters pertaining to the Audit and Risk Committee:7
- 5. COMMITTEE COMPOSITION7
- 6. MEETINGS7
- 7. PROCEEDINGS8
- 8. REMUNERATION8
- 9. PERFORMANCE, EVALUATION AND TRAINING8
- 10. AUTHORITY9
- 11. REVIEW OF THE CHARTER9
- 12. ACCESS TO THE CHARTER9

1. CONSTITUTION

The Human Resources and Remuneration Committee (“the Committee”) is constituted as a committee of the Board of Sanlam Limited (“Sanlam”). The Committee is principally concerned with matters relating to the oversight of the development of an appropriate remuneration policy, to the monitoring of the implementation of the policy and a regular review of the suitability of the policy. The duties and responsibilities of the members of the Committee are in addition to those as members of the Board of Sanlam.

The deliberations of the Committee do not reduce or replace the individual and collective responsibilities of all board members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their statutory obligations.

This Charter is subject to the provisions of the Companies Act 2008, Sanlam’s Memorandum of Incorporation (“MOI”) and any other applicable law or regulatory provisions.

2. PURPOSE OF THE TERMS OF REFERENCE

The purpose of these terms of reference is to set out:

- 2.1. The Committee’s role and responsibilities;
- 2.2. The requirements for its composition;
- 2.3. Process and, criteria for appointment of any committee members who are not board members;
- 2.4. Meeting procedures; and
- 2.5. Delegation of authority to management.

3. ROLE OF THE COMMITTEE

- 3.1. To assist the Sanlam Board to discharge its responsibility for oversight of management of remuneration, including 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 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 Board that Sanlam’s overarching approach to the attraction, retention and motivation of talent is appropriate, relevant and in the interests of all stakeholders.

- 3.3. The Committee acts in terms of the delegated authority of the board as recorded in these terms of reference. It has the power to investigate any activity within the scope of its terms of reference. 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 company secretary to provide it with information relating to the company.
- 3.4. The primary role of the Committee is:
- 3.1.1. To ensure that an appropriate remuneration policy is developed as part of Sanlam's overarching risk management strategy;
 - 3.1.2. To monitor the implementation of Sanlam's remuneration policy and to regularly review the suitability of the policy;
 - 3.1.3. To make recommendations to the Board on remuneration philosophy and strategy from an organisation-wide perspective;
 - 3.1.4. To make recommendations on policy that articulates and gives effect to the need for fair, responsible and transparent remuneration;
 - 3.1.5. To ensure that the implementation and execution of the remuneration policy achieves the objectives of the policy.
 - 3.1.6. To ensure that the remuneration policy is applied consistently at all employment levels; and ensure that it applies in a proportionate and risk-based way and contains specific arrangements that take into account the respective roles of the directors, managing executives, heads of control functions and other persons whose actions may have a material impact on Sanlam's risk exposure; and
 - 3.1.7. To ensure that a continuous development policy is developed for Board members to enable them to remain relevant and competent in the rapidly changing environment they are required to lead in.
 - 3.1.8. In carrying out its duties, the Committee will have regard to the King Code of Corporate Governance for South Africa – 2016 (King IV), Johannesburg Stock Exchange ("JSE") Listing Requirements ("LR"), other applicable codes of practice and good governance.
 - 3.1.9. Ensure disclosure of information in relation to its:
 - 3.1.9.1. Overall role and associated responsibilities and functions.
 - 3.1.9.2. Composition, including each member's qualifications and experience.
 - 3.1.9.3. A statement on whether the Committee is satisfied

3.1.9.4. that it has fulfilled its responsibilities in accordance with these terms of reference for the reporting period.

3.1.9.5. Any external advisors or invitees who regularly attend its meetings.

3.1.9.6. Key areas of focus.

3.1.9.7. Number of meeting held during the year.

4. RESPONSIBILITIES AND FUNCTIONS OF THE COMMITTEE

a) Matters pertaining to Remuneration:

4.1. To approve a remuneration policy for Sanlam 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;

4.1.4. the promotion of the achievement of strategic objectives within Sanlam's risk appetite

4.2. To ensure that the remuneration policy addresses organisation-wide remuneration and includes provision for the following:

4.1.5. arrangements towards ensuring that the remuneration of executive management is fair and responsible in the context of overall employee remuneration in Sanlam;

4.1.6. the use of performance measures that support positive outcomes across the economic, social and environmental context in which Sanlam operates; and/or all the capitals that Sanlam uses or affects;

4.1.7. the voting by shareholders on the remuneration policy and implementation report, and for the implementation of related responding measures.

4.3. To address the remuneration of directors, managing executives, heads of control functions and other persons whose actions may have a material impact on the risk exposure of Sanlam (including persons to whom functions are outsourced);

- 4.4. To review the key performance measures and achievement against these, of directors, managing executives, heads of control functions and any other person whose actions may have a material impact on the risk exposure of Sanlam (including persons to whom functions are outsourced); and to ensure such measures do not induce excessive or inappropriate risk-taking which would be inconsistent with the interests of Sanlam and its stakeholders.
- b) Matters pertaining to disclosure:
- 4.5. The Committee should 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 legal and 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 all remuneration awarded to individual Board members and executive management.
- 4.6. The Committee should ensure that Sanlam's remuneration policy states the measures the Board commits to take in the event that either the policy or the implementation report is voted against by more than 25% of voting rights exercised by the shareholders in their annual voting. In addition, the Committee is required to ensure that these measures include taking steps in good faith and with best reasonable effort to undertake an engagement process to ascertain reasons for dissenting votes and to address legitimate and reasonable objections and concerns raised through the engagement process.
- 4.7. The Committee should review and approve Sanlam's disclosures in its external reports that pertain to Sanlam's King IV apply and explain disclosures as they relate to discharging governance responsibilities regarding remuneration
- c) Matters pertaining to the Fit and Proper criteria:
- 4.8. As part of Sanlam's overarching risk-management strategy, the Committee, together with the Risk and Compliance Committee, reviews the Sanlam Group Fit and Proper policy at least annually with any amendments to be referred with recommendations to the Sanlam Board for approval; and
- 4.9. The Committee reviews the fit and proper assessment of existing directors.

d) Matters pertaining to the Audit and Risk Committee:

- 4.10. Assist the Audit and Risk Committees in executing their mandates to consider risks arising from 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.
- 4.11. Ensure the Audit and Risk committees have all the remuneration and performance measurement and assessment information they require to manage the Heads of Control functions effectively.

5. COMMITTEE COMPOSITION

- 5.1. The Committee should have a minimum of three 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. Members of the executive and senior management can be invited to attend the Committee meetings either by standing invitation or on ad hoc basis to provide pertinent information and insights in their areas of responsibility

6. MEETINGS

- 6.1. Meetings of the Committee will be held as the Committee deems to be appropriate; however, the Committee will meet at least 4 times each year. Furthermore, meetings may be called by the Chair of the Committee or any member of the Committee. Meetings in addition to those scheduled may be held at the request of the chief executive officer, head of human resources or other members of senior management, or at the instance of the Board or a member of the Committee.
- 6.2. 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 of the Committee not less than five working days prior to the date of the meeting.
- 6.3. The quorum for the Committee to transact business will be more than one half of the members of the Committee.
- 6.4. The Chair of the Board (if s/he is not a member of the committee) and the Sanlam's Chief Executive Officer have a standing invitation to attend the Committee's meetings but may not vote. They should take part in the discussion of the performance of the Group EXCO members or other executive directors and to make proposals as necessary but would be expected to recuse themselves when their own remuneration is discussed.

7. PROCEEDINGS

- 7.1. 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.
- 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. The Chair of the Committee will regularly provide summarised feedback to the Board on the Committee's activities and deliberations.
- 7.4. The Committee must report at least annually to the Sanlam Board on its functions, responsibilities and activities. This shall include the evaluation on the effectiveness of the Committee and propose amendments (if any) to its Charter.

8. REMUNERATION

- 8.1. 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 Board by the MOI, non-executive members of the Committee may, on the recommendation of the Board, be paid special Committee fees subject to the remuneration policy as approved by the Board.
- 8.2. Such special remuneration will be in addition to the annual fees payable to directors.
- 8.3. The remuneration of the committee members will be set annually for the next year by the shareholders of Sanlam Ltd at the AGM on the recommendation of the Sanlam Ltd Board.

9. PERFORMANCE, EVALUATION AND TRAINING

- 9.1. The Committee shall review its collective performance and that of its individual members on a regular basis and 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 of its yearly work plan.
- 9.2. The members of the committee should ensure they take appropriate steps to keep abreast of developments in the area of remuneration policy and practices sufficient to be able to effectively perform the Committee's role and functions under this Charter, including as part of the Sanlam Board's director development programmes.

- 9.3. Members of the Committee should continually develop and refresh their knowledge of current remuneration practices to ensure that they have the requisite skills and knowledge to carry out their role.

10. AUTHORITY

- 10.1. The Committee acts in terms of the delegated authority of the Board as recorded in these terms of reference. It has the power to investigate any activity within the scope of its terms of reference. 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 company secretary to provide it with information relating to the company.
- 10.2. The Committee has full access to the company's records, facilities and any other resources necessary to discharge its duties and responsibilities.
- 10.3. The Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated member/s of the Committee.
- 10.4. The Committee, in carrying out its tasks under these terms of reference, 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) as it considers necessary to carry out its duties. The independent advisors may attend Committee meetings by invitation, and may not vote.
- 10.5. The Committee makes recommendations to the Board that it deems appropriate in any area within the ambit of its terms of reference where action or improvement is required

11. 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.

12. ACCESS TO THE CHARTER

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

SB/ZM/fga

September 2017