

SANLAM LIMITED

**SOCIAL, ETHICS & SUSTAINABILITY
COMMITTEE CHARTER
(Terms of Reference)**

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CONSTITUTION

The Social, Ethics & Sustainability Committee (“the Committee”) is a committee of the Sanlam Limited (“Sanlam”) Board of Directors (“the Board”). The Committee is constituted as a regulatory committee and performs its duties in terms of Principle 8, Recommended Practice 68 of King IV as well as established in terms of Section 72 (4) and Regulation 43 of the Companies Act 71 of 2008 (“the Act”). 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 in accordance with their legal obligations. These terms of reference are subject to the provisions of the Companies Act, Sanlam’s Memorandum of Incorporation and any other applicable law or regulatory provision.

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, organisation ethics, responsible corporate citizenship, sustainable development and stakeholder relationships for how these should be approached and conducted in Sanlam
- 2.2. The terms of reference seeks to outline:
 - 2.2.1. The Committee’s role and responsibilities;
 - 2.2.2. The requirements for its composition;
 - 2.2.3. Process and, criteria for appointment of any committee members who are not board members;
 - 2.2.4. Meeting procedures;
 - 2.2.5. The Committees delegation of authority to management to promote the Board to exercise independent judgement; and
 - 2.2.6. The Committees role in assist the Board in ensuring the balance of power to effectively discharge its duties.

ROLE OF THE COMMITTEE

- 3.1. The Committee shall provide an independent role with accountability to the Board, insofar as it concerns performance of the statutory functions of the Committee under the Companies Act.

3.2. The Committee shall perform its statutory functions and reporting in particular that to:

3.2.1. Monitor Sanlam's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:

- i. Social and economic development, including the company's standing in terms of the goals and purposes of:
 - a) the 10 principles set out in the United Nations Global Compact Principles
 - b) the OECD recommendations regarding corruption
 - c) the Employment Equity Act
 - d) the Broad-Based Black Economic Empowerment Act
- ii. Good corporate citizenship, including the company's-
 - a) promotion of equality, prevention of unfair discrimination, and reduction of corruption
 - b) contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed
 - c) record of sponsorship, donations and charitable giving
- iii. The environment, health and public safety, including the impact of the company's activities and of its products or services;
- iv. Labour and employment, including
 - a) the company's standing in terms of the International Labour Organization Protocol on decent work and working conditions
 - b) the company's employment relationships, and its contribution toward the educational development of its employees
- v. To draw matters within its mandate to the attention of the Board as occasion requires
- vi. To report, through one of its members, to the shareholders at the company's annual general meeting on the matters within its mandate

- 3.3. The Committee shall perform the oversight of and reporting on the functions delegated to it by the Board in terms of the relevant King IV Principles and the King IV recommended practices as adopted by Sanlam Group, as outlined below:
- 3.3.1. The Sanlam Board's ethical leadership of the Sanlam Group, and the Sanlam Group's management of organisational ethics throughout the Sanlam Group entities and its various business clusters
 - 3.3.2. Responsible corporate citizenship
 - 3.3.3. Sustainable development and strategic stakeholder engagement with Sanlam Group's various stakeholders
 - 3.3.4. Any other responsibility the Board may deem necessary to delegate to the Committee.
- 3.4. The Committee does not assume the functions of Management, which remain the responsibility of the Executive Directors, Officers and other members of Senior Management.
- 3.5. The Committee shall report through one of its members, to the shareholders at the company's annual general meeting on the matters within its mandate.
- 3.6. Oversee the quality of the resilience report and disclosures thereto, as well as the internal control environment in the Sanlam Group. 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 in respect of, inter alia:
- 3.6.1. Ethical leadership concerning Sanlam Group's governance conduct and executive conduct, and ethics management for the Sanlam Group as a whole, including as reflected in the Sanlam Code of Ethical Conduct.
 - 3.6.2. Governance oversight of the Sanlam Group's material issues, risk management and performance regarding environmental and social issues, sustainable development and responsible corporate citizenship and strategic stakeholder relations/stakeholder engagement for the Sanlam Group.

RESPONSIBILITIES OF THE COMMITTEE

4.1. Ethical and effective leadership:

- 4.1.1. Monitor that the Board leads ethically and effectively in order to cultivate the culture of integrity, competence, responsibility, fairness, transparency and accountability throughout the Sanlam Group;

- 4.1.2. Oversee that the ethical characteristics are embodied by Board members in order to offer ethical and effective leadership, which results in achieving strategic objectives and positive outcomes over time in the best interest of Sanlam;
- 4.1.3. Ensure that members of the Board remained accountable to the stakeholders of Sanlam while they occupy the position of a director in Sanlam.

4.2. Ethical governance:

- 4.2.1. Review and approve Sanlam's Code of Ethical Conduct, which set and governs how ethics should be approached and addressed by Sanlam
- 4.2.2. Consider with management and feedback from external providers (as relevant), any contraventions of Sanlam Code of Ethical Conduct and managements response and action taken in light of such events.
- 4.2.3. The Committee shall exercise ongoing oversight on how ethics are managed and, ensure that ethical standards are applied in the processes of recruitment, evaluation of performance and reward of employees, as well as the sourcing of suppliers.
- 4.2.4. Consider and review the adequacy of mechanisms to detect breaches of ethical standards.
- 4.2.5. The monitoring of adherence to Sanlam's ethical standards by employees and other stakeholders through, among others, periodic independent assessments.
- 4.2.6. Consider and recommend for approval Committee, the Sanlam's resilience report issues pertaining to the Integrated Report and the overall comprehensive resilience report. This will be reported on an annual basis

4.3. Responsible citizenship:

- 4.3.1. Ensure that Sanlam's values, strategy and conduct are congruent with being a responsible corporate citizenship.
- 4.3.2. Ensure that Sanlam's responsible corporate citizenship efforts include compliance with the Constitution of South Africa (including the Bill of Rights), the law, leading standards, and adherence to its own codes of conduct and policies.

- 4.3.3. Monitor on an ongoing basis, how the consequences of the Sanlam's activities and outputs affect its status as a responsible corporate citizen. This oversight and monitoring should be performed against measures and targets agreed to with management in particular the following areas:
- a) Workplace (including employment equity, fair remuneration, and the safety, health, dignity and development of employees).
 - b) Economy (including economic transformation, prevention, detection and response to fraud and corruption; and responsible and transparent tax policy).
 - c) Society (including public health and safety; consumer protection; community development; and protection of human rights).
 - d) Environment (including responsibilities in respect of pollution and waste disposal; and protection of biodiversity).
- 4.3.4. Oversee Sanlam's standing in terms of the goals and purposes of the 10 principles set out in the United Nations Global Compact Principles (see Annexure 1 below).
- 4.3.5. Consider and recommend for approval, the reporting for purposes of the transformation of the organisation as per the Department of Trade and Industry Codes of Good Practice on transformation and BBBEE verification and/or the Financial Services Charter.
- 4.3.6. Review the effectiveness of the Group social and transformation strategy regarding the submission of their Employment Equity and Skills Development plans to the relevant authorities and monitoring that they are on track to meet, if not exceed, the required targets.
- 4.3.7. Advise Sanlam management of ways and means to improve the effectiveness of its sustainability, social and ethics policies and practices and the setting of targets and time frames in relation thereto.
- 4.3.8. Monitor the Sanlam Group's compliance with the requirements set for inclusion in the JSE's sustainability index, Carbon Disclosure Project (CDP), Responsible Investment index participation, and various recognised surveys and indexes and make appropriate recommendations if and when required.
- 4.3.9. Encourage independently managed subsidiaries, associates and significant investments to develop policies, guidelines and practices congruent with Sanlam's sustainability policies and practices.

- 4.3.10. Mandate the Group Environment Sustainability Committee (GESCC) to drive sustainability initiatives in the different business clusters.
- 4.3.11. Consider and review substantive national and international regulatory and technical developments in all fields relevant to Sanlam's material issues that pertain to strategic risks that exist in relation to ethics, environment and social and stakeholder relations.
- 4.3.12. Facilitate participation, co-operation and consultation on sustainability matters of governments, national and international organisations, national authorities, other companies and other influencing/relevant bodies.
- 4.3.13. Monitor and make recommendations as to the optimal utilisation of resources to optimise the company's long-term sustainability.
- 4.3.14. Facilitate and monitor ongoing collaboration between the Risk, Strategy, Stakeholder Management and Sustainability functionalities.
- 4.3.15. The Chair of the Committee (or in his/her absence, an alternative member) shall attend Sanlam's Annual General Meeting to answer questions concerning social, ethical and sustainability issues within the Sanlam Group, and on developments and/or implementation.

4.4. Stakeholder relationships:

- 4.4.1. In discharging its role and responsibility in adopting a stakeholder-inclusive approach, which ensures that it balances the needs, interests and expectations of material stakeholders in the best interest of Sanlam
- 4.4.2. Exercise ongoing oversight of stakeholder relationship management and approved policy that gives effect to its direction on stakeholder relationships, in particular, oversee that stakeholder relationship management results in the following:
 - a) The identification of methodologies on individual and grouping stakeholders will be managed in Sanlam.
 - b) The determination of material stakeholders based on the extent to which they affect, or are affected by the activities, outputs and outcomes of Sanlam.
 - c) The management of stakeholder risk as an integral part of Sanlam's wide risk management.
 - d) The establishment of formal mechanisms for engagement and communication with stakeholders, including the use of dispute resolution mechanisms and associated processes.

- e) To measure the quality of material stakeholder relationships, and appropriate responses to the outcomes.

4.5. Responsible Investment:

- 4.5.1. The Committee should ensure that responsible investment is practised by Sanlam to promote good governance and creation of value by the companies in which Sanlam invests.
- 4.5.2. Ensure that the Sanlam Board approves the policy that articulates Sanlam's direction on responsible investment.

4.6. Ensure disclosure of information in relation to its:

- 4.6.1. Overall role and associated responsibilities and functions.
- 4.6.2. Composition, including each member's qualifications and experience.
- 4.6.3. 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.
- 4.6.4. Any external advisors or invitees who regularly attend its meetings.
- 4.6.5. Key areas of focus.
- 4.6.6. Number of meeting held during the year.

RELATIONSHIP WITH THE SANLAM GROUP COMPANIES

- 5.1. The Sanlam Board has 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. Sanlam's interest in Group companies is managed through its representatives on the boards of directors of these companies. The Board of Sanlam Limited (Sanlam Group) should ensure that the Group Governance Framework recognises that each subsidiary within the Sanlam Group is a separate legal entity to whom its directors owe fiduciary duties.
- 5.3. The board of directors of each Sanlam Group company has a fiduciary duty towards that specific company, to manage and oversee the functioning of the subsidiary business in a manner that will ensure an effective control environment and accurate financial reporting.

- 5.4. 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, formal written reports by the chairperson, or by personal attendance at the meeting.

AUTHORITY

- 6.1. In discharging its responsibility, the Committee hereby delegate the implementation and execution of effective compliance management to management and will from time to time prepare a list of its specific duties and areas of focus.
- 6.2. 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.
- 6.3. The Committee is authorised to investigate any activity within its terms of reference and to seek any information it requires from any employee in the Sanlam Group. All employees are expected to co-operate with any request made by the Committee.
- 6.4. The Committee will have the power to delegate its authority and duties to subcommittees or individual members of the Committee as it deems appropriate, provided it is not precluded by legal or regulatory requirements from doing so.

MEMBERSHIP

- 7.1. The Committee will consist of no less than three suitably qualified members of the Board, who are experienced and at least two of the members would be independent directors. The majority of the Committee members should be non-executive directors.
- 7.2. The Board shall appoint the Committee Chairperson from the independent non-executive directors of the Company and determine the period for which s/he will hold office. The Committee will be appointed by the Board, who shall have the power to remove any members from the Committee and to fill any vacancies created by such removal. The Chairperson of the Committee shall not be the Chairperson of the Board, but the Chairperson of the Board may be a member of the Committee.

- 7.3. Suitably qualified persons may be co-opted onto the Committee when necessary to render such specialist services as may be necessary to assist the Committee in its deliberations on any particular matter, but shall have no rights of voting.
- 7.4. The Committee will nominate a Committee secretary.

MEETINGS

- 8.1. Meetings of the Committee will be held as the Committee deems appropriate. However, the Committee will preferably meet four times per annum, but not less than twice per year. Meetings will be organised so that attendance is maximised. The Chairperson of the Committee or any member of the Committee may call a meeting at any other time.
- 8.2. 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.
- 8.3. The quorum for the Committee to transact business will be more than one half of the members of the Committee.
- 8.4. The Chair of the Committee (or in his/her absence, an alternative member) shall attend Sanlam's Annual General Meeting to answer questions relating to implementation/developments concerning social, ethical and sustainability issues.

PROCEEDINGS

- 9.1. Unless varied by these terms of reference, meetings and proceedings of the Committee will be governed by Sanlam's Memorandum of Incorporation ("Sanlam's MOI") regulating the meetings and proceedings of directors and Committees.
- 9.2. The Committee secretary will take minutes of meetings. Minutes of all meetings, after preliminary approval thereof by the Chair, the minutes will be circulated to all the members of the Committee, and may also, if the Chair 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.
- 9.3. The Chair of the Committee will regularly provide summarised feedback to the Board on the Committee's activities and deliberations.
- 9.4. The Committee must report at least annually to the Sanlam Board on its function, responsibilities and activities. It will include the evaluation of the effectiveness of the Committee and propose amendments (if any) to its Charter.

REMNUNERATION

- 10.1. 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 Sanlam Board, be paid special remuneration as permitted under Sanlam's approved remuneration policy.
- 10.2. Such special remuneration will be in addition to the annual fees payable to directors.
- 10.3. The remuneration of the committee members will annually be set for the next year by the shareholders of Sanlam Ltd at the AGM after considering recommendations in this regard from the Sanlam Ltd Board.

PERFORMANCE, EVALUATION AND TRAINING

The Committee shall 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.

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.

ANNEXURE 1

The Ten UN GLOBAL COMPACT Principles

The UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption:

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: Make sure that they are not complicit in human rights abuses.

Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: The elimination of all forms of forced and compulsory labour;
- Principle 5: The effective abolition of child labour; and
- Principle 6: The elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: Undertake initiatives to promote greater environmental responsibility; and
- Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

ANNEXURE 2

Principles for Responsible Investment – The Six Principles

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, and asset classes and through time). We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.

Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

Principle 6: We will each report on our activities and progress towards implementing the Principles.

The Principles for Responsible Investment were developed by an international group of institutional investors reflecting the increasing relevance of environmental, social and corporate governance issues to investment practices. The process was convened by the United Nations Secretary-General.

In signing the Principles, we as investors publicly commit to adopt and implement them, where consistent with our fiduciary responsibilities. We also commit to evaluate the effectiveness and improve the content of the Principles over time. We believe this will improve our ability to meet commitments to beneficiaries as well as better align our investment activities with the broader interests of society.

ANNEXURE 3

The Code for Responsible Investing in South Africa (CRISA) gives guidance on how the institutional investor should execute investment analysis and investment activities and exercise rights so as to promote sound governance.

There are five key principles:

1. An institutional investor should incorporate sustainability considerations, including environmental, social and governance, into its investment analysis and investment activities as part of the delivery of superior risk-adjusted returns to the ultimate beneficiaries.
2. An institutional investor should demonstrate its acceptance of ownership responsibilities in its investment arrangements and investment activities.
3. Where appropriate, institutional investors should consider a collaborative approach to promote acceptance and implementation of the principles of CRISA and other codes and standards applicable to institutional investors.
4. An institutional investor should recognise the circumstances and relationships that hold a potential for conflicts of interest and should proactively manage these when they occur.
5. Institutional investors should be transparent about the content of their policies, how the policies are implemented and how CRISA is applied to enable stakeholders to make informed assessments.

ANNEXURE 4

Terms of Reference: Sanlam Group Environmental Sustainability Committee (hereafter GESC)

Objectives of the Committee

To ensure that Sanlam, as a global player with global economic and environmental impacts, aligns with 'best practice' in the environmental sustainability space.

To represent business and functional areas across the Sanlam Group and to actively engage in strategic environmental issues on behalf of those business areas, in line with the decisions and directives of the GESC.

To work towards the strategic positioning of Sanlam as a leader in environmental sustainability in the South African financial services industry.

Activities of the Committee

- To hold scheduled meetings.
- To play an active role in the above-mentioned meetings, against outlined expectations.
- To participate in the ongoing process of identifying and strategically driving environmental values and targets within the Sanlam Group.
- To focus across business units and subsidiaries in order to align environmental strategy and practice wherever possible.
- To plan and implement a co-operative relationship between Sanlam's Group Sustainability unit and various business areas.
- To report on progress with regard to environmental issues and targets within business areas, as relevant.
- To address Sanlam's environmental footprint, and to explore financially sound and/or beneficial initiatives to reduce Sanlam's environmental footprint.
- To create an appetite for environmental stewardship as a value system within the Sanlam Group.
- To explore new product opportunities with environmental benefits, as relevant.
- To understand and recommend investment decision-making based on environmental criteria.

Membership

Exco-mandated representatives from business clusters.

Mandated representatives from functional areas including Facilities Management, Group Sourcing, Sanlam Group IT, Sanlam Group Communications, Group Finance, Sanlam Group Marketing, Santam & SEM.

Sanlam Group Corporate Affairs, of which Sustainability Management is a division, will act as custodian of Environmental Sustainability issues, and will schedule and chair the meetings of the GESC. The Chairman of the Committee, at her/his discretion, may invite experts, executives and employees to attend and be heard at committee meetings.

WWF representative and Sanlam's chosen environmental consultant will attend meetings, to guide best practice recommendations and to influence perspectives, as required.

Meeting schedule

Six weekly or quarterly

Quorum

Meetings will be held based on a quorum of two thirds of cluster/business representation.

The committee's recommendations will be taken forward to the Sanlam Social Ethics and Sustainability Committee (SES Committee) on condition that the chairperson of the GESC or a member designated by the chairperson to chair the meeting is present.

Authority

The Sanlam Group Environment Committee will make recommendations to the GESC, but does not have decision-making powers; may consult with any staff member, committee, business or functional area within the Sanlam Group; is entitled to obtain outside independent professional advice, as it considers necessary to carry out its duties; and may incur such expenses, within an approved budget, as may be deemed necessary for the proper execution of its function under these Terms of Reference.

Minutes

The minutes of the GESC will be tabled at the SES Committee for noting.