



# Corporate Governance Report **2017**

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# The statement of commitment by the Board

The Sanlam Board is committed to the highest standards of business integrity, ethical values and governance. It recognises Sanlam's responsibility to conduct its affairs ethically, transparently, with accountability, fairly and in a socially responsible way. This ensures a sustainable business that creates value for its stakeholders.



**Sana-Ullah Bray**  
*Group Company Secretary*

Our 2017 Annual Reporting Suite covers the activities of the Sanlam Limited (Sanlam) Group. The Sanlam Board of directors (the Board) adopted an integrated approach to managing the Group to ensure the governance structure actively identifies, responds to and communicates those material issues that impact our ability to create shared value for individuals, organisations and society. The Board acknowledges its responsibility to ensure the integrity of the Annual Reporting Suite, which includes the Integrated Report (IR). The Board has applied its mind to the preparation of the IR and believes that the IR addresses all material matters appropriately and is in accordance with the International Integrated Reporting Council's Integrated Reporting Framework.

The Board is committed to the highest standards of business integrity, ethical values and governance. It recognises Sanlam's responsibility to conduct its affairs with prudence, transparency, accountability, fairness and social responsibility, thereby ensuring its sustainability while safeguarding the interests of all its

stakeholders. The Board acknowledges the relationship between good governance, risk management practices, achieving the Group's strategic objectives, and share price performance.

Sanlam subscribes to a governance system in which ethics and integrity set the standards for good governance. It constantly reviews and adapts its structures and processes to facilitate effective leadership, sustainability and corporate citizenship to support the Group strategy and to reflect national and international corporate governance standards, developments and best practices in all territories in which it operates.

The Board promotes and supports high and ethical standards of corporate governance and, in so doing, endorses the principles of the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV™). Sanlam is also guided by the environmental, social and governance (ESG) concerns included in the FTSE/JSE Responsible Investment Index review. The Board will remain committed to the full implementation of King IV™ throughout the Group, or an appropriate local equivalent outside South Africa as applicable. With regard to the year under review, the Board believes that the King IV™ principles are entrenched in the internal controls, policies and procedures governing corporate conduct in the Company. The Sanlam Board's commitment will continue to strengthen the principles and spirit envisaged by King IV™ in its major South African operations, as well as Group operations outside South Africa, to the extent that is applicable and appropriate.

Sound governance principles remain one of the top priorities of the Board and executive management. The Board is satisfied that the Sanlam Authorisation Framework provides clarity and contributes to the effective exercise of authority and responsibilities.

## Application of and approach to King IV™

The Board is satisfied that, during 2017, every effort was made to apply and explain all aspects of King IV™, as appropriate. The Risk and Compliance committee is also satisfied that Sanlam has applied the King IV™ principles during 2017, and is taking steps to ensure adherence to the obligations placed upon the Group as a consequence thereof. The Group regularly assessed its compliance levels to ensure that all areas requiring improvement were appropriately identified and addressed.



Details of the Group's application and explanation of each King IV™ principle are available online.

During the reporting period the focus areas included:

- ongoing complying to and enhancing the Sanlam Group corporate governance policy framework;
- implementing the Sanlam Group strategy as refined in 2017;
- integrating Sanlam's resilience factors into the Annual Reporting Suite for 2017;
- presenting Sanlam's Remuneration Report to shareholders, enabling them to cast a non-binding advisory vote on the Company's remuneration policy. The disclosure in the 2017 Remuneration Report was updated in line with developing best practice;
- evaluating the independent status of Sanlam's directors in accordance with the King IV™ independent criteria and other indicators, and on a substance over form basis;
- shareholders electing members of the Sanlam Audit, Actuarial and Finance committee at the annual general meeting (AGM) held in June 2017. This process will be repeated in 2018 as members are elected annually at the AGM;
- reviewing and approving Sanlam's risk appetite statement;
- regularly refining combined assurance models (CAMs) for each significant business within the Group; and
- ongoing adherence to the Group IT governance framework and Charter as well as the IT policy framework.

Information technology (IT) is essential for Sanlam as it has become truly pervasive. The Board's IT governance directs the strategic and operational use of IT to ensure benefits are realised at an acceptable and articulated level of risk. IT receives the appropriate level of focus

and is an important enabler of projects that effect change to our businesses. Thus, IT governance is extended to include all major change projects. The IT governance framework is established at Group level. It extends into the businesses and is tailored to suit their specific needs. Similarly, IT governance capacity and awareness are supported by all Board and management structures within the businesses.

The Board entrenched the principles and recommendations of King IV™ across the Group. A process to implement King IV™ principles was initiated and is expected to be rolled out further to subsidiaries, joint ventures and associated companies (including non-SA entities). It will continue to focus on the application of the Group governance policy, disclosure requirements regarding Integrated Reporting, and the composition of governance structures.

Sanlam's decentralised business approach requires that each of its business clusters operates in concert with its underlying business units. However, all entities within the Group are required to endorse the spirit and principles of King IV™ by putting measures in place to ensure good corporate governance. All businesses and governance structures in the Group are supported by clear approval frameworks and agreed-upon business principles, which ensure a coherent and consistent application of the Group's governance approach across the businesses.

## Sustainability performance

Sanlam's overall philosophy, policy and achievement of best practices in sustainability are set out in the Resilience Report that forms part of the Annual Reporting Suite.



Read more about Sanlam's resilience and value creation per key stakeholder group in the Integrated Report from page 28.



The Resilience Report is available online.

Sanlam qualified for the FTSE/JSE Responsible Investment index in 2017.

## Board structures

The directors of Sanlam 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 directors, chairman and executive director as chief executive.

## Board responsibilities and function

The Sanlam and Sanlam Life Board meetings are combined and held concurrently, thereby removing one layer of discussions in the decision-making process. This promotes the productivity and efficiency of the two boards, reduces effort and optimises the flow of information.

The Board's agenda is centred largely on Group strategy, the execution of capital management, accounting policies, financial results and dividend policy, human resource development, JSE Listings Requirements and corporate governance throughout the Group. The Board is responsible for overseeing the relationship with key stakeholders of the Group. The Board has the following committees:

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

The Sanlam Life Board is responsible for statutory matters across all Sanlam businesses, monitoring operational efficiency and operational risk issues throughout the Group, and ensuring compliance with the requirements set out in the Long-term Insurance Act, 52 of 1998.

The responsibility for managing all Sanlam's direct subsidiaries was formally delegated to the Sanlam Life Board. The Sanlam Life Board has the following 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, Sanlam Personal Finance, Sanlam Emerging Markets, Sanlam Corporate and Santam.



Read more about the clusters and their main businesses in the Integrated Report from page 18.

Each 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.

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

Cluster boards (not all statutory) exist for each of the clusters. Each of these boards has committees (or forums) with specific responsibilities for the operation of that particular business cluster: Each has its own financial and risk, as well as human resources and remuneration (HRRC) committee/forum.

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 management of that particular cluster. These structures are responsible for the generation of memoranda and matters for consideration by the Sanlam Life Board.

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

## Group Office

The Chief Executive is supported by a Group Executive committee and a small centralised Group Office mainly performing the following functions: strategic directing (tight issues), coordinating, synergy seeking, performance monitoring, providing assurance, allocating capital and support functions.

Sanlam operates within a federal business model environment. In terms of this philosophy, Sanlam operates an integrated business model as part of the Group strategy and performance improvement.

The Group Chief Executive, supported by the Group Executive committee, is responsible for implementing this philosophy throughout the Group. The federal business model allows for Sanlam's businesses to be individually responsible for applying the Group risk management policies and frameworks in their respective businesses in order to give effect to the Group philosophy.

The Sanlam Board is committed to strengthening this philosophy as it allows our businesses to be individually responsible for all operational and risk-related matters on a business level, within the limits set by these policies and frameworks.

## The Board and Board committees

### Board charter

The Board and committee charters embrace King IV™, which contains corporate governance principles and recommendations. The existing Board charter was amended to ensure that it is modelled and aligned with principles of sound corporate governance, as recommended by King IV™. The powers of the Board include:

- determining Sanlam's overall objectives;
- developing strategies to meet those objectives in conjunction with management;
- formulating a clear and concise governance policy, to which Sanlam adhere;
- delegating and segregation of the Board's responsibilities and accountability; and
- evaluating the performance of the Board, its committee structures and individual directors.

Sanlam established an annual evaluation process to review the effectiveness of the Board, its committees and individual directors.

The Board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period.

## 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. The committee charters were updated and incorporate the principles and the recommended practices of King IV™.

### Statement on Board composition

The Board is satisfied that its composition reflects an appropriate mix of knowledge, skills, experience, and diversity, and that appropriate measures are in place to ensure its independence.

As at the 2017 financial year-end, the Board comprised 15 members, three of whom were non-executive, eight independent non-executives (in accordance with the King IV™ recommended practices for assessing the independence of board members for purposes of their categorisation as independent non-executive directors) and four executive directors. The categorisation of the independent directors as independent has been done applying the King IV™ independence indicators and recommended practices as related to non-executive directors that have held long tenure as Board members.

J van Zyl, who retired in June 2015 as the Group Chief Executive, succeeded DK Smith after he retired in June 2017 as a non-executive Chairman. SA Nkosi was elected lead independent non-executive director. The Sanlam Board is aware that J van Zyl is also the Chief Executive of Ubuntu-Botho Investments, the anchor and empowerment shareholder of Sanlam. To ensure proper governance, Sanlam implemented principles in terms of which matters that might give rise to potential or perceived conflicts of interest are managed. The Sanlam Board established an Independent Non-executive directors committee, which specifically evaluates matters that could potentially give rise to conflicts of interest. The committee evaluates such matters and makes recommendations to the Board. The chairman of this committee is SA Nkosi, the lead independent non-executive director.

The roles of Chairman and Group Chief Executive remain separate, with J van Zyl and IM Kirk holding these positions, respectively. The Group Executive committee members attend Board meetings. At least one third of Board members retires every year at Sanlam's AGM. It was agreed upon 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 service contract, and remuneration paid to non-executive directors for their

services as directors is approved by shareholders at the AGM, as required by the Companies Act, 71 of 2008, as amended (the Companies Act). Executive directors are full-time employees and, as such, are subject to Sanlam's conditions of service.

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 2017
J van Zyl – Chairman	N	
PT Motsepe	N	
SA Nkosi	I	
MM Bakane-Tuoane	I	
AD Botha	I	
P Bradshaw*	I	
P de V Rademeyer	I	Retired September 2017
PB Hanratty	I	Appointed April 2017
IM Kirk	E	
MV Moosa	I	
TI Mvusi	E	
KT Nondumo	I	
Y Ramiah	E	
RV Simelane	N	
DK Smith	I	Retired June 2017
CG Swanepoel	I	
HC Werth	E	
PL Zim	I	

\* Mr Bradshaw sadly passed away in January 2017.

Composition of the Board as at 31 December 2017:

- South Africa: Four black females, five black males and five white males.
- International: One independent non-executive director is a foreign director (United Kingdom).



More information on individual directors' qualifications and experience after tenure is provided at the end of this report.

#### Independence of Board members

Through the Chairman and the Nominations committee, the Board considers and reconfirms the categorisation of directors as being independent on an annual basis. For the period under review King IV™ criteria was used to categorise Sanlam directors. Their independence

in character and judgement, and the presence of any relationships or circumstances which are likely to affect, or could appear to affect, their objective judgement, are taken into consideration.

The independent and non-executive directors of Sanlam and Sanlam Life are highly respected and experienced, and have 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 non-executive directors meet the set criteria for independence except for PT Motsepe, RV Simelane and J van Zyl, owing to their involvement in Ubuntu-Botho. IM Kirk, HC Werth, TI Mvusi and Y Ramiah are executive directors.

## **Curricula vitae of Board members**

### **Dr Johan van Zyl (61)**

*Nationality: South African*

*Year of birth: 1956*

Dr Van Zyl has been a member of the Board of directors since 2016. He qualifies as a non-executive director and is the Chairman of the Board of directors and a member of the Sanlam Human Resources and Remuneration committee as well as the Nominations committee. He is an expert in insurance, financial markets, investments, general business, human resources, marketing and international business.

He originally trained as an agricultural economist and holds two doctorates – a PhD in Economics (Vista) and a DSc in Agriculture (Pretoria). After having worked for the South African Government and NAMPO as an economist, he taught agricultural economics at the University of Pretoria from 1983 to 1994, during which time he was appointed as the Dean of Natural and Agricultural Sciences. He subsequently spent two years at the World Bank as coordinator of Rural Development. In 1996, he became Vice-chancellor and Principal of the University of Pretoria.

Dr Van Zyl's major external positions, directorships and associations include African Rainbow Capital (ARC), Ubuntu-Botho Investments, Steinhoff International and WWF-SA, and he serves as a Council member of the University of Pretoria and as Chairman of the Vumelana Advisory Fund.

Dr Van Zyl has a keen interest in economic development and has published widely on a variety of topics related to, in particular, rural development and agriculture in South Africa, the broader Southern African region, Eastern Europe and South America. He is the author of more than three hundred journal articles and several books.

### **Dr Patrice Motsepe (55)**

*Nationality: South African*

*Year of birth: 1962*

Dr Motsepe has been a member of the Board of directors since 2004. He is a non-executive director and is a member of the Nominations and Human Resources committees. He is an expert in governance, law, compliance, as well as general and international business.

Dr Motsepe is the founder and Executive Chairman of African Rainbow Minerals (ARM). He is also the founder and Chairman of Ubuntu-Botho Investments, African

Rainbow Capital (ARC), African Rainbow Energy and Power (AREP) and is the Chairman of Harmony.

Dr Motsepe was a partner in one of the largest law firms in South Africa, Bowman Gilfillan Inc. He was a visiting attorney in the USA with the law firm McGuire Woods Battle and Boothe.

In 2002, Dr Motsepe was voted South Africa's Business Leader of the Year by the chief executive officers of the top 100 companies in South Africa. In the same year, he was the winner of the Ernst & Young Best Entrepreneur of the Year Award.

Dr Motsepe is a member of the International Business Council (IBC) of the World Economic Forum, which is made up of 100 of the most highly respected and influential chief executives from all industries. He is also a member of the Harvard Global Advisory Council and the International Council on Mining and Metals (ICMM).

Dr Motsepe is a recipient of numerous other business and leadership awards and recognitions including:

- World Economic Forum Global Leader of Tomorrow, 1999;
- Afrikaanse Handelsinstituut, MS Louw Award for Exceptional Business Achievement, 2003;
- South African Jewish Report, Special Board Members Award for Outstanding Achievement, 2004;
- African Business Roundtable, USA, Entrepreneur and Freedom of Trade Award, 2009;
- McGuire Woods Outstanding Alumnus Awards, 2009;
- BRICS (Brazil, Russia, India, China, South Africa) Business Council, Outstanding Leadership Award, 2014;
- Harvard University Veritas Award for Excellence in Global Business and Philanthropy, 2014;
- Forbes Magazine, "100 Greatest Living Business Minds", 2017; and
- Sunday Times Lifetime Achiever Award, 2017.

In January 2013, Dr Motsepe and his wife, Precious, joined the Giving Pledge, which was started by Warren Buffett and Bill and Melinda Gates. Dr Motsepe committed to give half of the wealth of the Motsepe family to benefit the poor and to be used for other philanthropic purposes both during and after the lifetimes of himself and his wife.

Dr Motsepe has the following qualifications: BA (Legal) (UNISWA), LLB (Wits), Doctorate of Commerce (Honoris Causa) (Wits), Doctor of Management and Commerce (Honoris Causa) (Fort Hare).

**Mr Sipho Nkosi (63)**

*Nationality: South African*

*Year of birth: 1954*

Mr Nkosi has been a member of the Board of directors since 2006. He qualifies as an independent lead non-executive director. Mr Nkosi is a member of the Non-executive Directors committee and the Lead Independent Directors committee. He is an expert in governance and marketing as well as general business.

Mr Nkosi was the CEO of Exxaro Resources Limited. Prior to this, Mr Nkosi was one of the founders and CEO of Eyesizwe Coal. Before Eyesizwe Coal, Mr Nkosi was Country Manager of ABB Alstom Power (SA) after previously working with Anglo Coal and Ingwe. He was Export Marketing Co-ordinator in the international marketing division of Anglo Coal from 1986 to 1991. In 1992, Mr Nkosi joined Ingwe as the Marketing Manager responsible for international coal marketing. This position involved extensive travel and provided him with an in-depth knowledge and understanding of the coal industry worldwide. Mr Nkosi serves on a number of company boards including Sanlam. Mr Nkosi is a past President of the Chamber of Mines of South Africa and has been serving on the Executive Council of the Chamber since November 2006. Previously, he served as Chairman of the Chamber's Collieries Committee and as the Head of Strategy at Southern Life. He is currently the Chairman of Talent10 Holdings.

In November 2012, Mr Nkosi was the South African winner in the Master Entrepreneur Category of the Ernst & Young World Entrepreneur Award and represented South Africa at the global awards in Monte Carlo in June 2013. On 18 October 2013, he received the Tinie Louw Award at the Afrikaanse Handelsinstituut's National Congress in recognition of his business leadership.

Mr Nkosi holds the following degrees: BCom (University of Zululand), BCom (Econ) (Hons) (Unisa), MBA (University of Massachusetts, Boston) and a Diploma in Marketing Management (Unisa). In July 2009, he completed the Advanced Management Programme at the University of Oxford in the UK.

Mr Nkosi serves as a member of the Risk committee of the council at the University of the Witwatersrand.

**Dr Mmapusetso Manana Bakane-Tuoane (69)**

*Nationality: South African*

*Year of birth: 1948*

Dr Bakane has been a member of the Board of directors since 2004. She qualifies as an independent non-executive director and is a member of the Nominations, Human Resources, Remuneration, and Customer Interest committees. She is an expert in economics and finance, audit, risk, compliance, governance as well as the general business.

Dr Bakane holds a BA (Economics and Statistics), an MA (Econ) as well as a PhD in Economics from the University of Saskatchewan, Canada, which she was awarded in 1989.

Dr Bakane served as ARM Gold's lead independent non-executive director from 2009 to 2015. Dr Bakane has extensive experience in the economics field. Her 20-year career in the academic field included lecturing at various institutions such as the University of Botswana, Lesotho and Swaziland (UBLS), National University of Lesotho (NUL), University of Saskatchewan (Sectional Lecturer), and the University of Fort Hare as Head of Department and Associate Professor.

During this part of her career, she was seconded to work in the public service, where she has held various senior management positions since 1995. Concurrent with the above, Dr Bakane has been a member and office bearer of several international organisations including Winrock International and the African Economic Research Consortium (AERC). Dr Bakane was the Special Advisor to the Minister of Social Development, Minister of Water and Environmental Affairs as well as Minister of Environmental Affairs from 2009 until 31 January 2015.

Dr Bakane is the Chairperson of the ARM Gold Remuneration committee and a member of the Audit and Risk committee, the Nominations committee, the Non-executive Directors' committee and the Social and Ethics committee.

**Mr Anton Botha (54)**

*Nationality: South African*

*Year of birth: 1953*

Anton Botha has been a member of the Board of directors since 2006. He qualifies as an independent non-executive director and is the Chairman of the Human Resources and Remuneration committee as well as a member of the Audit and Risk committee. The Board has appointed him as Audit committee financial expert. He is also an expert in risk and compliance as well as financial markets, investments general business, human resources, marketing and international business.

Mr Botha obtained a BProc and BCom in marketing from the University of Pretoria. He further holds a BCom (Hons) in Investment Management from the University of Johannesburg and took part in the Executive Development Programme at Stanford University in the USA.

Mr Botha is a director and co-founder of Imalivest, a private investment group that manages the capital of its owners, as well as the Imalivest unit trusts.

Mr Botha also serves as a non-executive director on the boards of:

- University of Pretoria
- JSE Limited
- African Rainbow Minerals Limited
- Vukile Property Fund Limited

Mr Botha made a career in investments at Gencor, Genbel and Gensec from 1981 to 2001. Between 1986 and 2001, he was the Chief Executive Officer of Gensec during which time he helped to build it into a leading South African investment banking group. Prior to becoming a wholly owned subsidiary of Sanlam Limited in December 2000, Gensec was recognised as one of South Africa's 40 largest listed companies.

**Mr Paul Hanratty (56)**

*Nationality: Irish*

*Year of birth: 1961*

Mr Paul Hanratty has been a member of the Board of directors since 2017. He qualifies as an independent non-executive director and is the Chairman of the Audit committee as well as a member of the Risk and Compliance and Social, Ethics and Sustainability committees. The Board has appointed him as Audit committee financial expert. He is also an expert in actuarial, risk and compliance as well as ethical governance.

Mr Hanratty obtained his bachelor's degree in Actuarial Sciences (B.Bus.Sc (Hons)) from the University of Cape Town in 1984. He is a fellow of the Institute of Actuaries (FIA). Mr Hanratty started his career at Old Mutual SA in 1984 where he filled various roles including that of Head of Product Development. He was appointed CEO of Old Mutual SA – a position which he occupied from 2006 until 2008. From 2009 to 2010 he was appointed as CEO of Long Term Savings and was responsible for the insurance and asset management businesses of Old Mutual in the USA, the UK, Scandinavia, Europe, SA as well as Africa and other emerging markets. He served as the Old Mutual Group Operating Officer until his retirement in 2016.

As Chairman at Old Mutual SA from 2010 to 2016, he was responsible for the emerging markets insurance and asset management business and the UK Wealth Management business, as well as serving on the board of Nedbank and driving the restructuring of the South African group to prepare for the “Twin Peaks” regulations in SA.

Mr Hanratty has been a director of MTN since 2016, is the non-executive Chairman of Intelligent Debt Management (IDM), and also serves on the board of Columbia Leadership – a leadership development charity for young people.

Mr Hanratty is Chairman of the Audit committee, Chairman of the Finance committee and Ignite (business transformation) Advisory committee and a member of the MTN Group. He is also a member of the Audit and Risk committee and the Chairman of the Remuneration committee of the IDM.

**Mr Ian Kirk (59)**

*Nationality: Irish*

*Year of birth: 1958*

Mr Ian Kirk was appointed Deputy Chief Executive of Sanlam in 2015 and Group Chief Executive on 1 July 2015. He qualifies as an executive director and serves on the Audit, Risk and Compliance, Social, Ethics and Sustainability, Nominations as well as Human Resources and Remuneration committees. He is an expert in general insurance, life insurance, financial markets and investment, as well as general and international business.

Mr Kirk was the Chief Executive of Santam from 2007 until 2014 and was also Chief Executive: Strategy and Special Projects at Sanlam. He was a partner in Pricewaterhouse, CEO of Capital Alliance Holdings and Deputy CEO of the Liberty Group.

He is currently a director of Santam, Beaux Lane (SA) Properties, Shriram Capital, Afrocentric, Sanlam Life other subsidiary boards in the Sanlam Group as well as the Chairman of the Association of Savings and Investment South Africa (ASISA).

Mr Kirk qualified as a CA(SA) and has an HDip BDP and FCA (Ireland).

**Mr Valli Moosa (60)**

*Nationality: South African*

*Year of birth: 1957*

Mr Moosa has been a member of the Board of directors since 2004. He qualifies as an independent non-executive director and is the Chairman of the Social, Ethics and Sustainability committee. He has expertise in compliance, governance, finance and general business.

Mr Moosa is independent non-executive Chairman of Anglo Platinum Limited and is a member of its Social and Ethics, Remuneration and Nominations committees. He is non-executive Chairman of Sun International Limited and serves on the Social and Ethics, Remuneration and Nominations committees. He is a director of Sappi Limited and serves as Chairman of the Social and Ethics committee and member of the Nominations committee. He is a director of Imperial Holdings and serves as Chairman of the Social and Ethics committee. He is the Chairman of the World Wildlife Fund South Africa (WWF-SA). He is a member of the Auditor-General's Advisory committee.

He previously served as Minister of Constitutional Development in President Mandela's Cabinet; Minister of Environment in President Mbeki's Cabinet; Chairman of the UN Commission on Sustainable Development; President of the International Union for the Conservation of Nature (IUCN); a member of the National Executive Committee of the ANC; Chairman of Eskom, and as Director of the Bombay Stock Exchange-listed Indian Hotels Company Limited; and is a principal and founding member of the Lereko Metier Capital Growth Fund and the Lereko Metier Sustainable Capital Fund.

He played a critical role in the negotiations that led to the transition from apartheid to democracy and is one of the architects of the South African Constitution.

Mr Moosa also received a Bachelor of Science degree with majors in mathematics and physics from the University of KwaZulu-Natal (UKZN).

**Mr Temba Mvusi (62)**

*Nationality: South African*

*Year of birth: 1955*

Mr Mvusi has been a member of the Board of directors since 2004. He qualifies as an executive director of Sanlam Life Insurance Limited and Sanlam Limited. He is a non-executive director of Sanlam Private Wealth, Sanlam Investment Management and Sanlam Investment Holdings. He is an expert in financial markets and investments, and has in-depth knowledge of general business, human resources and law.

He has been the Chief Executive: Market Development since August 2005 and was appointed as Acting CEO: Sanlam Corporate in April 2017.

Mr Mvusi is also the Chairman of IEMAS Financial Services, independent director of Northam Platinum and non-executive director of Umso Construction.

His qualifications include a Diploma in International Relations (University of New Delhi), a BA, an ELP (Wharton School of Business), an MAP and a PDP.

**Ms Karabo Tshailane Nondumo (39)**

*Nationality: South African*

*Year of birth: 1978*

Ms Nondumo has been a member of the Board of directors since 2016. She qualifies as an independent non-executive director and is a member of the Audit, Actuarial and Finance committee, Risk and Compliance, Human Resources and Remuneration as well as Nominations committees. The Board has appointed her as Audit committee financial expert. She is also an expert in risk and compliance, governance as well as human resources and remuneration.

Ms Nondumo obtained her bachelor's degree in Accounting from the University of Natal in 1999 and her Higher Diploma in Accounting from Wits University in 2000. She qualified as a Chartered Accountant in 2003. Ms Nondumo started her career at PricewaterhouseCoopers (PwC) where she gained valuable experience in financial services (insurance and banking), manufacturing and telecommunications.

From 2004 to 2007 she was appointed as an Investment Principal at Shanduka Group and was responsible for the analysis and implementation of transactions for the resource, financial services and energy divisions. She was also an executive assistant to the Chairman of Shanduka Group. In 2008, she became the inaugural CEO of AWCA Investment Holdings (AIH), an investment company for black female Chartered

Accountants. From 2010 to 2014 she played various roles within Vodacom Group – as Executive Head: Corporate Finance, Mergers and Acquisitions, as well as Executive Head: Enterprise Business Unit. She runs her own company that supplies products to general industry and enables SMEs through technology.

Ms Nondumo is the Chairperson of the following committees:

- Audit and Risk committee (Merafe Resources Limited)
- Audit and Risk committee (MTN South Sudan)
- Remuneration committee (Brightrock Holdings Limited)

She is also an independent non-executive director of the following companies:

- Harmony Gold Company Limited
- Merafe Resources Limited
- Richards Bay Coal Terminal
- MTN South Sudan

#### **Ms Yegs Ramiah (50)**

*Nationality: South African*

*Year of birth: 1967*

Ms Ramiah has been a member of the Board of directors since 2012 and serves on the Social, Ethics and Sustainability committee. She has expertise in marketing, law, corporate sustainability and transformation.

Ms Ramiah is an executive director of major Sanlam subsidiaries such as Santam, Sanlam Investment Management and Sanlam Employee Benefits.

Ms Ramiah holds the following qualifications: BA LLB, MBA, HDip Tax. Ms Ramiah is an admitted Attorney of the High Court of South Africa and holds an AMP (Harvard).

#### **Dr Rejoice Vakashile Simelane (65)**

*Nationality: South African*

*Year of birth: 1952*

Dr Simelane has been a member of the Board of directors since 2004. She qualifies as a non-executive director and is the member of the Social, Ethics and Sustainability committee. She is an expert in economics and finance, audit, risk, compliance, law, governance as well as the general business.

Dr Simelane obtained her Ph.D. in Economics from the University of Connecticut, USA, in February 1994. Dr Simelane started her career as a lecturer at the University of Swaziland in 1978, where she lectured

in econometrics and mathematics economics as well as intermediate microeconomics and macroeconomics. She was appointed as the director of the public utility regulation and pricing policy unit at the National Treasury of South Africa.

Dr Simelane has published various academic papers in economics, development and strategy. She has been the CEO of Ubuntu-Botho Investments (Pty) Ltd since 2004 and a board member of ARM Gold since 2002. She previously served as a board member of Standards Generation Body (SGB) in Economics hosted by the Department of Economics at the University of Pretoria between 2000 and 2001. She represented the Department of Finance at the Industrial Participation Programme managed by the Department of Trade and Industry (dti) in 2000. She was a board member of the Swaziland Royal Insurance Co-operation from 1997 until 1999.

Dr Simelane is the Chairperson of the Social, Ethics and Sustainability committee, and a member of the Risk and Audit committee, the Non-executive Directors' committee as well as the Nominations committee of ARM Gold.

#### **Mr Chris Swanepoel (69)**

*Nationality: South African*

*Year of birth: 1950*

Christiaan Gerhardus Swanepoel was the Chief Actuary of Sanlam from 1 January 1990 up until his retirement on 31 August 2005. He qualifies as an independent non-executive director of Sanlam Limited and Sanlam Life Insurance Limited.

He is the current Chairman of the Sanlam Risk and Compliance committee as well as the Sanlam Customer Interest committee. He also has directorships in various Sanlam subsidiary companies. He also has expert knowledge in finance, actuarial, risk and compliance as well as ethical governance.

He served as adviser to the Van der Horst Committee, which led to the creation of the FSB (Financial Services Board). He also served on the Advisory Committee on Long-term Assurance (FSB) for three terms.

Mr Swanepoel qualified as a Fellow of the Institute of Actuaries in 1975. He served the actuarial profession as a member of the ASSA (Actuarial Society of South Africa) council, which included a stint as Honorary Secretary; as a member of the Life Assurance Committee (for 12 years, of which six was spent as convener); as an examiner of the subject Life Assurance (South African version) of the professional exams; and as the first Chairman of ASSA's Board of Examiners.

**Mr Heinie Werth (54)**

*Nationality: South African*

*Year of birth: 1963*

Mr Werth was appointed as Financial Director on 1 October 2016 and has been a member of the Board of directors ever since. He qualifies as an executive director and is a member of the Risk and Compliance committee. He is an expert in accounting, finance, financial markets and investment, general business and risk management.

Mr Werth is a non-executive director of major Sanlam subsidiaries such as Santam, Sanlam Capital Markets, Sanlam Emerging Markets, Sanlam Investment Holdings and Genbel Securities. He also serves as a non-executive member of several Sanlam Group Cluster boards such as Sanlam Personal Finance and Sanlam Employee Benefits.

Mr Werth was also a former Chief Executive of Sanlam Emerging Markets (previously Sanlam Developing Markets) from 2005 until 2016. He served as a non-executive director of Shriram Capital (India), Saham Finances (Morocco), Botswana Insurance Holdings and Sanlam Namibia as well as various other subsidiaries in the SEM cluster. He was Senior General Manager (IT) of Sanlam Life, Financial Director of Sanlam Life, Financial Director of Sanlam Employee Benefits, Manager: Corporate Finance of Gencor, and Financial Director of Kelgran.

Mr Werth is a qualified Chartered Accountant CA(SA) with a BAcc (Hons), and an MBA and EDP (Manchester).

**Mr Lazarus Zim (57)**

*Nationality: South African*

*Year of birth: 1960*

Mr Zim has been a member of the Board of directors since 2006. He qualifies as an independent non-executive director and is a member of the Social, Ethics and Sustainability and Non-executive directors committees. He has expertise in compliance, governance, finance, international and general business.

Mr Zim's major external positions, directorships and associations include Northam Platinum (Chairman), Zambezi Platinum (RF) Limited (Chairman), Zim Capital and Atisa Group.

He previously served as non-executive director at Trans Hex Group, Telkom SA SOC, Anglo American Platinum, as Chairman at Kumba Iron Ore, as Chief Executive Officer at Anglo American Corporation and as Managing Director of MTN.

Mr Zim obtained a bachelor's degree in Commerce from the University of Fort Hare, a bachelor's degree of Commerce (Hons) from the University of the Witwatersrand, a master's degree in Commerce (MCom) from Rand Afrikaans University (RAU) and a doctor's degree (DCom) from University of Fort Hare.

### ***Appointment and re-election of directors***

The Board charter recognises the Board's responsibility to be transparent in the appointment of directors of the Board. The Nominations committee reviews the composition of the Board on a continuous basis to ensure that the appropriate level of skills and experience in key areas such as strategy, industry knowledge, finance, human resources, corporate governance, risk management and sustainability are present. The Board charter takes into account gender and racial diversity, as well as diversity in business, geographic and academic backgrounds, 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 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***

Board-approved 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. The directors are kept abreast of 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 Group Company Secretary manages the induction programme. Ongoing support and resources are provided to Board members as required, 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 Sanlam or its businesses.

### ***Board effectiveness evaluation***

Every year, a collective Board effectiveness evaluation is conducted under the auspices of the Chairman. This assessment, performed with the assistance of an external service provider, is aimed at determining ways to improve the Board's effectiveness. 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 and lead independent director.

The Sanlam Board emphasise training, performance evaluation and ongoing improvement of the Board's performance and its members. To get an outside view on where the Board can improve its performance, the Board has initiated a performance and effectiveness evaluation by an independent expert on a regular basis, with the most recent external review being completed during 2017. The evaluation reported that the Board and committees were functioning very well and there were no material matters to report.

Sanlam's nominations committee is responsible for reviewing the composition of the Board in terms of race and gender diversity, tenure, expertise, skills and independence. The Board is satisfied that independent non-executive directors who continue to serve for longer than 9 years have been evaluated for their continued ability to serve on the board in the capacity of independent directors. The Board will continue to adjust its composition by considering all factors as provided for in King IV™. The Board is confident that this will also be achieved through clear targets for gender and race diversity that has been implemented as envisaged by the Sanlam gender and race diversity policy. The Board is satisfied that its composition is appropriately balanced with skills and experience. Taking all these factors into account, it is of the view that retaining certain Board members for longer than 9 years is beneficial to a large organisation such as Sanlam. The requisite succession planning is considered annually.

The names and short curricula vitae of the directors standing for re-election at the 2018 AGM are contained in the proposed resolutions for the AGM.

### ***Board meetings***

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

## Board committees

The Board has established a number of permanent standing committees with specific responsibilities, which are 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 resides at all times in the Board and, as such, it does not abdicate this responsibility to the committees and exercise its oversight responsibility accordingly.

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 committees conducted their annual self-assessments to evaluate their effectiveness and procedures. The committee members confirmed that they are satisfied that they have fulfilled their responsibilities in accordance with each committee's terms of reference. The committee membership below is as at 31 December 2017.

### *Audit, Actuarial and Finance committee (Audit committee)*

#### *Members and dates of appointment*

PB Hanratty (chairman) (1 December 2017), AD Botha (2 March 2017) and KT Nondumo (1 January 2016).

#### *Attendees*

Group Chief Executive, Financial Director, Chief Actuary, Chief Audit Executive, the heads of business clusters (as required), heads of control functions, as well as expert invitees: CG Swanepoel, JP Möller, D Ladds and AP Zeeman.

This committee is chaired by and comprises only independent non-executive directors. In accordance with the requirements of the Companies Act, 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 and other assurance providers attend committee meetings. This committee discharges all (statutory) Audit committee responsibilities in terms of the Companies Act on behalf of the majority of subsidiary companies within the Group.

The committee oversees the preparation of the resilience information provided in the Annual Reporting Suite. To review the assurances obtained regarding the resilience information, the chairman of the Audit committee is also a member of the Social, Ethics and Sustainability committee. Likewise, the chairman of this committee is invited to meetings of the Audit committee when the Resilience Report is addressed.

The following were the key focus areas during the reporting period:

- the rotation of the external audit partner;
- ensuring the Integrated Report address all stakeholders' needs;
- ongoing focus on new Solvency Assessment and Management reporting and controls around it, and preparing for IFRS 17;
- assurance coverage of the internal and external audit function across the group;
- effectiveness of the audit committees of underlying clusters (e.g. full coverage of all businesses, quality of reporting);
- ensuring appropriate and fair reporting of financial results;
- approving the framework and monetary limits for non-audit services to be provided by external auditors;
- monitoring non-audit services provided by external audits for compliance to the framework and potential impact on independence;
- confirming the independence of the external audit firm and designated auditor;
- recommending the appointment of the external audit firm and designated auditor for approval by shareholders;
- evaluating the appropriateness of resourcing and skills of the financial function; and
- evaluating the performance of the Financial Director and Chief Audit Executive.

The Audit committee has Board-approved formal terms of reference, and is satisfied that it has discharged its responsibilities as set out in these terms. The role of the Audit committee is to fulfil all functions as set out in the Companies Act, to assist the Board in fulfilling its responsibility regarding financial and auditing oversight, and to oversee their overall quality. It assists the Board with the effectiveness, design and implementation, and the nature and extent of any significant weaknesses in the design, implementation, or integrity of financial and actuarial reporting, and internal control matters that may result in material financial loss, fraud, corruption

or error. The Audit committee evaluates the Group's internal controls annually and has satisfied itself on the effectiveness of the design and implementation and that there were no material breakdowns in internal financial control systems during the year.

The Audit committee, after due consideration, recommends the Annual Reporting Suite to the Board for approval. It performs the prescribed statutory requirements, including those applicable to the external auditor. These include the annual recommendation of the external auditor to the shareholders at the AGM, agreement as to the scope of the audit and budgeted audit fees in the annual audit plan presentation, as well as the approval of the final audit fees.

As required by the Companies Act, the committee reviews the compliance of the external auditor with the non-audit services policy of the Group annually.

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

In terms of the JSE Listings Requirements, the Audit committee performs an annual evaluation of Sanlam's financial function. The committee executed this responsibility at its meeting in December 2017 and was satisfied that the financial function had appropriate resources, skills, expertise and experience. In December 2017 the committee confirmed that it was

and is satisfied that HC Werth, the Financial Director of Sanlam, possesses the appropriate skills, expertise and experience to meet the responsibilities required for this position during his service. The committee reviewed and confirmed its satisfaction with the performance of the Chief Audit Executive. As part of Sanlam's corporate governance practices, the interim financial results were reviewed by the external auditor.

The Board instituted 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 Companies 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 re-appointment of Ernst & Young Inc. as external auditor for the 2018 financial year, with C du Toit as the designated individual registered auditor who will undertake the audit of Sanlam on behalf of Ernst & Young Inc..

The committee is satisfied that the external auditor is independent of Sanlam in relation to significant changes in the management of Sanlam during the external auditor's tenure, which may mitigate the attendant risk of familiarity between the external auditor and management.

The committee is satisfied that the external auditor has considered significant matters in relation to the Annual Financial Statements and how these were addressed by the committee.

### The Audit, Actuarial and Finance (Audit) committee report for the 2017 financial year

The Audit committee takes pleasure in submitting this report required in terms of the Companies Act. The Audit committee consists of three non-executive directors who acted independently as described in section 94 of the Companies Act. During the period under review, four meetings were held and all committee members attended all meetings. At the meetings, the members fulfilled all their functions as prescribed by the Companies Act and 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 are elaborated in this 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 external 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 confirmed that it fulfilled its oversight responsibility and all other relevant aspects in relation to the independence of the auditor and the audit quality in terms of the JSE Listing Requirements as amended.

**PB Hanratty**  
*Audit committee Chairman*

Ernst & Young Inc., as the audit firm, and JC de Villiers, Sanlam's individual auditor for 2017, have been accredited on the JSE list of auditors in terms of the criteria in the JSE Listings Requirements.

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

The committee meets at least quarterly.

#### *Risk and Compliance committee (Risk committee)*

##### *Members and dates of appointment*

CG Swanepoel (chairman) (8 June 2011), PB Hanratty (3 April 2017), AD Botha (31 August 2017), HC Werth (1 October 2016) and KT Nondumo (1 January 2016).

##### *Attendees*

Group Chief Executive, Group Chief Risk Officer, Head of Group Compliance, Chief Audit Executive, the heads of business clusters (as required), heads of control functions, and expert invitees JP Möller, D Ladds and AP Zeeman.

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

The role of the Risk committee is to advise and assist the Board in fulfilling its responsibility with regards to overseeing the design and implementation of Sanlam's Group risk assurance framework and responsibilities. The Risk committee assists the Board with, among others:

- determining the risk appetite and level of risk tolerance for the Group;
- setting and implementing the Group risk assurance framework and supporting policies;
- setting and implementing compliance-related policies;
- evaluating the adequacy and efficiency of the risk management system;
- identifying the build-up and concentration of the various risks to which the Group is exposed;
- establishing an independent risk management function;
- 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, information management and security across the Group.

The committee evaluates risk areas, including:

- strategic risks;
- market and credit risks;
- asset-liability mismatch risk;
- funding liquidity risks;
- insurance risks (life business);
- insurance risks (general insurance business);
- insurance fraud risks;
- operational risks;
- reputational risks;
- compliance risks;
- legal and regulatory risks;
- information systems and cyber risks;
- environment-related risks; and
- market conduct risks.

The committee reviews the performance of Sanlam's Chief Risk Officer, Head of Risk Management and the Head of Group Compliance annually. The committee's charter is reviewed annually by the Board to ensure that it aligns 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 and the performance of the Chief Risk Officer, Head of Risk Management and Head of Group Compliance.

The following were the key focus areas during the reporting period:

- working with management to further develop and embed the own risk and solvency assessment (ORSA) in the Group;
- although part of the ORSA process, specific attention was given to the implications of a sovereign downgrade of South Africa, as well as improving the understanding of cyber risk and actions taken by management to mitigate this risk; and
- overseeing the development and implementation of balance sheet management strategies, including the optimisation of the required capital for South African life insurance subsidiaries under the new Solvency Assessment and Management regime.

The committee meets quarterly.

##### *Actuarial forum*

An actuarial forum was established in November 2015 as an internal committee to assist the Audit and Risk committees in fulfilling their duties regarding actuarial-related matters.

## *Human Resources and Remuneration committee*

### *Members and dates of appointment*

AD Botha (chairman) (7 June 2006), PT Motsepe (2 March 2004), KT Nondumo (6 December 2017), J van Zyl (1 March 2016) and MM Bakane-Tuoane (5 December 2007).

### *Attendees*

Group Chief Executive, Group Human Resources Executive and Financial Director.

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

The following were the key focus areas during the reporting period:

- a review of internal pay equity across all levels of the organisation;
- a benchmarking exercise of non-executive directors' fees with a suitable comparator group;
- a benchmarking exercise of Group Executive committee reward with a suitable comparator group;
- compliance with the South African Revenue Service (SARS) Binding General Ruling 41 requiring non-executive directors to register for tax and approval given to increase non-executive directors' fees by 14% from June 2017;
- consideration of the draft governance and operational standards for insurers and insurance groups, issued by the Financial Services Board;
- a review of the progress made against Sanlam's employment equity and transformation targets and plans; and
- consideration of the core human resources risks across the Group.

In accordance with the King IV™ 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 Sanlam and its shareholders, and which helps to ensure that directors pay attention to the elements of compensation that matter most to investors, such as linking performance and business strategy. At the 2017 AGM, shareholders endorsed the Company's remuneration policy.

The committee meets quarterly.

## *Nominations committee*

### *Members and dates of appointment*

SA Nkosi (chairman) (5 September 2017), MM Bakane-Tuoane (1 December 2004), J van Zyl (1 March 2016), PT Motsepe (1 July 2006) and KT Nondumo (6 December 2017).

### *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, and 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. The process includes a regular review of the composition of the Board committees and assists the Chairman with the annual evaluation of Board performance. It is responsible for identifying appropriate Board candidates and evaluating them according to the specific disciplines and areas of expertise required.

The Board approves all interim appointments; as final appointments are 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.

### *Statement on gender and race diversity*

The Sanlam Board is making strong progress in its diversity and inclusion objectives and continues to be determined and focused on diversity across its businesses. Sanlam's diversity policy reinforces transformation as an enabler of the Sanlam Group strategy. Sanlam recognises and embraces the benefits of a diverse board. Targets to increase the numbers of female Board members are set and reviewed annually by the Nominations committee and the Board, with the target of at least 22% of the Board made up of women by the end of 2018. Non-executive and executive directorships are included in the targets.

### *Committee of Non-executive directors*

#### *Members and dates of appointment*

J van Zyl (chairman) (19 January 2016), MM Bakane-Tuoane (1 January 2004), AD Botha (8 March 2006), PB Hanratty (3 April 2017), MV Moosa (3 June 2004), PT Motsepe (1 April 2004), SA Nkosi (8 March 2006), KT Nondumo (4 December 2015), RV Simelane (1 April 2004), CG Swanepoel (28 March 2011) and PL Zim (8 March 2006).

This committee is responsible for the governance and functioning of the Board. The committee gives due consideration to the general requirements of the JSE and King IV™, and ensures that appropriate and balanced corporate governance practices and processes are entrenched within Sanlam. The committee oversees and gives due and careful consideration to the interests of Sanlam and its stakeholder groups objectively and independently.

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

### *Social, Ethics and Sustainability committee (SES committee)*

#### *Members and dates of appointment*

MV Moosa (chairman) (5 September 2006), TI Mvusi (1 January 2010), PB Hanratty (5 December 2017), Y Ramiah (14 December 2012), RV Simelane (5 September 2006) and PL Zim (3 June 2009).

#### *Attendees*

Group Chief Executive Officer, 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 Companies Act.

The committee's statutory functions are set out in the above mentioned regulation and are supplemented as set out in the committee charter, some of which will be elaborated 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 transformation, 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 reviews Sanlam's social, ethics and sustainability strategy and structures annually. It monitors performance against specific preset targets and objectives. The committee considers Sanlam's Resilience Report and recommends the approval thereof to the Board.

The following were the key focus areas during the reporting period:

- environmental performance against corporate set targets;
- sustainability reporting; and
- various sustainability initiatives.

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

The committee meets quarterly.



### Message from the chairman of the Social, Ethics and Sustainability (SES) committee

Sanlam's key objective is the creation of shared value for stakeholders and the sustainability of Sanlam over the long term. Therefore, the Group drives diversity and innovation to position itself as a leader in client-centric wealth creation, management and protection. This means that Sanlam must treat its clients fairly, while doing business in a profitable and sustainable way.

Successful execution of the above depends on the Group's ability to deliver on business promises and principles through sound practices and processes. The SES committee assists Sanlam with its sustainability and social and ethics responsibilities, and oversees the Group's sustainability performance.

As a signatory to the United Nations Global Compact (UNGC), Sanlam is committed to aligning its operations and strategies with 10 globally accepted principles in the fields of human rights, labour, the environment and anti-corruption. We are required to submit a periodic communication on progress (COP). The communication for the period under review was submitted in June 2017. Sanlam is actively involved with the UNGC as part of its working group on combating corruption. The communication expresses Sanlam's continued commitment to these principles. Sanlam's strategic goals remain unchanged, and continue to endorse Sanlam's commitment to creating long term shared value within Sanlam businesses and society.

To ensure that we continue engaging with our stakeholders on what is particularly relevant to Sanlam's resilience, we have adapted our sustainability reporting approach.

Building on last year's efforts to integrate our financial and non-financial reporting, we reviewed our material sustainability matters and restructured our Annual Reporting Suite. Internal working sessions were hosted, followed by discussions with the Group Chief Executive and executive team. Through these discussions, we refined our strategic and reporting approach based on the resilience theme. This theme encapsulates our

previous material sustainability matters. A key change from 2016 is the replacement of the sustainability theme reports with the Resilience Report.



Read more about this process in the Resilience Report online.

### *Resilience through sustainability*

Client-centricity is achieved in part through our products, which create opportunities for people with vastly different incomes. This allows them to participate in wealth creation and preservation solutions that address their unique financial needs. Through the Sanlam Foundation, the Group provides focused contributions that build and support communities, business development and consumer financial education.

We understand that we cannot create economic and social prosperity without safeguarding the natural resources on which businesses and people rely. In addition to greenhouse gas (GHG) emissions targets, Sanlam has sustainability targets linked to paper consumption, electricity, water, travel, waste and recycling. To this end, the Group is committed to recording and tracking at least 80% of its scope 3 emissions. Sanlam has an ongoing partnership with the World Wide Fund for Nature South Africa (WWF-SA). The Group initiated various projects with WWF-SA to conserve and to support the healthy functioning of South Africa's water systems.

Embracing and accelerating transformation, including gender diversity, remains a priority and one of Sanlam's key strategic pillars. Overall, the number of black professionals has continued to increase at a steady pace – from 203 employees in 2014, to 270 in 2016 and 325 in 2017. Year on year, this is an increase of 20%. However, we need to increase the percentage of black middle and senior management in the Group. This has been flagged as a business priority for 2018.



Read more about our resilience thinking in the online Resilience Report.

### *Looking ahead*

South Africa continues to face economic and social pressures. The global environment has been tumultuous and faced its own challenges. These conditions impact the Group, our clients and the communities within which we operate. To maintain business resilience in these uncertain times, the Group recognises that it must take a long-term view. This has prompted Sanlam to re-examine what sustainability means to the business: looking back at almost 100 years of success, and the factors that will ensure the same resilience going forward. The result would be a common sustainability vision and message that will deliver on our strategic pillars, while creating long-term value for our stakeholders.

**MV Moosa**  
*SES committee chairman*

## Customer Interest committee

### Members and dates of appointment

CG Swanepoel (chairman) (3 June 2013), MM Bakane-Tuoane (10 March 2010), and PB Hanratty (7 June 2017).

### Attendees

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

The Sanlam Customer Interest committee reviews and monitors all customer-related decisions and other related matters in the Sanlam Group at a strategic level.

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. The committee provides guidance to management on relevant issues when requested to do so.

In general, the committee endeavours to provide guidance on questions that would typically arise in respect of the six fairness outcomes as defined by the FSB under the proposed Treating Customers Fairly (TCF) legislation. These are:

- Outcome 1: Customers are confident that they are dealing with firms where the fair treatment of customers is central to the firm's culture.
- 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.
- Outcome 3: Customers are given clear information and are kept appropriately informed before, during and after the time of contracting.
- Outcome 4: Where customers receive advice, the advice is suitable and takes account of their circumstances.
- 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.
- 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 has been established by the Board to monitor how effectively Sanlam meets its obligations to its customers. The committee performs 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.

The following were the key focus areas during the reporting period:

- working with management to ensure the TCF principles are appropriately embedded in the Group, through consideration and continuous improvement of the TCF management information reports;
- although part of TCF management information indicators, specific attention was given to complaints management and reporting, as these are considered to be an important first indicator of any possible areas of concern;
- oversight and monitoring of any customer-related issues or key developments in the Group;
- keeping abreast of all significant regulatory developments and how these impact on clients, with a specific focus on those developments relating to market conduct (behaviour towards clients); and
- applying the South African customer principles in other countries where there are no regulations dealing with customer interest.

## Independent Non-executive directors committee

### Members and date of appointment

SA Nkosi (Chairman) (25 August 2017), MM Bakane-Tuoane (25 August 2017), AD Botha (25 August 2017), PB Hanratty (25 August 2017), MV Moosa (25 August 2017), KT Nondumo (25 August 2017), CG Swanepoel (25 August 2017) and PL Zim (25 August 2017).

The committee's responsibilities and duties are to:

- review and recommend for approval by the Board any related-party transaction, including, without limitation, any financial, economic interest, position, association or relationship, which, when judged from the perspective of a reasonable and informed third party, could unduly cause bias in decision making in the best interest of Sanlam;
- periodically review and assess ongoing relationships with related persons to ensure that at all times Sanlam complies with the principles of good corporate governance; and
- where applicable, review potential conflicts of interests as they exist from time to time.

### 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 above mentioned Board committees, there is also a Group Executive committee.

### Group Executive committee

#### Members

IM Kirk (Group Chief Executive and chairman), L Lambrechts, TI Mvusi, R Roux, Y Ramiah, J Strydom, HC Werth, JJ Ngulube and A Gildenhuys.

The Group Executive committee, which is chaired by 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 performance monitoring.

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 Companies Act. The committee meets every fortnight or as scheduled.

### Meeting attendance

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

### Attendance of 2017 Board and committee meetings

Director	Board meeting		Audit committee		Risk and Compliance committee		Human Resources and Remuneration committee		Nominations committee		Social, Ethics and Sustainability committee		Customer Interest committee		Independent Non-executive directors committee	
	Planned/ held 5/5	Ad hoc 1 <sup>#</sup>	Planned/ held 4/4	Planned/ held 4/4	Planned/ held 4/4	Planned/ held 4/4	Planned/ held 4/4	Planned/ held 4/4	Planned/ held 4/4	Planned/ held 4/4	Ad hoc 1 <sup>#</sup>	Planned/ held 4/4	Planned/ held 4/4	Ad hoc 1 <sup>#</sup>		
MM Bakane-Tuoane	5/5	1				4/4	4/4									1/1
AD Botha	5/5	1	4/4	2/2	4/4											1/1
P Bradshaw	0	0														
PB Hanratty	4/4	1	3/3	3/3								1/1		3/3		1/1
IM Kirk	5/5	1	4/4	4/4	4/4	4/4	4/4	4/4	4/4	0/1		4/4		4/4		1/1
MV Moosa	5/5	1										4/4	1			
PT Motsepe	5/5	1				4/4	4/4									
TI Mvusi	5/5	1										4/4	1			
KT Nondumo	5/5	1	4/4	4/4												1/1
SA Nkosi	5/5	1							2/2							1/1
P de V Rademeyer	4/4	1	3/3	3/3								2/3	0/1			1/1
Y Ramiah	5/5	1										4/4	1			
RV Simelane	5/5	1										4/4	1			
DK Smith	2/2	0	2/2	2/2	2/2	2/2	2/2								2/2	
CG Swanepoel	5/5	1		4/4											4/4	1/1
HC Werth	5/5	1	4/4	4/4												
J van Zyl	5/5	1		2/2	4/4	2/2										
PL Zim	4/5	1										4/4	1			1/1

<sup>#</sup> Ad hoc Board and committee meetings for specific subjects by selected members.

## Company secretary and professional advice

Sana-Ullah Bray was appointed on 1 January 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 Companies 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 Group Company Secretary is competent and has the relevant qualifications and experience to be the Company Secretary;
- the Group Company Secretary is not a director of the Company; and
- 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 Secretary, whose 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, at Sanlam's expense, independent professional advice for matters relating to the discharge of their responsibilities. The Group Company Secretary attends all Board and committee meetings. The Board is satisfied that there are adequate and effective arrangements for accessing professional corporate services of the Group Company Secretary.

## Dealing 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 employees 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 employees 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). 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 of the insider trading legislation and advises them on closed periods.

## Sponsors

During the period under review, Deutsche Securities (SA) (Pty) Ltd 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 its stakeholders.

In this regard, the Group seeks to improve continuously upon its communication efforts through more detailed disclosure of relevant financial and other information. A formal Sanlam stakeholder engagement strategy and communication policy were developed for the Sanlam Group of companies. The Board appreciates the importance of dissemination of accurate information to all Sanlam stakeholders, and holds open and relevant dialogue with all parties with whom Sanlam do business in high regard.

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 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 Group 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 employees 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, 26 of 2000, our preference is to create an open reporting environment, usually through our line managers. Less than 10% of the 330 callers that have used the hotline since inception 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 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 2017.

## 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 responsible for the formulation of Group standards in respect of combating 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 office, with the compliance functions of the business clusters and units, facilitates the management of compliance through analysing statutory and regulatory requirements, and monitoring the implementation and execution thereof. Material deviations are reported to the Risk and Compliance committee.





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