

# REMUNERATION REPORT

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## ► CONTEXT

### Introduction

Sanlam's remuneration philosophy supports the Group strategy by aligning predetermined strategic goals with the organisational behaviour required to meet and exceed these goals. Both short- and long-term strategic objectives are measured and rewarded and this blended approach strongly mitigates excessive risk-taking and balances longer term strategic objectives with short-term gains. The remuneration philosophy is therefore also an integral part of the Group's risk management structure. In setting up the reward structures, cognisance is taken of prevailing economic conditions as well as national and international governance principles.

A great deal of attention is given to correctly position both the nature and the scale of remuneration relative to national comparator groups and international best practice. Steps are also taken to ensure alignment with the regulatory and governance requirements and specifically those of the King Code of Corporate Governance (King III) in South Africa.

### Group Human Resources and Remuneration committee

The Group Human Resources and Remuneration committee of the Board (GHRRC) is responsible for developing the remuneration strategy of the Group and presenting it to the Board for approval. Its activities include approving mandates for all bonus and long-term incentive schemes and setting remuneration packages of the Sanlam Group Executive committee (Executive committee) relative to industry benchmarks. The GHRRC has the prerogative to make all remuneration decisions it deems appropriate within an approved framework and may propose amendments to any part of the Group's remuneration policy as necessitated by changing circumstances. It also makes recommendations to the Board regarding the remuneration of Sanlam directors, other than the GHRRC's committee fees. To fulfil the role described above, the GHRRC undertakes the following:

- Develops and recommends to the Board for approval the Group's remuneration strategy as far as the remuneration of executive directors and members of the Executive committee are concerned;

- Develops and recommends to the Board for approval short-term incentive schemes for the Group. Its activities include the setting of annual targets, monitoring those targets and reviewing the incentive schemes on a regular basis to ensure that there is a clear link between the schemes and performance;
- Develops and recommends to the Board for approval long-term incentive schemes for the Group. Its activities include the setting of guidelines for annual allocations and a regular review of the appropriateness and structure of the schemes;
- Sets appropriate performance drivers for both short-term and long-term incentives, as well as monitoring and testing those drivers;
- Manages the contracts of employment of executive directors and members of the Executive committee to ensure that their terms are aligned with good practice principles;
- Determines specific remuneration packages for executive directors and members of the Executive committee, including total guaranteed package, retirement benefits, short-term incentives, long-term incentives and other conditions of employment; and
- Makes recommendations to the Board regarding the remuneration of non-executive directors.

A copy of the GHRRC's terms of reference can be found on the Group's website ([www.sanlam.co.za](http://www.sanlam.co.za)). Refer also the Corporate Governance report on page 59 for the composition and summarised terms of reference for the GHRRC.

During 2013, the GHRRC considered the following matters:

- Benchmarking of remuneration levels and practices with international and local comparator groups;
- Continued alignment of Sanlam's remuneration practices with King III governance principles;
- Recruitment and appointment of executive staff members with the emphasis on black recruits; and
- Monitoring and approval of short-term bonuses and long-term incentives.

The South African Companies Act No 71 of 2008 introduced the concept of a 'prescribed officer', which is a new designation in the South African corporate vocabulary. The duties and responsibilities of directors under the Act will also apply to 'prescribed officers' as well as members of Board committees who are not directors. The Board has considered the definition of 'prescribed officers' and resolved that the members of its Executive committee are the prescribed officers of Sanlam. Remuneration details of the Executive committee are accordingly also disclosed in this report.

### ► REMUNERATION POLICIES AND PRACTICES

#### Remuneration philosophy

The Board recognises that appropriate remuneration for executive directors, members of its Executive committee and other employees are inextricably linked to the development and retention of top-level talent and intellectual capital within the Group. Given the current economic climate, changes in the regulatory requirements and the ongoing skills shortage, it is essential that adequate measures be implemented to attract and retain the required skills. In order to meet the strategic objectives of a high-performance organisation, the remuneration philosophy is positioned to reward exceptional performance and to maintain that performance over time. Sanlam's remuneration philosophy aims to:

- Inform stakeholders of Sanlam's approach to rewarding its employees;
- Identify those aspects of the reward philosophy that are prescribed and to which all businesses should adhere;
- Provide a general framework for all the other elements of the reward philosophy;
- Offer guidelines for short- and long-term incentive and retention processes; and
- Offer general guidelines about how the businesses should apply discretion in their own internal remuneration allocation and distribution.

Sanlam is the sole or part owner of a number of businesses, joint ventures and associates. Sanlam recognises the difference between these entities and where appropriate, allows the businesses relative autonomy in positioning themselves to attract, retain and reward their employees appropriately within an overarching framework. In this regard, there are some areas where the dictates of good corporate governance, the protection of shareholder interests

and those of the Sanlam brand or corporate identity require full disclosure, motivation and approval by the Human Resources committees either at Group or business level. The principle of management discretion, with regard to individual employees, is central to the remuneration philosophy on the basis that all rewards are based on merit. However, the overarching principles and design of the remuneration structure are consistent, to support a common philosophy and to ensure good corporate governance, with differentiation where appropriate. In other instances, the Sanlam remuneration philosophy implies that the businesses are mandated to apply their own discretion, given the role that their own Remuneration/Human Resources committees will play in ensuring good governance. The Group has continued to apply a total reward strategy for its staff members. This offering comprises remuneration (which includes cash remuneration, short-term incentives and long-term incentives), benefits (retirement funds, group life, etc.), learning and development, an attractive working environment and a range of lifestyle benefits.

#### Strategy

In applying the remuneration philosophy and implementing the total reward strategy, a number of principles are followed:

- **Pay for performance:** Performance is the cornerstone of the remuneration philosophy. On this basis, all remuneration practices are structured in such a way as to provide for clear differentiation between individuals with regard to performance. It is also positioned so that a clear link is maintained between performance hurdles and the Group strategy.
- **Competitiveness:** A key objective of the remuneration philosophy is that remuneration packages should enable the Group and its businesses to attract and retain employees of the highest quality in order to ensure the continued success of the organisation.
- **Leverage and alignment:** The reward consequences for individual employees are as far as possible aligned with, linked to and influenced by:
  - The interests of Sanlam shareholders;
  - The performance of the Group as a whole;
  - The performance of any region, business unit or support function; and
  - The employee's own contribution.

- ▶ **Consistency:** The reward philosophy strives to be both consistent and transparent. Differentiation in terms of market comparison for specific skills groups or roles and performance is, however, imperative. Unfair discrimination is unacceptable and equal opportunities in respect of service practices and benefits must be guaranteed.
- ▶ **Attraction and retention:** Remuneration practices are recognised as a key instrument in attracting and retaining the required talent to meet the Group's objectives.
- ▶ **Shared participation:** Employee identification with the success of the Group is important owing to the fact that it is directly linked to both the Group and individual performance. All employees should have the chance to be recognised and rewarded for their contribution and the value they add to the Group, and, in particular, for achieving excellent performance and results, in relation to the Group's stated strategic objectives. The performance management process contributes significantly towards obtaining this level of participation and towards lending structure to the process.
- ▶ **Best practice:** Reward packages and practices must reflect local and international best practice.
- ▶ **Communication:** The remuneration philosophy and practices, as well as the processes to determine individual pay levels, must be transparent and communicated effectively to all employees. In this process the link between remuneration and the Group's strategic objectives must be understood by all employees.
- ▶ **Market information:** Accurate and up-to-date market information and information on trends is a crucial factor in determining the quantum of the remuneration packages.

For the Group to remain competitive, remuneration policies and practices are evaluated regularly against both national and international remuneration trends and governance frameworks, most notably King III. In 2013, a review was undertaken to determine whether the prerequisites for an effective Remuneration committee, as outlined in an Institute of Directors Remuneration Committee Forum Position Paper, are present for Sanlam. The comprehensive review confirmed we are in line with best practice.

## Executive contracts

Executive directors and members of the Executive committee are contracted as full-time, permanent employees for employment contracting purposes. As a standard element of these contracts, a 12-month restraint of trade is included, which the Group has the discretion to enforce depending on the circumstances surrounding the individual's departure. Notice periods are three months' written notice. Bonus payments and the vesting of long-term incentives that are in place at the time of an individual's termination of service are subject to the rules of the relevant scheme with some discretion being allowed to the GHRRC based on the recommendations of the Group Chief Executive. No change of control clauses or provision for special events are built into either employment contracts or the rules of the relevant schemes.

## ▶ REMUNERATION OVERVIEW

### Structure

The different components of remuneration paid to Sanlam Group employees are summarised in the table below. A detailed description of each component follows in the next section.

The quantum of the different components of the package is determined as follows:

- ▶ The guaranteed component is based on market-relatedness in conjunction with the individual's performance, competence and potential.
- ▶ The short-term incentive component of remuneration is based on a combination of individual and annual business performance.
- ▶ The long-term incentive component is based on the individual's performance, potential and the overall value to the Group and/or business.

▼ Element	▼ Purpose	▼ Performance period and measures	▼ Operation and delivery
<b>Total guaranteed package</b>	Core element that reflects market value of role and individual performance	Reviewed annually based on performance against contracted output and market surveys. Benchmarked against comparator group and positioned on average on the 50th percentile	Guaranteed package is delivered to the employee as a cash salary and a mix of compulsory and discretionary benefits
<b>Short-term incentives (annual bonus)</b>	Create a high-performance culture through a cash bonus in relation to performance against predetermined outputs	Annual	Based on different levels and predetermined performance hurdles for business and personal targets. Cash settlement generally capped at 200% of total guaranteed package
<b>Long-term incentives (long-term variable)</b>	Alignment with shareholder interests	Annual grants and three to six-year vesting period	Upon satisfaction of performance hurdles and individual performance targets

## Total guaranteed package (TGP)

### Purpose

TGP is a guaranteed component of the remuneration offering. It forms the basis of the organisation's ability to attract and retain the required skills. In order to create a high performance culture, the emphasis is placed on the variable/performance component of remuneration rather than the guaranteed component. For this reason TGP is normally positioned on the 50th percentile of the market. As an integral part of TGP, Sanlam provides a flexible structure of benefits that can be tailored, within certain limits, to individual requirements. These include:

- ▶ Leave;
- ▶ Retirement funding;
- ▶ Group life cover; and
- ▶ Medical aid.

### Process and benchmarking

Average TGP is set by reference to the median paid by a group of comparator companies which Sanlam considers to be appropriate. The comparator group is made up of a sizeable and representative sample of companies that have similar characteristics to Sanlam in terms of being in the financial services sector (but not limited only to this sector), market capitalisation and international footprint. In terms of the process followed in benchmarking TGP against these comparator companies, Sanlam obtains data from a number of global salary surveys and the data is then analysed using the Towers Watson's Global Grading Calculator. In addition to this benchmarking process, Sanlam also takes into account the skills, potential and performance of the individual concerned.

## GHRRC's role

Upon conclusion of the benchmarking process, proposals regarding increases for the following year are considered and approved by the GHRRC. The GHRRC also reviews and approves the adjustments to total guaranteed package for each of the executive directors and members of the Executive committee.

## Levels

TGP levels are positioned around the 50th percentile of the comparator market. In certain instances, however, there may be a salary sacrifice in favour of the variable component. Where specific skills dictate, TGP levels may be set in excess of the 50th percentile.

## Short-term incentives

### Purpose

The purpose of the annual bonus plan is to align the performance of staff with the goals of the organisation and to motivate and reward staff who surpasses the agreed performance hurdles. Over recent years, the focus has shifted from operational matters to growing the business and ensuring that it is managed in a sustainable way.

## GHRRC's role

The GHRRC's role with regard to the annual bonus plan is to:

- ▶ Determine the structure of the annual bonus plan, ensure that it provides a clear link to performance and is aligned with the Group's business strategy;
- ▶ Agree on the performance drivers for the annual bonus plan;
- ▶ Agree on the split between business, Group and personal performance criteria; and
- ▶ Set the threshold, target and stretch levels for the annual bonus plan and the percentage of total guaranteed package that can be earned at each level by each group of employees.

## Vesting levels

The annual bonus plan is a cash-based bonus scheme. Where the annual bonus targets are achieved in full, 100% of the bonus will be paid. In instances where expected target goals have been exceeded, the cash component is capped at a percentage of TGP.

Where the bonus targets are not achieved in full, a *pro rata* bonus will be paid only if the threshold performance level has been achieved.

Where the annual Group and/or business performance targets are not achieved, an amount may be set aside to reward exceptional individual performance at the discretion of the Group Chief Executive.

The annual bonus targets at a Group and cluster level incorporate a number of financial and non-financial performance measures, including net result from financial services, adjusted Return on Group Equity Value (RoGEV) and Employment Equity. The specific performance targets and relative weighting is determined per cluster based on the cluster's strategic initiatives. The Group office targets reflect the overall performance of the Group.

The Group delivered another sound performance during the 2013 financial year, as elaborated upon in the Financial Review included in this Integrated Report. A number of businesses outperformed their targets for the year, resulting in a bonus pool achievement of 140% at a Group level.

### Ad hoc performance bonus rewards

Where it is determined by the Group CEO that an individual has demonstrated exceptional performance within his or her area of expertise that justifies a bonus payment in excess of the cash bonus limit, the GHRRC may award restricted shares under the Sanlam Restricted Share Plan to acknowledge such out-performance.

The rationale of this mechanism is to encourage retention of high performing individuals and ensure the sustainability of performance driven behaviour. To the extent that performance is not sustained, the performance condition attached to a portion of the restricted awards will not be satisfied and the award will not vest.

## Long-term incentives

### Overview and general policy

Sanlam currently grants awards under the following four long-term incentive plans (LTIs):

- ▶ The Sanlam Deferred Share Plan (DSP);
- ▶ The Sanlam Performance Deferred Share Plan (PDSP);
- ▶ The Sanlam Restricted Share Plan (RSP); and
- ▶ The Sanlam Out-Performance Plan (OPP).

With the exception of the OPP, these long-term incentive plans are equity-settled plans from a Sanlam Group perspective. The OPP is a cash or share-based plan, which rewards long-term performance.

In respect of the DSP and the PDSP, Sanlam's general policy is that awards are made annually to ensure that the total face value of outstanding awards (as measured by their face value at date of grant) is equal to a set multiple of TGP. In addition, the role and performance of the individual and the need to retain his/her services in the future are taken into account when determining the multiple and therefore the value of the annual grant. The guideline level ranges from 35% to 280% of TGP. However, in certain circumstances, the Group may grant awards where the face value exceeds these guidelines. Such circumstances include, but are not limited to, being able to attract or retain a specific individual with particular skills to the Group. Up to 2010 long-term incentive awards were split between retention awards (granted under the DSP and awards made without performance conditions under the RSP) and performance-related awards (granted under the

PDSP and awards made with performance conditions under the RSP). All awards made from 2011 onwards under the DSP and RSP include individual performance conditions, in addition to the retention condition. Awards granted to any one individual under all equity-settled plans (the DSP, the PDSP and the RSP) are subject to an overall limit of 6,5 million unvested shares.

### GHRRC's role

The GHRRC's role as far as the long-term incentive plans are concerned is to:

- ▶ Ensure that their structure contributes to shareholder value;
- ▶ Set appropriate performance drivers and take responsibility for monitoring and agreeing on the level of compliance with those performance drivers; and
- ▶ Approve award levels.

### Non-executive directors

Non-executive directors do not participate in any of the incentive plans operated by Sanlam.

### Deferred Share Plan (DSP)

Awards granted under the DSP are conditional rights to acquire shares for no consideration subject to vesting conditions being satisfied. The vesting conditions are that the individual remains employed by the Group throughout the vesting period and maintains agreed individual performance hurdles. The vesting period is five years and staggered vesting occurs in year three to five as follows:

- ▶ Three years – 40%
- ▶ Four years – 30%
- ▶ Five years – 30%

The award granted under the DSP is not subject to the satisfaction of the Group performance conditions but does require meeting individually contracted performance hurdles. Typically, the award granted under the DSP has a face value of up to 105% of TGP. To the extent that this percentage falls, whether through vesting or due to a promotion or salary increase, an additional award may be granted on an annual basis to maintain the level of participation under the DSP.

For the year ended 31 December 2013 allocations in respect of 3 923 450 shares (2012: 5 681 736) were made to 749 participants (2012: 716) under the DSP.

## Performance Deferred Share Plan (PDSP)

To the extent that the face value of the awards granted under the DSP does not satisfy the specified multiple of TGP to be granted as long-term incentive awards, the individual will be granted an award under the PDSP. Awards granted under the PDSP are conditional rights to acquire shares for no consideration subject to performance vesting conditions being satisfied.

In addition to the individual remaining employed by the Group throughout the measurement period and maintains agreed individual performance hurdles, the vesting of the award is also subject to the condition that the Group's adjusted RoGEV exceeds its cost of capital for the relevant measurement period (Group performance hurdle). Cost of capital is defined as the nine-year government bond rate in South Africa plus 300 basis points. The exact condition varies by reference to the value of the performance award as a proportion of the individual's TGP. The higher the value of the award, the more stretching the Group performance hurdle becomes. For awards in excess of 175% of TGP the performance conditions also includes a business specific hurdle in addition to the Group performance hurdle.

The exact performance conditions are set by the GHRRC at the relevant date of grant.

The use of performance conditions in relation to adjusted RoGEV is considered appropriate as this is the key driver of the Group's strategy and the use of this measure means a direct link between the PDSP, Group strategy and shareholders' interests.

The performance measurement period for PDSP awards is six years. To the extent that they are not met at the end of this period, the performance awards will lapse.

However, performance awards can vest prior to the end of the six-year performance measurement period on a proportional basis to the extent that the conditions are met earlier, as follows:

- ▶ After three years from the date of grant – 40% of the award, provided all performance hurdles were satisfied;
- ▶ After four years – 30% or 70% depending on whether any portion vested earlier; and

- ▶ After five years – 30%, 70% or 100%, depending on whether any portion vested earlier.

This arrangement is aimed at encouraging performance that will result in targets being met earlier within the agreed measurement period.

To the extent that the value of performance awards falls below the specified multiple of TGP, whether through normal or early vesting or due to a promotion or salary increase, an additional award may be granted on an annual basis to maintain the level of performance awards and encourage ongoing long-term performance.

For the year ended 31 December 2013 allocations in respect of 1 951 658 shares (2012: 1 192 179) were made to 204 participants (2012: 160) under the PDSP.

## Restricted Share Plan (RSP)

The RSP has to date been operated in conjunction with the annual bonus plan (refer short-term incentives section above). Where an individual's performance justifies a bonus award that will be in excess of the calculated cash amount, that excess amount will be awarded as restricted shares under the RSP. Under this plan, individuals receive fully paid-up shares in Sanlam. The individual owns the shares from the date of grant and is entitled to receive dividends. However, the shares are subject to vesting conditions and may be forfeited and the dividends repayable if these conditions are not met during the measurement period.

A portion of the restricted shares awarded requires the individual to remain employed within the Group until the vesting date and maintain the agreed individual performance hurdles. This portion varies between 0% and 50% of the award and is dependent upon the individual's role. The remaining portion of the restricted shares awarded is subject to a performance condition. The performance condition for awards granted to date is that the Group's adjusted RoGEV per share exceeds the Group's cost of capital.

The measurement period is six years but early vesting can occur on a basis similar to that of the PDSP on the third, fourth and fifth anniversary of the date of grant, provided that all vesting conditions are met on such dates. For the year ended 31 December



2013 allocations in respect of 469 918 shares (2012: 683 018) were made to 14 participants (2012: 14) under the RSP, excluding the Group CEO (refer Group CEO arrangement below).

### Out-Performance Plan (OPP)

From time to time, at the discretion of the GHRRC, participation in the OPP is extended to certain members of the Executive committee who are leaders of the Group's main operating businesses. The OPP rewards superior performance over a three- to five-year measurement period and is used infrequently. Executive directors currently do not participate in the OPP.

No payment is made under the OPP unless the agreed growth target over the period is exceeded and full payment is only made if the stretched performance target is met. The maximum payment that can be made under the OPP is 200% of annual TGP over the respective three- or five-year measurement period (adjusted with salary inflation) or, where applicable, based on the internal rate of return achieved by the relevant business over the management period.

### Shareholder voting

The Group's remuneration policy and the implementation thereof are subject to a non-binding advisory vote at the annual general meeting (AGM) of Sanlam Limited. At the 2013 AGM, a total of 1 298 425 137 votes were cast on the advisory vote, with the vast majority of shareholders supporting the Group's remuneration policy and practices. The result of the voting was as follows:

For	Against	With-held	No vote	Total
96,79%	2,89%	0,32%	0%	100%

Sanlam's corporate governance practices, including the remuneration policy, are discussed with major shareholders and proxy voting organisations as part of the Group's stakeholder engagement process.

## ▶ REMUNERATION DETAILS FOR EXECUTIVE DIRECTORS AND MEMBERS OF THE EXECUTIVE COMMITTEE

### Group CEO arrangement

The Board entered into a five year employment arrangement with the Sanlam Group CEO, Johan van Zyl, with effect from 1 January 2011. The objective of the arrangement is to address the leadership requirements for the Sanlam Group in order to deliver on the strategic objectives determined by the Board.

The remuneration package associated with this arrangement supports and is aligned to the delivery of the strategic objectives set for the Sanlam Group. The arrangement substitutes short-term cash remuneration and participation in the long-term incentive plans with predominantly share-based incentives with appropriate performance hurdles linked to the achievement of short, medium and long-term strategic objectives for the Group and the leadership as determined by the Board.

The Group CEO's annual fixed cash remuneration package was fixed at R5,3 million (based on the 2010 remuneration level) for the full period until 31 December 2015, with no other variable cash incentives for this employment period. He was allocated five million restricted Sanlam shares of which three million were transferred and delivered during 2011 and two million during 2012. During 2013 a further 281 209 shares were transferred in lieu of dividends not received on the two million shares that were only transferred during 2012. The vesting of the shares is measured over a six-year period until 31 December 2016. The shares are grouped into various distinct components, each with its own measurement period and detailed individual and Group performance hurdles. A substantial portion (>75%) is linked to the out-performance of the Sanlam Group's cost of capital target and the successful delivery on the longer-term growth strategies of the Sanlam Group. Vesting is dependent on meeting the performance hurdles for each of the performance categories as well as complying with the time restrictions built into the arrangement. He does not participate in any new allocations under any of the existing long-term incentive schemes of the Sanlam Group during the period of this arrangement.

The performance conditions attached to the various components are as follows:

Performance category	Total number of shares	Number of shares subject to annual measurement	Measurement period	Performance targets	Board discretion for early release if targets are met before final release date of 31/12/2016
A	500 000	100 000	Annually from 1/1/2011 until 31/12/2015	Individual performance targets and time restriction	Shares that have met the annual performance hurdle
B	1 500 000	300 000	Annually from 1/1/2011 until 31/12/2015	Similar to short-term incentive scheme, with a sliding scale from 0% vesting in respect of no achievement of annual hurdles to 100% vesting for 200% achievement and time restriction	Shares that have met the annual performance hurdle
C1	500 000	—	1/1/2011 – 31/12/2016	Individual performance targets	Similar to DSP scheme (refer above)
			100 000 shares per annum (from 2011 to 2015) become eligible for performance measurement		
C2	500 000	—	Similar to C1	Individual performance targets and adjusted RoGEV exceeds cost of capital	Similar to C1
C3	500 000	—	Similar to C1	Individual performance targets and adjusted RoGEV exceeds 105% of the cost of capital	Similar to C1
D	1 500 000	—	1/1/2011 – 31/12/2016	Adjusted RoGEV exceeds 110% of the cost of capital and specific strategic goals are achieved	Board discretion
<b>Total</b>	<b>5 000 000</b>	<b>400 000</b>			

## REMUNERATION REPORT *continued*

A summary of the position as at 31 December 2013 is as follows:

	Total
Shares transferred under the CEO arrangement	5 281 209
Shares that have not met performance hurdles in 2011	(40 000)
Shares that have not met performance hurdles in 2012	(40 500)
Shares that have not met performance hurdles in 2013	(50 000)
<b>Subtotal</b>	<b>5 150 709</b>
Shares that have met the performance hurdles to date, but subject to time restrictions	(1 189 500)
Performance targets met in 2011	(360 000)
Performance targets met in 2012	(359 500)
Performance targets met in 2013	(470 000)
Shares subject to time restrictions only	(281 209)
Shares subject to future performance measurement	3 680 000

The Board analyses the individual performance of the Group CEO on a continuous basis throughout the year. In respect of 2013 their judgement of his performance resulted in the vesting of 100 000 or 100% of the applicable Category A shares.

## Executive remuneration summary

Remuneration earned by executive directors and members of the Executive committee was as follows:

### Remuneration for the year ended 31 December 2013

R'000	Months in service	Salary	Company contributions	Subtotal: Guaranteed package	Annual bonus	Attributable value of LTIs <sup>(5)</sup>	OPP payment	Total remuneration
Johan van Zyl <sup>(1)</sup>	12	4 452	848	5 300	—	263	—	5 563
Kobus Möller	12	3 475	662	4 137	4 000	4 645	—	12 782
Temba Mvusi <sup>(2)</sup>	12	2 416	411	2 827	2 000	2 429	—	7 256
Yegs Ramiah	12	2 597	166	2 763	2 000	2 735	—	7 498
<b>Subtotal: executive directors</b>		12 940	2 087	15 027	8 000	10 072	—	33 099
Themba Gamedze <sup>(3)</sup>	10	2 500	—	2 500	1 700	2 511	—	6 711
Ian Kirk <sup>(4)</sup>	12	3 337	691	4 028	2 300	4 728	—	11 056
Lizé Lambrechts	12	3 300	450	3 750	3 500	2 661	21 600	31 511
Johan van der Merwe	12	4 022	766	4 788	8 000	5 937	—	18 725
Heinie Werth	12	3 212	438	3 650	3 500	2 982	—	10 132
André Zeeman	12	2 730	520	3 250	3 000	3 628	—	9 878
<b>Executive committee</b>		32 041	4 952	36 993	30 000	32 519	21 600	121 112

<sup>(1)</sup> See Group CEO arrangement above.

<sup>(2)</sup> Includes an amount of R260 000 paid by Santam.

<sup>(3)</sup> Appointed on 1 March 2013.

<sup>(4)</sup> Ian Kirk as CEO of Santam is a member of the Executive committee. Full details of his emoluments can also be found in the Santam Integrated Report.

<sup>(5)</sup> Fair value of LTIs granted during the year, assuming 100% vesting – refer page 86.

### Remuneration for the year ended 31 December 2012

R'000	Months in service	Salary	Company contributions	Subtotal: Guaranteed package	Annual bonus	Attributable value of LTIs <sup>(7)</sup>	OPP payment	Total remuneration
Johan van Zyl <sup>(1)</sup>	12	4 502	798	5 300	—	—	—	5 300
Kobus Möller	12	3 292	583	3 875	3 700	4 282	—	11 857
Yvonne Muthien <sup>(2)</sup>	9	1 702	303	2 005	688 <sup>(8)</sup>	1 000	—	3 693
Temba Mvusi <sup>(3)</sup>	12	2 356	372	2 728	2 000	2 279	—	7 007
Yegs Ramiah <sup>(4)</sup>	2	396	20	416	300	332	—	1 048
<b>Subtotal: executive directors</b>		12 248	2 076	14 324	6 688	7 893	—	28 905
Ian Kirk <sup>(5)</sup>	12	3 222	578	3 800	2 500	2 040	—	8 340
Lizé Lambrechts	12	3 158	392	3 550	3 000	3 867	—	10 417
Johan van der Merwe	12	3 844	681	4 525	6 000	6 581	—	17 106
Heinie Werth	12	3 036	376	3 412	3 000	3 468	—	9 880
André Zeeman	12	2 591	459	3 050	2 600	3 167	—	8 817
Buyani Zwane <sup>(6)</sup>	6	985	177	1 162	1 200 <sup>(8)</sup>	—	—	2 362
<b>Executive committee</b>		29 084	4 739	33 823	24 988	27 016	—	85 827

<sup>(1)</sup> See Group CEO arrangement above.

<sup>(2)</sup> Retired on 5 September 2012.

<sup>(3)</sup> Includes an amount of R250 000 paid by Santam.

<sup>(4)</sup> Appointed on 1 November 2012 on Executive committee and on 5 December 2012 as executive director.

<sup>(5)</sup> Ian Kirk as CEO of Santam is a member of the Executive committee. Full details of his emoluments can also be found in the Santam Integrated Report.

<sup>(6)</sup> Resigned on 8 June 2012.

<sup>(7)</sup> Fair value of LTIs granted during the year, assuming 100% vesting.

<sup>(8)</sup> Termination benefit.

<sup>(9)</sup> Comparative information has been restated for a reclassification between the Salary and Company contributions components of Guaranteed package.

## Guaranteed package

The TGP (in rand) of the executive directors and members of the Executive committee are reflected in the table below. Due to increases in TGP being granted during the year, the TGP amounts reflected in the table will not correspond to those included in the summary remuneration tables above.

Individual	TGP as at 1 January 2014	TGP as at 1 January 2013	TGP as at 1 January 2012	% increase in TGP 2013	% increase in TGP 2012
Johan van Zyl <sup>(1)(2)</sup>	5 300 000	5 300 000	5 300 000	—	—
Kobus Möller <sup>(1)</sup>	4 200 000	3 950 000	3 650 000	6,33	8,22
Temba Mvusi <sup>(1)(3)</sup>	2 590 000	2 500 000	2 410 000	3,60	3,73
Yegs Ramiah <sup>(1)(4)</sup>	2 850 000	2 500 000	—	14,00	—
Themba Gamedze <sup>(5)</sup>	3 000 000	—	—	—	—
Ian Kirk	4 007 508	3 816 660	3 600 612	5,00	6,00
Lizé Lambrechts	3 800 000	3 600 000	3 400 000	5,56	5,88
Johan van der Merwe	4 850 000	4 600 000	4 300 000	5,43	6,98
Heinie Werth	3 700 000	3 500 000	3 150 000	5,71	11,11
André Zeeman	3 300 000	3 100 000	2 900 000	6,45	6,9
Yvonne Muthien <sup>(6)</sup>	—	—	2 520 000	—	—
Buyani Zwane <sup>(7)</sup>	—	—	2 300 000	—	—

<sup>(1)</sup> Executive director.

<sup>(2)</sup> See Group CEO arrangement above.

<sup>(3)</sup> Receives an additional amount of R260 000 (2012: R250 000) from Santam for services rendered to Santam.

<sup>(4)</sup> Appointed on 1 November 2012 on Executive committee and on 5 December 2012 as executive director.

<sup>(5)</sup> Appointed on 1 March 2013.

<sup>(6)</sup> Retired on 5 September 2012.

<sup>(7)</sup> Resigned on 8 June 2012.

The average salary increase paid to executive directors (excluding Johan van Zyl) for 2013 was 7,71% (2012: 7,23%) and that of members of the Executive committee for 2013 was 5,59% (2012: 7,64%) compared with an average salary increase paid to all employees of 6,5% (2012: 6,9%).

## Annual bonus

### Performance targets

The performance targets for the annual bonus plan are set by the GHRRC on an annual basis for executive directors and members of the Executive committee. In respect of the 2013 annual bonus, the split between business, Group and personal performance criteria for executive directors and members of the Executive committee was as follows:

Individual	Business %	Group %	Personal %
Johan van Zyl <sup>(1)</sup>	—	—	—
Kobus Möller	—	70	30
Temba Mvusi	—	50	50
Yegs Ramiah	—	50	50
Themba Gamedze	—	50	50
Ian Kirk	80	—	20
Lizé Lambrechts	50	25	25
Johan van der Merwe	70	10	20
Heinie Werth	50	25	25
André Zeeman	—	—	100

<sup>(1)</sup> See Group CEO arrangement above.

The Group performance measure that was applied in 2013 is:

▶ Return on Group Equity Value (RoGEV):

This is the key driver of the Group's strategy and the use of this measure means a direct link between the annual bonus plan and the Group's business strategy. In order to exclude the impact of investment market volatility during the performance period in question, adjusted RoGEV is used. This assumes that the embedded value investment return assumptions as at the beginning of the reporting period were achieved for the purposes of the investment return earned on the supporting capital of covered business and the valuation of other Group operations. Any other *ad hoc* items which are not under the control of management are also excluded.

- ▶ Group net result from financial services
- ▶ Clusters' aggregate performance against targets
- ▶ Performance against transformation targets



## REMUNERATION REPORT *continued*

The business-level performance measures are based on the specific strategic objectives of each business, while the personal performance measures are based on the contracted output of each individual over the vesting period.

The payments that can be achieved by executive directors and members of the Executive committee at the target and stretch levels are as indicated below.





Individual	% of TGP at target performance	Performance cash cap as % of TGP
Johan van Zyl <sup>(1)</sup>	—	—
Kobus Möller	56	112
Temba Mvusi	56	112
Yegs Ramiah	56	112
Themba Gamedze	56	112
Ian Kirk	80	160
Lizé Lambrechts	56	112
Johan van der Merwe	100	250 <sup>(2)</sup>
Heinie Werth	56	112
André Zeeman	56	112

<sup>(1)</sup> See Group CEO arrangement above.

<sup>(2)</sup> Subject to a 200% cash payment cap in respect of any one year. Any excess in a particular year is transferred to the following year.

These levels are benchmarked with comparator groups together with other components of remuneration.

The actual achievement of the Group performance measure for 2013 is as follows:

	Weight	Threshold	Target	Stretch	Score	Weighted score	
<b>Sanlam Group</b>		0%	100%	200%	0% – 200%		
Adjusted RoGEV	20%		10.3%	10.8%	12.4%	60,0%	12,0%
Group net result from financial services	30%		R4 668m	R4 918m	R5 556m	168,3%	50,5%
Clusters' actual performance against targets	40%					159,0%	63,6%
Transformation	10%		12,5	13,75	15,0	139,0%	13,9%
					Total	140,0%	

## Payments

The table below shows the annual bonus payments (in rand) to each of the executive directors and members of the Executive committee in respect of the performance achieved in 2013. These bonuses are paid in 2014:

Individual	% of TGP achieved 2013	Payment 2014 R	% of TGP achieved 2012	Payment 2013 R
Johan van Zyl <sup>(1)</sup>	—	—	—	—
Kobus Möller	95	4 000 000	94	3 700 000
Temba Mvusi	70	2 000 000	80	2 000 000
Yegs Ramiah <sup>(2)</sup>	70	2 000 000	72	300 000
Themba Gamedze <sup>(3)</sup>	57	1 700 000	—	—
Ian Kirk	57	2 300 000	66	2 500 000
Lizé Lambrechts	92	3 500 000	83	3 000 000
Johan van der Merwe	165	8 000 000	130	6 000 000
Heinie Werth	95	3 500 000	86	3 000 000
André Zeeman	91	3 000 000	84	2 600 000

<sup>(1)</sup> See Group CEO arrangement above.

<sup>(2)</sup> Appointed 1 November 2012.

<sup>(3)</sup> Appointed 1 March 2013.



## Long-term incentives

The participation by executive directors and members of the Executive committee in the Group's long-term incentive schemes

### Number of shares

	Balance 31-12-12	Awarded in 2013 <sup>(7)</sup>	Shares vested
<b>Johan van Zyl<sup>(1)</sup></b>	<b>6 647 213</b>	<b>6 476</b>	<b>(702 921)</b>
DSP	163 930	1 975	(108 199)
PDSP	373 750	4 501	(155 570)
Category A <sup>(6)</sup>	123 592	1 489	(51 954)
Category B <sup>(6)</sup>	81 003	975	(34 645)
Category C <sup>(6)</sup>	169 155	2 037	(68 971)
RSP	908 824	—	(439 152)
Group CEO arrangement <sup>(1)</sup>	5 200 709	—	—
<b>Kobus Möller</b>	<b>785 086</b>	<b>107 924</b>	<b>(263 503)</b>
DSP	189 442	31 271	(56 638)
PDSP	210 681	34 803	(54 779)
Category A <sup>(6)</sup>	124 875	22 712	(37 946)
Category B <sup>(6)</sup>	85 806	12 091	(16 833)
RSP	384 963	41 850	(152 086)
<b>Temba Mvusi</b>	<b>431 413</b>	<b>56 582</b>	<b>(136 675)</b>
DSP	132 782	20 119	(39 416)
PDSP	86 278	15 537	(28 678)
Category A <sup>(6)</sup>	86 278	15 537	(28 678)
RSP	212 353	20 926	(68 581)
<b>Yegs Ramiah<sup>(2)(3)</sup></b>	<b>42 154</b>	<b>67 331</b>	<b>(15 575)</b>
<b>Sanlam</b>	<b>25 047</b>	<b>—</b>	<b>(9 063)</b>
<b>Santam<sup>(3)</sup></b>			
DSP			
Sanlam	29 756	34 391	(10 994)
Santam <sup>(3)</sup>	17 874	—	(6 398)
PDSP – Category A <sup>(6)</sup>			
Sanlam	12 398	32 940	(4 581)
Santam <sup>(3)</sup>	7 173	—	(2 665)
<b>Themba Gamedze<sup>(4)</sup></b>	<b>—</b>	<b>61 823</b>	<b>—</b>
DSP	—	61 823	—

(excluding the OPP) at 31 December 2013 was as follows:

Shares forfeited	Balance 31-12-13	Vesting in				
		2014	2015	2016	2017	2018
<b>(50 000)</b>	<b>5 900 768</b>	<b>425 993</b>	<b>250 868</b>	<b>5 223 907</b>	<b>—</b>	<b>—</b>
—	57 706	57 307	399	—	—	—
—	222 681	117 209	105 472	—	—	—
—	73 127	36 563	36 564	—	—	—
—	47 333	28 302	19 031	—	—	—
—	102 221	52 344	49 877	—	—	—
—	469 672	251 477	144 997	73 198	—	—
(50 000)	5 150 709	—	—	5 150 709	—	—
<b>—</b>	<b>629 507</b>	<b>211 679</b>	<b>171 634</b>	<b>141 488</b>	<b>73 773</b>	<b>30 933</b>
—	164 075	56 556	41 117	38 199	19 506	8 697
—	190 705	58 595	59 577	39 768	23 084	9 681
—	109 641	36 319	33 163	20 702	13 094	6 363
—	81 064	22 276	26 414	19 066	9 990	3 318
—	274 727	96 528	70 940	63 521	31 183	12 555
<b>—</b>	<b>351 320</b>	<b>123 910</b>	<b>99 235</b>	<b>72 924</b>	<b>39 066</b>	<b>16 185</b>
—	113 485	40 931	28 514	24 110	14 373	5 557
—	73 137	21 987	23 461	14 238	9 101	4 350
—	73 137	21 987	23 461	14 238	9 101	4 350
—	164 698	60 992	47 260	34 576	15 592	6 278
—	—	—	—	—	—	—
<b>—</b>	<b>93 910</b>	<b>12 968</b>	<b>12 646</b>	<b>27 897</b>	<b>20 199</b>	<b>20 200</b>
<b>—</b>	<b>15 984</b>	<b>7 491</b>	<b>7 578</b>	<b>717</b>	<b>198</b>	<b>—</b>
—	—	—	—	—	—	—
—	53 153	9 155	8 926	14 437	10 317	10 318
—	11 476	5 288	5 426	564	198	—
—	40 757	3 813	3 720	13 460	9 882	9 882
—	4 508	2 203	2 152	153	—	—
<b>—</b>	<b>61 823</b>	<b>—</b>	<b>—</b>	<b>24 729</b>	<b>18 547</b>	<b>18 547</b>
—	61 823	—	—	24 729	18 547	18 547



## REMUNERATION REPORT *continued*

### Number of shares *(continued)*

	Balance 31-12-12	Awarded in 2013 <sup>(7)</sup>	Shares vested
<b>Ian Kirk<sup>(6)</sup></b>			
<b>Santam</b>	<b>61 068</b>	<b>19 092</b>	<b>(22 532)</b>
<b>Sanlam</b>	<b>103 772</b>	<b>32 099</b>	<b>(33 572)</b>
DSP			
Santam	33 092	5 422	(12 973)
Sanlam	55 023	9 116	(17 325)
PDSP			
Santam	27 976	13 670	(9 559)
Sanlam	48 749	22 983	(16 247)
<b>Lizé Lambrechts</b>	<b>613 571</b>	<b>62 273</b>	<b>(204 844)</b>
DSP	169 177	26 484	(48 745)
PDSP	105 980	14 863	(23 239)
Category A <sup>(6)</sup>	105 980	14 863	(23 239)
RSP	338 414	20 926	(132 860)
<b>Johan van der Merwe</b>	<b>1 203 519</b>	<b>139 724</b>	<b>(367 453)</b>
DSP	220 366	36 833	(72 263)
PDSP	358 466	61 041	(73 033)
Category A <sup>(6)</sup>	137 950	17 994	(25 892)
Category B <sup>(6)</sup>	149 459	29 828	(22 708)
Category C <sup>(6)</sup>	71 057	13 219	(24 433)
RSP	624 687	41 850	(222 157)
<b>Heinie Werth</b>	<b>582 561</b>	<b>70 201</b>	<b>(187 253)</b>
DSP	170 110	30 903	(58 142)
PDSP	106 209	18 372	(28 423)
Category A <sup>(6)</sup>	106 209	18 372	(28 423)
RSP	306 242	20 926	(100 688)
<b>André Zeeman</b>	<b>568 428</b>	<b>82 863</b>	<b>(169 685)</b>
DSP	150 464	25 782	(46 721)
PDSP	92 953	15 231	(22 276)
Category A <sup>(6)</sup>	92 953	15 231	(22 276)
RSP	325 011	41 850	(100 688)

<sup>(1)</sup> A new arrangement became effective from 1 January 2011 – refer Group CEO arrangement above.

<sup>(2)</sup> Appointed on 1 November 2012 (previously employed by Santam).

<sup>(3)</sup> Participated in the Santam DSP and PDSP up to the date of appointment on the Sanlam Executive committee.

<sup>(4)</sup> Appointed 1 March 2013.

<sup>(5)</sup> Participates in the Santam DSP and PDSP.

<sup>(6)</sup> The performance conditions of the PDSP categories (in addition to the individual performance conditions) are as follows:

a. Category A: Adjusted RoGEV for the Group exceeds the Group's cost of capital.

b. Category B: Adjusted RoGEV for the Group exceeds 105% of the Group's cost of capital (in addition to the Sanlam Group hurdle, a business hurdle is also applicable for Johan van der Merwe).

c. Category C: Adjusted RoGEV for the Group exceeds 110% of the Group's cost of capital (in addition to the Sanlam Group hurdle, a business hurdle is also applicable for Johan van der Merwe).

<sup>(7)</sup> Includes additional shares awarded in respect of past grants in lieu of special dividend.

Shares forfeited	Balance 31-12-13	Vesting in				
		2014	2015	2016	2017	2018
—	<b>57 628</b>	<b>23 161</b>	<b>8 287</b>	<b>12 759</b>	<b>7 694</b>	<b>5 727</b>
—	<b>102 299</b>	<b>39 945</b>	<b>15 860</b>	<b>22 967</b>	<b>13 896</b>	<b>9 631</b>
—	25 541	11 247	4 044	5 031	3 593	1 626
—	46 814	19 241	8 258	9 578	7 002	2 735
—	32 087	11 914	4 243	7 728	4 101	4 101
—	55 485	20 704	7 602	13 389	6 894	6 896
—	<b>471 000</b>	<b>147 380</b>	<b>142 528</b>	<b>107 288</b>	<b>56 123</b>	<b>17 681</b>
—	146 916	46 119	39 747	34 758	18 965	7 327
—	97 604	26 779	31 488	23 009	12 252	4 076
—	97 604	26 779	31 488	23 009	12 252	4 076
—	226 480	74 482	71 293	49 521	24 906	6 278
—	<b>975 790</b>	<b>342 447</b>	<b>267 112</b>	<b>221 940</b>	<b>104 463</b>	<b>39 828</b>
—	184 936	57 552	46 951	46 272	23 907	10 254
—	346 474	131 835	95 879	70 996	30 745	17 019
—	130 052	45 375	41 805	30 435	7 537	4 900
—	156 579	72 211	38 172	23 262	14 525	8 409
—	59 843	14 249	15 902	17 299	8 683	3 710
—	444 380	153 060	124 282	104 672	49 811	12 555
—	<b>465 509</b>	<b>149 875</b>	<b>144 134</b>	<b>97 166</b>	<b>54 271</b>	<b>20 063</b>
—	142 871	46 662	38 805	29 879	18 868	8 657
—	96 158	28 731	34 036	17 766	10 497	5 128
—	96 158	28 731	34 036	17 766	10 497	5 128
—	226 480	74 482	71 293	49 521	24 906	6 278
—	<b>481 606</b>	<b>153 276</b>	<b>140 587</b>	<b>108 765</b>	<b>54 997</b>	<b>23 981</b>
—	129 525	45 512	33 870	28 086	14 865	7 192
—	85 908	25 773	29 794	17 158	8 949	4 234
—	85 908	25 773	29 794	17 158	8 949	4 234
—	266 173	81 991	76 923	63 521	31 183	12 555



## REMUNERATION REPORT continued

### Value

R'000	2013			2012		
	Value of shares awarded <sup>(1)</sup>	Value of shares vesting <sup>(2)</sup>	Value of shares forfeited <sup>(2)</sup>	Value of shares awarded <sup>(1)</sup>	Value of shares vesting <sup>(2)</sup>	Value of shares forfeited <sup>(2)</sup>
<b>Johan van Zyl</b>	263	33 383	(2 662)	—	29 933	(1 813)
DSP	80	5 101	—	—	4 192	—
PDSP	183	7 334	—	—	3 254	—
RSP <sup>(3)</sup>	—	20 948	—	—	22 487	—
Group CEO arrangement	—	—	(2 662)	—	—	(1 813)
<b>Kobus Möller</b>	4 645	12 507	—	4 282	11 025	—
DSP	1 270	2 670	—	1 019	1 665	—
PDSP	1 413	2 582	—	1 263	1 841	—
RSP <sup>(3)</sup>	1 962	7 255	—	2 000	7 519	—
<b>Temba Mvusi</b>	2 429	6 481	—	2 279	3 304	—
DSP	817	1 858	—	831	1 151	—
PDSP	631	1 352	—	448	497	—
RSP <sup>(3)</sup>	981	3 271	—	1 000	1 656	—
<b>Yegs Ramiah<sup>(4)</sup></b>	2 735	2 360	—	332	—	—
DSP	1 397	1 666	—	267	—	—
PDSP	1 338	694	—	65	—	—
<b>Yvonne Muthien<sup>(6)</sup></b>	—	—	—	1 000	7 474	(3 447)
DSP	—	—	—	—	4 203	—
PDSP	—	—	—	—	1 712	(1 212)
RSP <sup>(3)</sup>	—	—	—	1 000	1 559	(2 235)
<b>Subtotal: executive directors</b>	<b>10 072</b>	<b>54 731</b>	<b>(2 662)</b>	7 893	51 736	(5 260)

R'000	2013			2012		
	Value of shares awarded <sup>(1)</sup>	Value of shares vesting <sup>(2)</sup>	Value of shares forfeited <sup>(2)</sup>	Value of shares awarded <sup>(1)</sup>	Value of shares vesting <sup>(2)</sup>	Value of shares forfeited <sup>(2)</sup>
<b>Themba Gamedze<sup>(6)</sup></b>	<b>2 511</b>	<b>—</b>	<b>—</b>	—	—	—
DSP	2 511	—	—	—	—	—
<b>Ian Kirk</b>	<b>4 728</b>	<b>5 624</b>	<b>—</b>	2 040	5 375	—
Santam	3 424	4 041	—	1 633	4 132	—
Sanlam	1 304	1 583	—	407	1 243	—
<b>Lizé Lambrechts</b>	<b>2 661</b>	<b>9 730</b>	<b>—</b>	3 867	8 421	—
DSP	1 076	2 298	—	1 097	1 325	—
PDSP	604	1 095	—	770	1 189	—
RSP <sup>(3)</sup>	981	6 337	—	2 000	5 907	—
<b>Johan van der Merwe</b>	<b>5 937</b>	<b>17 446</b>	<b>—</b>	6 581	16 024	—
DSP	1 496	3 406	—	1 287	2 208	—
PDSP	2 479	3 443	—	1 294	1 756	—
RSP <sup>(3)</sup>	1 962	10 597	—	4 000	12 060	—
<b>Heinie Werth</b>	<b>2 982</b>	<b>8 884</b>	<b>—</b>	3 468	4 291	—
DSP	1 255	2 741	—	962	1 378	—
PDSP	746	1 340	—	506	480	—
RSP <sup>(3)</sup>	981	4 803	—	2 000	2 433	—
<b>André Zeeman</b>	<b>3 628</b>	<b>8 055</b>	<b>—</b>	3 167	4 165	—
DSP	1 047	2 202	—	723	1 183	—
PDSP	619	1 050	—	444	549	—
RSP <sup>(3)</sup>	1 962	4 803	—	2 000	2 433	—
<b>Executive committee</b>	<b>32 519</b>	<b>104 470</b>	<b>(2 662)</b>	27 016	90 012	(5 260)

<sup>(1)</sup> Based on fair value of shares on grant date, assuming 100% vesting. Actual vesting percentage will be determined on final measurement date.

<sup>(2)</sup> Based on market value of shares on vesting and forfeiture dates respectively.

<sup>(3)</sup> Grants during a year relates to performance in the prior financial year (refer description of scheme above).

<sup>(4)</sup> Appointed on 1 November 2012 on Executive committee and on 5 December 2012 as executive director.

<sup>(5)</sup> Resigned on 5 September 2012.

<sup>(6)</sup> Appointed on 1 March 2013.

It is anticipated that awards will be granted in 2014 to executive directors (excluding the Group CEO) and members of the Executive committee on a basis consistent with that described above.



## REMUNERATION REPORT *continued*

Current participants in the OPP and achievements to date are as follows:

Individual	Measurement period	Performance measures	Achievement	Outcome
Lizé Lambrechts	1 January 2010 – 31 December 2012	Outperformance of operational targets set for SPF cluster	100,0%	R21,6 million paid on 1 April 2013
Lizé Lambrechts	1 January 2013 – 31 December 2015	Outperformance of operational targets set for SPF cluster	22%	Final measurement and payment on 1 April 2016
Johan van der Merwe	1 January 2009 – 31 March 2014	Outperformance of return targets set for international Sanlam investment business over the full measurement period	n/a	Final measurement and payment after 1 April 2014
Heinie Werth	1 January 2012 – 31 December 2014	Outperformance of operational targets set for SEM cluster	69%	Final measurement and payment on 1 April 2015
Ian Kirk	1 January 2010 – 31 December 2014	Outperformance of operational targets set for Santam over the full measurement period	n/a	Final measurement and payment on 1 April 2015

To the extent that any awards are granted under the OPP in 2014, it will occur on a basis consistent with that described above.

### ► SANLAM SHARE SCHEME ALLOCATION

Pursuant to the amendments to Schedule 14 of the JSE Listings Requirements, the shareholders of Sanlam approved a scheme allocation of 160 million ordinary shares available to be utilised for long-term incentive purposes with effect from 1 January 2009, provided that the maximum allocation during any financial year cannot exceed 16 million.

The following table illustrates the position as at 31 December 2013:

	Number of shares
Scheme allocation originally approved	160 000 000
Net movement during 2009	(10 701 155)
Net movement during 2010	(8 652 718)
Net movement during 2011	(13 828 369)
Balance of scheme allocation carried forward at 31 December 2011	126 817 758
Allocation under DSP and PDSP in 2012	(6 873 915)
Allocation under RSP in 2012 (CEO)	(2 000 000)
Allocation under RSP in 2012 (Other)	(683 018)
Shares forfeited in 2012	655 241
Balance of scheme allocation carried forward at 31 December 2012	117 916 066
Allocation under DSP and PDSP in 2013	(5 905 362)
Allocation under RSP in 2013 (CEO)	(281 209)
Allocation under RSP in 2013 (Other)	(469 918)
Shares forfeited in 2013	822 979
Additional DSP and PDSP allocated in lieu of special dividend	(359 948)
Balance of scheme allocation carried forward at 31 December 2013	111 722 608

## ► REMUNERATION DETAILS FOR NON-EXECUTIVE DIRECTORS

Fee structures are recommended to the Board by the GHRRC (other than for services as a GHRRC member) and reviewed annually with the assistance of external service providers. The GHRRC takes cognisance of market norms and practices, as well as the additional responsibilities placed on Board members by new Acts, regulations and corporate governance guidelines. The Board recommends the fee structure for the year, from 1 July until 30 June the following year, to the Group's shareholders at the AGM for approval. Non-executive directors receive annual Board and committee retainers. In addition, a fee is paid for attending Board meetings. Sanlam pays for all travelling and accommodation expenses in respect of Board meetings. The Chairman receives a fixed annual fee that is inclusive of all Board and committee attendances as well as all other tasks performed on behalf of the Group. Disclosure of individual directors' emoluments, as required in terms of the JSE Listings Requirements, is detailed below.

### Non-executive directors' emoluments for the year ended 31 December 2013

R'000	Directors' fees	Allowance	Attendance and committees	Fees from Group	Total
MMM Bakane-Tuoane	173	74	334	—	581
AD Botha	173	74	293	427	967
PR Bradshaw <sup>(1)</sup>	75	32	89	483	679
A Duggal <sup>(2)</sup>	173	74	131	—	378
FA du Plessis <sup>(3)</sup>	84	36	237	—	357
MV Moosa	173	74	355	—	602
PT Motsepe	260	112	250	—	622
MP Mthethwa	173	74	292	—	539
SA Nkosi	173	74	103	—	350
I Plenderleith <sup>(4)</sup>	129	55	238	343	765
P de V Rademeyer	173	74	547	764	1 558
RV Simelane	173	74	193	—	440
DK Smith (Chairman)	1 461	626	—	—	2 087
CG Swanepoel	173	74	540	1 385	2 172
ZB Swanepoel	173	74	208	—	455
PL Zim	173	74	171	—	418
<b>Total non-executive directors</b>	<b>3 912</b>	<b>1 675</b>	<b>3 981</b>	<b>3 402</b>	<b>12 970</b>

<sup>(1)</sup> Appointed 7 August 2013.

<sup>(2)</sup> Appointed 15 January 2013. Remuneration is paid to Shriram Capital.

<sup>(3)</sup> Retired 5 June 2013.

<sup>(4)</sup> Retired 4 September 2013.

Travel and subsistence paid in respect of attendance of Board and committee meetings amounted to R1 054 870.





**Non-executive directors' emoluments for the year ended 31 December 2012**

R'000	Directors' fees	Allowance	Attendance and committees	Fees from Group	Total
MMM Bakane-Tuoane	168	72	286	—	526
AD Botha	168	72	241	572	1 053
FA du Plessis	168	72	444	—	684
MV Moosa	168	72	251	—	491
PT Motsepe	251	108	218	—	577
MP Mthethwa (nee Buthelezi)	168	72	211	—	451
SA Nkosi	168	72	105	—	345
I Plenderleith	168	72	279	312	831
P de V Rademeyer	168	72	483	782	1 505
RV Simelane	168	72	202	—	442
DK Smith (Chairman)	1 366	585	—	—	1 951
CG Swanepoel	168	72	415	1 424	2 079
ZB Swanepoel	168	72	183	—	423
PL Zim	168	72	148	—	388
<b>Total non-executive directors</b>	<b>3 633</b>	<b>1 557</b>	<b>3 466</b>	<b>3 090</b>	<b>11 746</b>

Travel and subsistence paid in respect of attendance of Board and committee meetings amounted to R856 956.

**Fees from Group companies for the year ended 31 December 2013**

R'000	Directors' fees	Attendance fees	Committee fees	Total
AD Botha	143	235	49	427
I Plenderleith	343	—	—	343
P de V Rademeyer	213	379	172	764
CG Swanepoel	259	973	153	1 385
PR Bradshaw	483	—	—	483
<b>Total fees from Group companies</b>	<b>1 441</b>	<b>1 587</b>	<b>374</b>	<b>3 402</b>

**Fees from Group companies for the year ended 31 December 2012**

R'000	Directors' fees	Attendance fees	Committee fees	Total
AD Botha	277	249	46	572
I Plenderleith	312	—	—	312
P de V Rademeyer	308	393	81	782
CG Swanepoel	227	1 044	153	1 424
<b>Total fees from Group companies</b>	<b>1 124</b>	<b>1 686</b>	<b>280</b>	<b>3 090</b>



## ► INTEREST OF DIRECTORS IN SHARE CAPITAL

Total interest of directors in share capital at 31 December 2013

	BENEFICIAL		Non-beneficial	UB shares
	Direct	Indirect		
<b>Executive directors<sup>(1)</sup></b>				
J van Zyl	6 038 133	2 594 319	—	—
JP Möller	1 286 743	—	—	—
TI Mvusi	236 510	36 617	—	4 000
Y Ramiah	—	—	—	—
<b>Total executive directors</b>	<b>7 561 386</b>	<b>2 630 936</b>	<b>—</b>	<b>4 000</b>
<b>Non-executive directors</b>				
DK Smith (Chairman)	—	35 000	—	—
PT Motsepe (Deputy Chairman) <sup>(2)</sup>	—	—	—	—
MMM Bakane-Tuoane	—	—	—	7 142
AD Botha	—	—	286 999	—
PR Bradshaw	—	29 000	—	—
A Duggal	—	—	—	—
MV Moosa	—	—	—	7 142
MP Mthethwa	—	—	—	7 142
SA Nkosi	—	—	—	7 142
P de V Rademeyer	181 335	495 698	—	—
RV Simelane	—	—	—	7 142
CG Swanepoel	10 000	—	—	—
ZB Swanepoel	—	—	—	7 142
PL Zim	444	—	—	7 142
<b>Total non-executive directors</b>	<b>191 779</b>	<b>559 698</b>	<b>286 999</b>	<b>49 994</b>
<b>Total</b>	<b>7 753 165</b>	<b>3 190 634</b>	<b>286 999</b>	<b>53 994</b>

<sup>(1)</sup> Includes participation in the Restricted Share Plan and Group CEO arrangement.

<sup>(2)</sup> Ubuntu-Botho Investments (Pty) Limited (Ubuntu-Botho) is the direct beneficial holder of 226 million Sanlam ordinary shares and 56,5 million Sanlam 'A' deferred shares.

Sizani-Thusanang-Helpmekaar Investments (Pty) Limited (Sizani), beneficially holds 55% of the ordinary share capital in Ubuntu-Botho. The entire share capital of Sizani is held by a company, the entire issued share capital of which is in turn held by trusts whose beneficiaries are Patrice Motsepe and his immediate family.

A number of other directors also have a beneficial interest in the share capital of Ubuntu-Botho through its shareholding structure.

As a result Patrice Motsepe and the above directors are indirect beneficial holders of the 226 million Sanlam ordinary shares and 56,5 million Sanlam 'A' deferred shares.

<sup>(3)</sup> At the date of this report there are no material differences with the shareholding disclosed above as at 31 December 2013.

## Total interest of directors in share capital at 31 December 2012

	BENEFICIAL		Non-beneficial	UB shares
	Direct	Indirect		
<b>Executive directors<sup>(1)</sup></b>				
J van Zyl	6 628 058	1 915 642	—	—
JP Möller	1 361 493	—	—	—
TI Mvusi	324 430	—	—	4 000
Y Ramiah	—	—	—	—
<b>Total executive directors</b>	<b>8 313 981</b>	<b>1 915 642</b>	<b>—</b>	<b>4 000</b>
<b>Non-executive directors</b>				
DK Smith (Chairman)	—	35 000	—	—
PT Motsepe (Deputy Chairman) <sup>(2)</sup>	—	—	—	—
MMM Bakane-Tuoane	—	—	—	7 142
AD Botha	—	—	286 999	—
MP Mthethwa	—	—	—	7 142
FA du Plessis	—	370	390	—
MV Moosa	—	—	—	7 142
SA Nkosi	—	—	—	7 142
I Plenderleith	—	—	—	—
P de V Rademeyer	181 335	495 698	—	—
RV Simelane	—	—	—	7 142
CG Swanepoel	10 000	—	—	—
ZB Swanepoel	—	—	—	7 142
PL Zim	444	—	—	7 142
<b>Total non-executive directors</b>	<b>191 779</b>	<b>531 068</b>	<b>287 389</b>	<b>49 994</b>
<b>Total</b>	<b>8 505 760</b>	<b>2 446 710</b>	<b>287 389</b>	<b>53 994</b>

<sup>(1)</sup> Includes participation in the Restricted Share Plan and Group CEO arrangement.

<sup>(2)</sup> Ubuntu-Botho Investments (Pty) Limited (Ubuntu-Botho) is the direct beneficial holder of 226 million Sanlam ordinary shares and 56,5 million Sanlam 'A' deferred shares.

Sizani-Thusanang-Helpmekaar Investments (Pty) Limited (Sizani), beneficially holds 55% of the ordinary share capital in Ubuntu-Botho. The entire share capital of Sizani is held by a company, the entire issued share capital of which is in turn held by trusts whose beneficiaries are Patrice Motsepe and his immediate family.

A number of other directors also have a beneficial interest in the share capital of Ubuntu-Botho through its shareholding structure.

As a result Patrice Motsepe and the above directors are indirect beneficial holders of the 226 million Sanlam ordinary shares and 56,5 million Sanlam 'A' deferred shares.

