

# Remuneration report

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## Context

### Introduction

Sanlam's remuneration philosophy and policy support 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) and the heads of control functions, 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:

- ① Develops and recommends to the Board for approval the Group's remuneration strategy as far as the remuneration of executive directors, members of the Executive committee and heads of control functions are concerned;
- ② Develops and recommends to the Board for approval short-term incentive schemes for the Group. It includes 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 in support of the Group strategy;
- ③ Develops and recommends to the Board for approval long-term incentive schemes for the Group. It includes the setting of guidelines for annual allocations and a regular review of the appropriateness and structure of the schemes to ensure alignment with the Group strategy and shareholder and other stakeholder interests;
- ④ Sets appropriate performance drivers for both short-term and long-term incentives, as well as monitoring and testing those drivers;
- ⑤ Review the management of the contracts of employment of executive directors, members of the Executive committee and heads of control functions to ensure that their terms are aligned with good practice principles;
- ⑥ Determines specific remuneration packages for executive directors, members of the Executive committee and heads of control functions, including total guaranteed packages, retirement benefits, short-term incentives, long-term incentives and other conditions of employment; and
- ⑦ Makes recommendations to the Board regarding the remuneration of non-executive directors.

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A copy of the GHRRC's terms of reference can be found on the Group's website ([www.sanlam.com/investorrelations](http://www.sanlam.com/investorrelations)). Refer also the Corporate Governance Report on page 174 for the composition and summarised terms of reference for the GHRRC.

During 2014, the GHRRC considered the following matters:

- ① Benchmarking of remuneration levels and practices with international and local comparator groups;
- ① Continued alignment of Sanlam's remuneration practices with King III governance principles and pending regulations which provide a risk-based governance framework for the prudential regulation of long-term and general insurers in South Africa;
- ① Appointment of a Deputy Group Chief Executive as part of the succession planning for the Chief Executive position;
- ① Recruitment and appointment of other executive staff members;
- ① Monitoring and approval of short-term bonuses and long-term incentives;
- ① Accelerated measures to support existing strategies to correct the under-representation of black people at the senior and middle management levels of the organisation; and
- ① Monitored the work and decisions of the other Sanlam Group HR and Remuneration committees.

The South African Companies Act No 71 of 2008 introduced the concept of a 'prescribed officer'. 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.

## ① Remuneration policies and practices

### Remuneration philosophy

The Board recognises that appropriate remuneration for executive directors, members of its Executive committee and other employees is 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:

- ① Inform stakeholders of Sanlam's approach to rewarding its employees;
- ① Identify those aspects of the reward philosophy that are prescribed and to which all businesses should adhere;
- ① Provide a general framework for all the other elements of the reward philosophy;
- ① Offer guidelines for short- and long-term incentive and retention processes; and
- ① 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:

- ① **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.
- ① **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 sustainability of the organisation.
- ① **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;
  - Sustainable performance of the Group as a whole;
  - The performance of any region, business unit or support function; and
  - The employee's own contribution.
- ① **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 differentiation is unacceptable and equal opportunities in respect of service practices and benefits are guaranteed.
- ① **Attraction and retention:** Remuneration practices are recognised as a key instrument in attracting and retaining the required talent to meet the Group's objectives and ensure its sustainability over the long term.
- ① **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.

- ① **Best practice:** Reward packages and practices reflect local and international best practice, where appropriate and practical.
- ① **Communication:** The remuneration philosophy, policy and practices, as well as the processes to determine individual pay levels, are transparent and communicated effectively to all employees. In this process the link between remuneration and the Group's strategic objectives is understood by all employees.
- ① **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.

### 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 clauses are included in employment contracts that relate to any form of payments in the event of change in control of the Company. However, in the event of change of control the vesting of share awards will be based on the provisions as approved by shareholders in the Group LTI rules.

# Remuneration report continued

## ➤ 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:

- ① The guaranteed component is based on market-relatedness in conjunction with the individual's performance, competence and potential.
- ② The short-term incentive component of remuneration is based on a combination of individual and annual business performance.
- ③ The long-term incentive component is based on the individual's performance, potential and 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>	Creates a high performance culture through a cash bonus in relation to performance against predetermined outputs	Annually based on short-term performance with the aim to remunerate outstanding performance in excess of market mean	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 vesting over either five or six years. Part early vesting is allowed from the third year provided that all the vesting conditions have been met	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:

- ④ Leave;
- ④ Retirement funding;
- ④ Group life cover; and
- ④ Medical aid.

### Process and benchmarking

Average TGP is normally 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 as well as the current consumer price index of the country.

### 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 employees who outperform 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. The design and quantum of the annual performance bonus is regularly reviewed against best market practice and the quantum is benchmarked against the market using a robust comparator group.

### GHRRC's role

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

- ④ 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;
- ④ Agree on the performance drivers for the annual bonus plan;
- ④ Agree on the split between business, Group and personal performance criteria; and
- ④ 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, but the total bonus can significantly exceed the target bonus.

# Remuneration report continued

Where the bonus targets are not achieved in full, a reduced bonus, based on a sliding scale, will be paid only if the threshold performance level has been achieved.

Where the annual bonus 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 2014 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 weighted average bonus achievement of 144% (2013: 140%) of target 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 maximum cash bonus percentage of TGP, the GHRRC may award restricted shares under the Sanlam Restricted Share Plan to acknowledge such out-performance. Companies within the broader Sanlam Group may use other mechanisms such as cash retentions for amounts in excess of the cap.

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. Provision is made for claw-back should this be necessary.

## **Long-term incentives**

### **Overview and general policy**

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

- ① The Sanlam Deferred Share Plan (DSP);
- ② The Sanlam Performance Deferred Share Plan (PDSP);
- ③ The Sanlam Restricted Share Plan (RSP); and
- ④ 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 (calculated on their face value at date of grant) is equal to a set multiple of the individual's TGP. The set multiples are determined by reference to the individual's job grade. In addition, transformation considerations and the role and performance of an individual and the need to attract and/or retain key talent are taken into account when determining the final multiple. In general, the total award level ranges from 35% to 280% of TGP but may exceed this in the specific circumstances referred to above.

Long-term incentive awards granted are split between individual performance (granted under the DSP and awards made without business related performance conditions under the RSP) and business related performance awards (granted under the PDSP and awards made with business related performance conditions under the RSP).

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:

- ① Ensure that their structure contributes to shareholder value and the long-term sustainability of the Group;
- ② Set appropriate performance drivers and take responsibility for monitoring and agreeing on the level of compliance with those performance drivers; and
- ③ 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 award has individual performance hurdles attached to it. The vesting conditions are that the individual remains employed by the Group throughout the vesting period and maintains agreed individual performance hurdles. The measurement period is five years and vesting may occur as follows, provided that all the vesting conditions have been met:

- ① After three years – 40%;
- ② After four years – 70% less any portion vested earlier; and
- ③ After five years – 100% less any portion that vested earlier.

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 total 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 2014 allocations in respect of 3 517 035 shares (2013: 3 923 450) were made to 731 participants (2013: 749) 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 various vesting conditions being satisfied.

In addition to the individual remaining employed by the Group throughout the measurement period and maintaining 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 award allocated, the more stretching the vesting conditions thereof are. For awards in excess of 175% of TGP the vesting conditions also include a business specific hurdle in addition to the personal and Group performance hurdles.

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

The use of adjusted RoGEV as a performance condition 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 long-term incentive reward, 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 related awards will lapse.



# Remuneration report continued

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

- ⌚ After three years from the date of grant – 40% of the award;
- ⌚ After four years – 70% less any portion that vested earlier; and
- ⌚ After five years – 100% less any portion that vested earlier.

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

To the extent that the value of performance awards falls below the specified multiple of TGP, 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 performance awards and encourage ongoing long-term performance.

For the year ended 31 December 2014 allocations in respect of 1 334 834 shares (2013: 1 951 658) were made to 217 participants (2013: 204) 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) for selected senior staff. Where a bonus payment is awarded that is in excess of the bonus cap, 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.

The restricted shares awarded require the individual to remain employed within the Group until the final vesting date and maintain the agreed individual performance hurdles. A portion of the restricted shares awarded is subject to a business 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 and such condition varies between 0% and 100% of the award depending on the individual's role.

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 as determined by the GHRRC. For the year ended 31 December 2014 allocations in respect of 533 136 shares (2013: 469 918) were made to 18 participants (2013: 14) under the RSP.

## **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).

## 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 2014 AGM, a total of 1 461 243 306 votes (2013: 1 298 425 137) 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
2014	96,16%	3,18%	0,66%	0%	100%
2013	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 Group 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, two million during 2012 and 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.

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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 conditional vesting 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 (see below)
C1	500 000	—	1/1/2011 – 31/12/2016 100 000 shares per annum (from 2011 to 2015) become eligible for performance measurement	Individual performance targets	Similar to DSP (refer above)
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>			



A summary of the position as at 31 December 2014 is as follows:

	<b>Total</b>
Total shares transferred in terms of the arrangement	<b>5 281 209</b>
Shares that have not met performance hurdles in 2011	<b>(40 000)</b>
Shares that have not met performance hurdles in 2012	<b>(40 500)</b>
Shares that have not met performance hurdles in 2013	<b>(50 000)</b>
Shares that have not met performance hurdles in 2014	<b>(30 000)</b>
<b>Subtotal</b>	<b>5 120 709</b>
Shares that have met the performance hurdles to date, but subject to time restrictions	<b>(2 279 500)</b>
Performance targets met in 2011	<b>(360 000)</b>
Performance targets met in 2012	<b>(359 500)</b>
Performance targets met in 2013	<b>(470 000)</b>
Performance targets met in 2014	<b>(1 090 000)</b>
Shares subject to time restrictions only	<b>(281 209)</b>
<b>Shares subject to future performance measurement</b>	<b>2 560 000</b>

The Board analyses the individual performance of the Group CEO on a continuous basis throughout the year. In respect of 2014 their judgement of his performance resulted in the conditional vesting of 100 000 or 100% of the applicable category A shares. The following performance targets applied to the conditional vesting of the category B shares for 2014:

%	Weight	Score 0% – 200%	Weighted score
Group operational performance:	<b>45</b>	<b>200</b>	<b>90</b>
– RoGEV	15	200	30
– Result from financial services	15	200	30
– Value of new life insurance business (VNB)	15	200	30
Relative Sanlam share price performance	<b>5</b>	<b>187,5</b>	<b>9,4</b>
Strategy implementation:	<b>50</b>	<b>161</b>	<b>80,6</b>
– Capital efficiency	17,5	150	26,3
– Diversification	17,5	175	30,6
– Optimisation	5	154	7,7
– Transformation	10	160	16
	<b>100</b>	Total	180

# Remuneration report continued

## Executive remuneration summary

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

### Remuneration for the year ended 31 December 2014

R'000	Months in service	Salary	Company contributions	Subtotal: Guaranteed package	Annual bonus	Attributable value of LTIs <sup>(4)</sup>	OPP payment	Total remuneration
Johan van Zyl <sup>(1)</sup>	12	4 452	848	5 300	—	—	—	5 300
Kobus Möller	12	3 717	708	4 425	5 000	5 804	—	15 229
Temba Mvusi <sup>(2)</sup>	12	2 544	433	2 977	2 300	2 413	—	7 690
Yegs Ramiah	12	2 820	180	3 000	2 500	2 267	—	7 767
<b>Subtotal: executive directors</b>		<b>13 533</b>	<b>2 169</b>	<b>15 702</b>	<b>9 800</b>	<b>10 484</b>	<b>—</b>	<b>35 986</b>
Themba Gamedze	12	3 131	—	3 131	2 300	1 145	—	6 576
Ian Kirk <sup>(3)</sup>	12	3 519	670	4 189	7 000	3 067	—	14 256
Lizé Lambrechts	12	3 509	479	3 988	3 100	3 846	—	10 934
Johan van der Merwe	12	4 250	810	5 060	8 500	8 875	40 000	62 435
Heinie Werth	12	3 421	467	3 888	2 900	3 859	—	10 647
André Zeeman	12	2 898	552	3 450	3 200	3 718	—	10 368
<b>Executive committee</b>		<b>34 261</b>	<b>5 147</b>	<b>39 408</b>	<b>36 800</b>	<b>34 994</b>	<b>40 000</b>	<b>151 202</b>

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

<sup>(2)</sup> Includes an amount of R271 000 paid by Santam.

<sup>(3)</sup> Ian Kirk as CEO of Santam up to 31 December 2014 is a member of the Executive committee. Full details of his emoluments can also be found in the Santam Annual Report.

<sup>(4)</sup> Fair value of LTIs granted during the year, assuming 100% vesting – refer page 204.

### 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>		<b>12 940</b>	<b>2 087</b>	<b>15 027</b>	<b>8 000</b>	<b>10 072</b>	<b>—</b>	<b>33 099</b>
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>		<b>32 041</b>	<b>4 952</b>	<b>36 993</b>	<b>30 000</b>	<b>32 519</b>	<b>21 600</b>	<b>121 112</b>

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

<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 Annual Report.

<sup>(5)</sup> Fair value of LTIs granted during the year, assuming 100% vesting – refer page 204.



## 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 2015	TGP as at 1 January 2014	TGP as at 1 January 2013	% increase in TGP 2014	% increase in TGP 2013
Johan van Zyl <sup>(1)(2)</sup>	5 300 000	5 300 000	5 300 000	—	—
Kobus Möller <sup>(1)</sup>	4 500 000	4 200 000	3 950 000	7,14	6,33
Temba Mvusi <sup>(1)(3)</sup>	2 745 000	2 590 000	2 500 000	5,98	3,60
Yegs Ramiah <sup>(1)</sup>	3 050 000	2 850 000	2 500 000	7,02	14,00
Themba Gamedze	3 175 000	3 000 000	—	5,83	
Ian Kirk	5 500 000	4 007 508	3 816 660	37,24	5,00
Lizé Lambrechts	4 250 000	3 800 000	3 600 000	11,84	5,56
Johan van der Merwe	5 130 000	4 850 000	4 600 000	5,77	5,43
Heinie Werth	3 950 000	3 700 000	3 500 000	6,76	5,71
André Zeeman	3 500 000	3 300 000	3 100 000	6,06	6,45

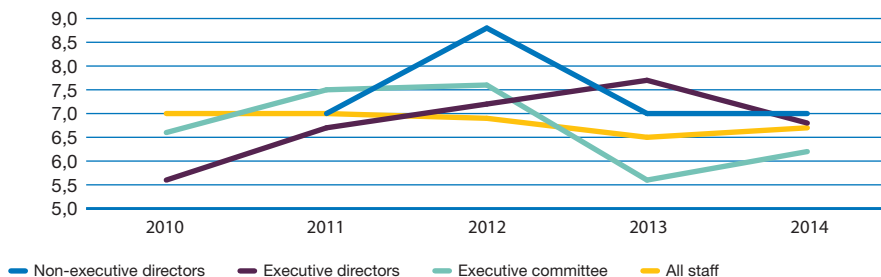
<sup>(1)</sup> Executive director.

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

<sup>(3)</sup> Receives an additional amount of R271 000 (2013: R260 000) from Santam for services rendered to Santam.

The average salary increase paid to executive directors (excluding Johan van Zyl) for 2014 was 6,8% (2013: 7,71%) and that of members of the Executive committee for 2014 was 6,2% (2013: 5,59%) compared with an average salary increase paid to all employees of 6,7% (2013: 6,5%). The remuneration increase trends for the last five years are as follows:

## Remuneration increase (%)



# Remuneration report continued

## 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 2014 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	—	50	50
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 CEO arrangement.

The Group performance measure that was applied in 2014 is:

④ 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.

- ④ Group net result from financial services
- ④ Clusters' aggregate performance against targets
- ④ Performance against transformation targets

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.

<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.



# Remuneration report continued

The actual achievement of the Group performance measure for 2014 is as follows:

	Weight	Threshold	Target	Stretch	Score	Weighted score
<b>Sanlam Group</b>		<b>0%</b>	<b>100%</b>	<b>200%</b>	<b>0% – 200%</b>	
Adjusted RoGEV	20%	11,2%	12,2%	14,0%	200%	36,4%
Group net result from financial services	30%	R5 429m	R6 018m	R6 921m	195%	53,3%
Clusters' actual performance against targets	40%				120%	43,5%
Transformation	10%	16,0%	17,0%	19,0%	120%	10,8%
					Total	144,0%



## 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 2014. Final individual payments are based on the outcome relative to the set performance criteria but may be adjusted by the GHRRC within a small discretionary margin to take account of any relevant facts or circumstances that may have impacted on performance during the measurement period. These bonuses are paid in 2015:

Individual	% of TGP achieved 2014	Payment 2015 R million	% of TGP achieved 2013	Payment 2014 R million
Johan van Zyl <sup>(1)</sup>	—	—	—	—
Kobus Möller	111	5 000 000	95	4 000 000
Temba Mvusi	84	2 300 000	70	2 000 000
Yegs Ramiah	82	2 500 000	70	2 000 000
Themba Gamedze <sup>(2)</sup>	72	2 300 000	57	1 700 000
Ian Kirk	127	7 000 000	57	2 300 000
Lizé Lambrechts	73	3 100 000	92	3 500 000
Johan van der Merwe	166	8 500 000	165	8 000 000
Heinie Werth	73	2 900 000	95	3 500 000
André Zeeman	91	3 200 000	91	3 000 000

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

<sup>(2)</sup> Appointed 1 March 2013.

# Remuneration report continued

## Long-term incentives

The participation by executive directors and members of the Executive committee in the Group's long-term incentive schemes (excluding the OPP) at 31 December 2014 was as follows:

### Number of shares

	Balance 31-12-13	Awarded in 2014	Shares vested
<b>Johan van Zyl<sup>(1)</sup></b>	<b>5 900 768</b>	<b>—</b>	<b>(425 993)</b>
DSP	57 706	—	(57 307)
PDSP	222 681	—	(117 209)
Category A <sup>(4)</sup>	73 127	—	(36 563)
Category B <sup>(4)</sup>	47 333	—	(28 302)
Category C <sup>(4)</sup>	102 221	—	(52 344)
RSP	469 672	—	(251 477)
Group CEO arrangement <sup>(1)</sup>	5 150 709	—	
<b>Kobus Möller</b>	<b>629 507</b>	<b>110 077</b>	<b>(211 679)</b>
DSP	164 075	25 948	(56 556)
PDSP	190 705	27 802	(58 595)
Category A <sup>(4)</sup>	109 641	16 911	(36 319)
Category B <sup>(4)</sup>	81 064	10 891	(22 276)
RSP	274 727	56 327	(96 528)
<b>Temba Mvusi<sup>(5)</sup></b>	<b>351 320</b>	<b>45 875</b>	<b>(123 910)</b>
DSP	113 485	17 169	(40 931)
PDSP	73 137	9 930	(21 987)
Category A <sup>(4)</sup>	73 137	9 930	(21 987)
RSP	164 698	18 776	(60 992)
<b>Yegs Ramiah</b>	<b>93 910</b>	<b>43 067</b>	<b>(12 968)</b>
Sanlam	<b>15 984</b>	<b>—</b>	<b>(7 491)</b>
Santam <sup>(2)</sup>			
DSP			
Sanlam	53 153	16 484	(9 155)
Santam <sup>(2)</sup>	11 476	—	(5 288)
PDSP – Category A <sup>(4)</sup>			
Sanlam	40 757	7 807	(3 813)
Santam <sup>(2)</sup>	4 508	—	(2 203)
RSP	—	18 776	—
<b>Themba Gamedze<sup>(5)</sup></b>	<b>61 823</b>	<b>21 558</b>	<b>—</b>
DSP	61 823	2 782	—
RSP	—	18 776	—



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Remuneration report

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Shares forfeited	Balance 31-12-14	Vesting in				
		2015	2016	2017	2018	2019
(30 000)	5 444 775	250 868	5 193 907	—	—	—
—	399	399	—	—	—	—
—	105 472	105 472	—	—	—	—
—	36 564	36 564	—	—	—	—
—	19 031	19 031	—	—	—	—
—	49 877	49 877	—	—	—	—
—	218 195	144 997	73 198	—	—	—
(30 000)	5 120 709	—	5 120 709	—	—	—
—	<b>527 905</b>	<b>171 634</b>	<b>141 488</b>	<b>117 803</b>	<b>63 955</b>	<b>33 025</b>
—	133 467	41 117	38 199	29 885	16 481	7 785
—	159 912	59 577	39 768	34 204	18 021	8 342
—	90 233	33 163	20 702	19 858	11 436	5 074
—	69 679	26 414	19 066	14 346	6 585	3 268
—	234 526	70 940	63 521	53 714	29 453	16 898
—	<b>273 285</b>	<b>99 235</b>	<b>72 924</b>	<b>57 416</b>	<b>29 948</b>	<b>13 762</b>
—	89 723	28 514	24 110	21 241	10 708	5 150
—	61 080	23 461	14 238	13 073	7 329	2 979
—	61 080	23 461	14 238	13 073	7 329	2 979
—	122 482	47 260	34 576	23 102	11 911	5 633
—	<b>124 009</b>	<b>12 646</b>	<b>27 897</b>	<b>37 426</b>	<b>33 120</b>	<b>12 920</b>
—	<b>8 493</b>	<b>7 578</b>	<b>717</b>	<b>198</b>	—	—
—	60 482	8 926	14 437	16 911	15 263	4 945
—	6 188	5 426	564	198	—	—
—	44 751	3 720	13 460	13 005	12 224	2 342
—	2 305	2 152	153	—	—	—
—	18 776	—	—	7 510	5 633	5 633
—	<b>83 381</b>	—	<b>24 729</b>	<b>27 170</b>	<b>25 015</b>	<b>6 467</b>
—	64 605	—	24 729	19 660	19 382	834
—	18 776	—	—	7 510	5 633	5 633

# Remuneration report continued

## Number of shares (continued)

	Balance 31-12-13	Awarded in 2014	Shares vested
<b>Ian Kirk<sup>(3)</sup></b>			
Santam	57 628	11 263	(23 161)
Sanlam	102 299	16 991	(39 945)
DSP			
Santam	25 541	5 050	(11 247)
Sanlam	46 814	7 618	(19 241)
PDSP			
Santam	32 087	6 213	(11 914)
Sanlam	55 485	9 373	(20 704)
<b>Lizé Lambrechts</b>			
DSP	471 000	72 935	(147 380)
PDSP	146 916	21 579	(46 119)
Category A <sup>(4)</sup>	97 604	13 803	(26 779)
RSP	97 604	13 803	(26 779)
<b>Johan van der Merwe</b>			
DSP	975 790	168 170	(342 447)
PDSP	184 936	26 467	(57 552)
Category A <sup>(4)</sup>	346 474	47 824	(131 835)
Category B <sup>(4)</sup>	130 052	22 593	(45 375)
Category C <sup>(4)</sup>	156 579	18 350	(72 211)
RSP	59 843	6 881	(14 249)
RSP	444 380	93 879	(153 060)
<b>Heinie Werth</b>			
DSP	465 509	73 189	(149 875)
PDSP	142 871	21 158	(46 662)
Category A <sup>(4)</sup>	96 158	14 478	(28 731)
RSP	96 158	14 478	(28 731)
RSP	226 480	37 553	(74 482)
<b>André Zeeman</b>			
DSP	481 606	70 480	(153 276)
PDSP	129 525	20 078	(45 512)
Category A <sup>(4)</sup>	85 908	12 849	(25 773)
RSP	85 908	12 849	(25 773)
RSP	266 173	37 553	(81 991)

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

<sup>(2)</sup> Participated in the Santam DSP and PDSP up to the date of appointment on the Sanlam Executive committee.

<sup>(3)</sup> Participates in the Santam DSP and PDSP.

<sup>(4)</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 Sanlam Investments 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 Sanlam Investments business hurdle is also applicable for Johan van der Merwe).

<sup>(5)</sup> Themba Gamezwe and Themba Mvusi were also granted participation in the business partners trust of the Santam Broad Based Black Economic Empowerment (BBBEE) structure. These grants were made at the discretion of the trustees and do not form part of the Sanlam Group long-term incentive schemes.



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Remuneration report

Shares forfeited	Balance 31-12-14	Vesting in				
		2015	2016	2017	2018	2019
—	45 730	8 287	12 759	12 199	9 106	3 379
—	79 345	15 860	22 967	20 692	14 728	5 098
—	19 344	4 044	5 031	5 613	3 141	1 515
—	35 191	8 258	9 578	10 049	5 020	2 286
—	26 386	4 243	7 728	6 586	5 965	1 864
—	44 154	7 602	13 389	10 643	9 708	2 812
—	<b>396 555</b>	<b>142 528</b>	<b>107 288</b>	<b>85 297</b>	<b>39 562</b>	<b>21 880</b>
—	122 376	39 747	34 758	27 597	13 801	6 473
—	84 628	31 488	23 009	17 773	8 217	4 141
—	84 628	31 488	23 009	17 773	8 217	4 141
—	189 551	71 293	49 521	39 927	17 544	11 266
—	<b>801 513</b>	<b>267 112</b>	<b>221 940</b>	<b>171 730</b>	<b>90 279</b>	<b>50 452</b>
—	153 851	46 951	46 272	34 494	18 194	7 940
—	262 463	95 879	70 996	49 874	31 366	14 348
—	107 270	41 805	30 435	16 574	11 678	6 778
—	102 718	38 172	23 262	21 865	13 914	5 505
—	52 475	15 902	17 299	11 435	5 774	2 065
—	385 199	124 282	104 672	87 362	40 719	28 164
—	<b>388 823</b>	<b>144 134</b>	<b>97 166</b>	<b>83 546</b>	<b>42 019</b>	<b>21 958</b>
—	117 367	38 805	29 879	27 331	15 004	6 348
—	81 905	34 036	17 766	16 288	9 471	4 344
—	81 905	34 036	17 766	16 288	9 471	4 344
—	189 551	71 293	49 521	39 927	17 544	11 266
—	<b>398 810</b>	<b>140 587</b>	<b>108 765</b>	<b>83 189</b>	<b>45 125</b>	<b>21 144</b>
—	104 091	33 870	28 086	22 896	13 215	6 024
—	72 984	29 794	17 158	14 089	8 089	3 854
—	72 984	29 794	17 158	14 089	8 089	3 854
—	221 735	76 923	63 521	46 204	23 821	11 266

# Remuneration report continued

Value	2014			2013		
	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>
R'000						
<b>Johan van Zyl</b>	—	24 084	(2 100)	263	33 383	(2 662)
DSP	—	3 516	—	80	5 101	—
PDSP	—	7 192	—	183	7 334	—
RSP <sup>(3)</sup>	—	13 376	—	—	20 948	—
Group CEO arrangement	—	—	(2 100)	—	—	(2 662)
<b>Kobus Möller</b>	5 804	12 199	—	4 645	12 507	—
DSP	1 354	3 470	—	1 270	2 670	—
PDSP	1 450	3 595	—	1 413	2 582	—
RSP <sup>(3)</sup>	3 000	5 134	—	1 962	7 255	—
<b>Temba Mvusi</b>	2 413	7 105	—	2 429	6 481	—
DSP	895	2 512	—	817	1 858	—
PDSP	518	1 349	—	631	1 352	—
RSP <sup>(3)</sup>	1 000	3 244	—	981	3 271	—
<b>Yegs Ramiah</b>	2 267	2 299	—	2 735	2 360	—
DSP	860	1 623	—	1 397	1 666	—
PDSP	407	676	—	1 338	694	—
RSP <sup>(3)</sup>	1 000	—	—	—	—	—
<b>Subtotal: executive directors</b>	<b>10 484</b>	<b>45 687</b>	<b>(2 100)</b>	<b>10 072</b>	<b>54 731</b>	<b>(2 662)</b>



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Remuneration report

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R'000	2014			2013		
	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</b>	<b>1 145</b>	<b>—</b>	<b>—</b>	2 511	—	—
DSP	145	—	—	2 511	—	—
RSP <sup>(3)</sup>	1 000	—	—	—	—	—
<b>Ian Kirk</b>	<b>3 067</b>	<b>7 099</b>	<b>—</b>	4 728	5 624	—
Santam	2 181	4 648	—	3 424	4 041	—
Sanlam	886	2 451	—	1 304	1 583	—
<b>Lizé Lambrechts</b>	<b>3 846</b>	<b>8 435</b>	<b>—</b>	2 661	9 730	—
DSP	1 126	2 830	—	1 076	2 298	—
PDSP	720	1 643	—	604	1 095	—
RSP <sup>(3)</sup>	2 000	3 962	—	981	6 337	—
<b>Johan van der Merwe</b>	<b>8 875</b>	<b>19 761</b>	<b>—</b>	5 937	17 446	—
DSP	1 380	3 531	—	1 496	3 406	—
PDSP	2 495	8 089	—	2 479	3 443	—
RSP <sup>(3)</sup>	5 000	8 141	—	1 962	10 597	—
<b>Heinie Werth</b>	<b>3 859</b>	<b>8 588</b>	<b>—</b>	2 982	8 884	—
DSP	1 104	2 863	—	1 255	2 741	—
PDSP	755	1 763	—	746	1 340	—
RSP <sup>(3)</sup>	2 000	3 962	—	981	4 803	—
<b>André Zeeman</b>	<b>3 718</b>	<b>8 735</b>	<b>—</b>	3 628	8 055	—
DSP	1 048	2 793	—	1 047	2 202	—
PDSP	670	1 581	—	619	1 050	—
RSP <sup>(3)</sup>	2 000	4 361	—	1 962	4 803	—
<b>Executive committee</b>	<b>34 994</b>	<b>98 305</b>	<b>(2 100)</b>	32 519	104 470	(2 662)

<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).

It is anticipated that awards will be granted in 2015 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 achievement to date are as follows:

Individual	Measurement period	Performance measures	Achievement	Amount paid during 2014
Lizé Lambrechts	1 January 2013 – 31 December 2014	Outperformance of operational targets set for SPF cluster	58%	Final measurement and payment on 1 April 2015
Johan van der Merwe <sup>(1)</sup>	1 January 2009 – 31 March 2014	Outperformance of return targets set for Sanlam Investments international businesses over the full measurement period	100%	Final measurement on 1 April 2014 – full vesting of a R40 million conditional payment made in 2009
Heinie Werth	1 January 2012 – 31 December 2014	Outperformance of operational targets set for SEM cluster	100%	Final measurement and payment on 1 April 2015
Ian Kirk	1 January 2010 – 31 December 2014	The five-year measurement period for the OPP ended on 31 December 2014. A final assessment based on the required criteria was performed and it was concluded that no payment was due in terms of the OPP. The OPP had stretch hurdles related to real growth in net insurance result over a five-year period, which was negatively impacted by the 2012 and 2013 underwriting results.		

<sup>(1)</sup> A subsidiary in the Group issued a financial instrument to an entity indirectly related to the individual as disclosed in the related party note to the Group financial statements.

To the extent that any awards are granted under the OPP in 2015, 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 ordinary shares.

The following table illustrates the position as at 31 December 2014:

	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)
Net movement during 2012		(8 901 692)
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)	(6 656 489)
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
Allocation under DSP and PDSP in 2014	(4 851 869)	
Allocation under RSP in 2014	(533 136)	(5 385 005)
Shares forfeited in 2014		894 978
Balance of scheme allocation carried forward at 31 December 2014		107 232 581



## 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 2014

R'000	Directors' fees	Allowance	Attendance and committees	Fees from Group	Total
MM Bakane-Tuoane	186	80	349	—	615
AD Botha	186	80	312	388	966
PR Bradshaw	186	80	457	1 178	1 901
A Duggal <sup>(1)</sup>	186	80	181	—	447
MV Moosa	186	80	311	—	577
PT Motsepe	278	119	282	—	679
MP Mthethwa <sup>(2)</sup>	186	80	283	—	549
SA Nkosi	186	80	115	—	381
P de V Rademeyer	186	80	601	906	1 773
RV Simelane	186	80	221	—	487
DK Smith (Chairman)	1 564	670	—	—	2 232
CG Swanepoel	186	80	637	1 330	2 233
ZB Swanepoel	186	80	221	—	487
PL Zim	186	80	221	—	487
<b>Total non-executive directors</b>	<b>4 074</b>	<b>1 749</b>	<b>4 191</b>	<b>3 802</b>	<b>13 816</b>

<sup>(1)</sup> Remuneration is paid to Shriram Capital.

<sup>(2)</sup> Resigned on 13 February 2015.

Travel and subsistence paid in respect of attendance of Board and committee meetings amounted to R853 981.

# Remuneration report continued

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

R'000	Directors' fees	Allowance	Attendance and committees	Fees from Group	Total
MM 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.



# Remuneration report continued

## Interest of directors in share capital

Total interest of directors in share capital at 31 December 2014

	Beneficial		Non-beneficial	UB shares
	Direct	Indirect		
<b>Executive directors<sup>(1)</sup></b>				
J van Zyl	5 764 533	2 594 319	—	—
JP Möller	1 206 270	—	—	—
TI Mvusi	223 503	—	—	4 000
Y Ramiah	18 776	—	—	—
<b>Total executive directors</b>	<b>7 213 082</b>	<b>2 594 319</b>	<b>—</b>	<b>4 000</b>
<b>Non-executive directors</b>				
DK Smith (Chairman)	—	35 000	—	—
PT Motsepe (Deputy Chairman) <sup>(2)</sup>	—	—	—	—
MM Bakane-Tuoane	—	—	—	7 142
AD Botha <sup>(4)</sup>	—	—	270 000	—
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>270 000</b>	<b>49 994</b>
<b>Total</b>	<b>7 404 861</b>	<b>3 154 017</b>	<b>270 000</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 292 471 806 Sanlam ordinary 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 held by a trust that, with the exception of the Motsepe Foundation, hold those shares for the benefit of Mr Patrice Motsepe and his immediate family. This results in Mr Patrice Motsepe having an indirect interest in the securities of Sanlam amounting to 55% of Ubuntu-Botho's shareholding in Sanlam.

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

<sup>(3)</sup> At the date of this report there are no material differences with the shareholding disclosed above as at 31 December 2014.

<sup>(4)</sup> The return on these shares have been swapped for the return on the Imaivest Met Worldwide Flexible Fund, as declared in December 2014.

**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>	—	—	—	—
MM 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>7 735 165</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.

Sizanani-Thusanang-Helpmekaar Investments (Pty) Limited (Sizanani), beneficially holds 55% of the ordinary share capital in Ubuntu-Botho. The entire share capital of Sizanani 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.