

Remuneration report



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① 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 local and international governance principles.

A great deal of attention is given to correctly position both the nature and the scale of remuneration relative to relevant comparator groups and

international best practice. Steps are also taken to ensure alignment with the applicable regulatory and governance requirements in each of the countries in which the Group operates. In South Africa, those specifically include the King Code of Corporate Governance (King III), while also conforming to the principles contained in the codes of good practice which support Employment Equity legislation, notably, for purposes of this policy, those that deal with remuneration.

Sanlam is the sole or part owner of a number of businesses, joint ventures and associates. While compliance with the Sanlam Group remuneration strategy and policy is primarily targeted at Group companies or Group operating subsidiaries, Sanlam will use its influence to encourage the application of sound remuneration practices in those businesses where it does not hold a controlling interest.

Group Human Resources and Remuneration committee

The Group Human Resources and Remuneration committee of the Sanlam Board (GHRRC) is responsible for developing the remuneration strategy of the Group and presenting it to the Board for approval. Its activities include approving the guidelines and philosophy to be applied in formulating mandates for all bonus and long-term incentive schemes and setting remuneration packages of the Sanlam Group Executive committee (Executive committee) and the Sanlam 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 long-term incentive schemes for the Group, subject to shareholder approval where applicable. 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.
- ② Sets appropriate performance drivers for long-term incentives, as well as monitoring and testing those drivers.
- ③ Develops and recommends to the Board for approval the remuneration strategy as far as the remuneration of Sanlam's executive directors, members of the Executive committee and Heads of control functions are concerned.
- ④ Review the management of the contracts of employment of Sanlam executive directors, members of the Executive committee and Heads of control functions to ensure that their terms are aligned with good practice principles.
- ⑤ Determines specific remuneration packages for Sanlam executive directors, members of the Executive committee and Heads of control functions, including total guaranteed package, retirement benefits, short-term incentives, long-term incentives and other conditions of employment.
- ⑥ Develops and recommends to the Board for approval short-term and long-term incentive schemes for the Group CEO and other members of the Executive committee. 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.
- ⑦ Takes forward recommendations to the Board regarding the remuneration of the Sanlam non-executive directors.



Read more about the GHRRC's terms of reference online and about the composition and summarised terms of reference for the GHRRC in the Corporate Governance Report on page 224.

During 2015, the GHRRC considered the following matters:

- ① Benchmarking of remuneration levels and practices with international and local comparator groups.
- ② Continued alignment of Sanlam's remuneration practices in South Africa with King III governance principles and pending regulations that provide a risk-based governance framework for the regulation of life and general insurers.
- ③ Appointment and remuneration of the new Group Chief Executive.
- ④ Recruitment and appointment of other executive staff members.
- ⑤ Monitoring and approval of short-term bonuses and long-term incentives.
- ⑥ The introduction of a minimum shareholding requirement for Executive committee members with effect from 2016.
- ⑦ Accelerated measures to support existing strategies to correct the under-representation of black people at the senior and middle management levels of the organisation.
- ⑧ Monitored the work and decisions of the other Sanlam Group companies' HR and Remuneration committees.

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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 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 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.

The Sanlam Board recognises certain industry specific and other relevant differences between Group businesses 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 (and, where applicable, minority shareholders in Group subsidiaries)
 - Sustainable performance of the Group as a whole
 - The performance of any region, business unit or support function
 - The employee's own contribution.
- ① **Consistency and fairness:** The reward philosophy strives to be both consistent and transparent. Where there is differentiation between employees performing similar work, the differentiation is required to be fair, rational and explainable. Differentiation in terms of market comparison for specific skills groups or roles and performance is, in particular, 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.
- ① **Clawback:** Where performance achievements are subsequently found to have been significantly misstated so that the bonuses and other incentives should not have been paid, provision is made for redress through clawback.

For the Group to remain competitive, remuneration policies and practices are evaluated regularly against both local and international remuneration trends and governance frameworks, most notably King III in South Africa.

Executive contracts

Sanlam executive directors and members of the Sanlam 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 Sanlam 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 CEO. No clauses are included in employment contracts that relate to any form of payments in the event of a change in control of Sanlam. In the event of a change in control the vesting of share awards will only be accelerated if an offer is made that does not substitute unvested LTI's with arrangements on terms similar to the existing terms and conditions.

➤ Remuneration overview

Structure

The different components of remuneration applied in the Sanlam Group are summarised in the table on the following page. These are applicable to all South African-based Group employees and are used as guidance by other international Group businesses. A detailed description of each component follows in the next section.

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Where applicable, 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
Total guaranteed package	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
Short-term incentives (annual bonus)	Creates a high performance culture through a cash bonus in relation to performance against predetermined outputs	Annual 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
Long-term incentives (long-term variable)	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:

- ① Leave;
- ① Retirement funding;
- ① Group life cover; and
- ① 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 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

- ① 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 Sanlam executive directors and members of the Sanlam 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:

- ① Determine the overall structure of the annual bonus plan, ensure that it provides a clear link to performance and is aligned with the Group's business strategy.
- ① Set the overall principle in respect of thresholds, targets 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.
- ① In respect of members of the Sanlam Executive committee: agree on the performance drivers for their annual bonus plan, and agree on the split between business, Group and personal performance criteria.

Vesting levels

The annual bonus plan is a cash-based bonus scheme. Where the annual business and individual bonus targets are achieved in full, 100% of the

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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 value of the bonus awarded can exceed the capped cash bonus. (Refer to *Ad hoc* performance bonus rewards below.)

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

Where the annual business bonus targets are not achieved, an amount may be set aside to reward exceptional individual performance at the discretion of the Group CEO.

The annual bonus targets at a Group and cluster level incorporate a number of financial and non-financial performance measures that are directly linked to the Group strategy and key performance indicators, including net result from financial services, adjusted 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.

Adjusted RoGEV

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 Group operations. Any other *ad hoc* items which are not under the control of management are also excluded.

The Group delivered an overall satisfactory performance during the 2015 financial year, as elaborated upon in the Financial Review on page 96. A few businesses outperformed their targets for the year, while some underperformed against the

stretched targets, in particular SEM. This resulted in a weighted average bonus achievement of 99,2% (2014: 144%) at a Group office 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.

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 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 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.

Participation

The LTIs are aimed at attracting and retaining key employees. While participation is available to all employees of the Sanlam Group, the practice is to target allocations to employees in management or key functional roles. Non-executive directors do not participate in any of the LTIs.

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.
- ③ Approve award levels.

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 early 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 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 2015 allocations in respect of 3 921 545 shares (2014: 3 517 035) were made to 813 participants (2014: 731) 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.

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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.

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 2015 allocations in respect of 1 375 071 shares (2014: 1 334 834) were made to 227 participants (2014: 217) 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 cash 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 GHRRRC. For the year ended 31 December 2015 allocations in respect of 391 830 shares (2014: 533 136) were made to 17 participants (2014: 18) under the RSP.

Out-Performance Plan (OPP)

From time to time, at the discretion of the GHRRRC, participation in an OPP is extended to certain members of the Sanlam Executive committee who are leaders of the Group's main operating businesses and infrequently, to senior leaders within the main businesses. The OPP rewards superior performance over a three to five-year measurement period.

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 the annual TGP in the final year calculated over the respective three or five-year measurement period (e.g. 6 or 10 times the annual TGP of the final measurement year).

Minimum shareholding requirement (MSR)

To encourage alignment between executive and stakeholder interests, the GHRRRC in December

2015 approved a minimum shareholding policy, which applies to all current and future members of the Sanlam Executive committee, including executive directors (participating executives). In terms of these arrangements, the following minimum shareholding levels, expressed as a percentage of annual TGP, must be reached by the later of 31 December 2021 or within six years from the date of appointment of a participating executive:

Group CE	175%
Financial director	125%
Business executives	100%
Support executives	50%

Participating executives are required to maintain the target shareholding throughout their tenure with the company. Unvested shares under any long-term incentive arrangement will not be taken into account when assessing compliance with the MSR policy.

Incentive arrangements implemented after 1 January 2016 may include MSR terms and conditions as determined by the GHRRC to ensure compliance with the prescribed levels in the prescribed periods, as well as the implications of not adhering to the MSR.

For purposes of determining compliance with the MSR levels, the value of a participating executive's shareholding at the end of each financial period will be determined by using the average closing price of Sanlam ordinary shares on the JSE for the trading days in that financial period and expressed as a percentage of the participating executive's annual TGP at the end of such financial 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 2015 AGM, a total of 1 433 785 394 votes (2014: 1 461 243 306) 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
2015	98,50%	1,42%	0,08%	0%	100%
2014	96,16%	3,18%	0,66%	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 previous Sanlam Group CEO, Johan van Zyl, with effect from 1 January 2011. The objective of the arrangement was to address the leadership requirements for the Sanlam Group in order to deliver on the strategic objectives determined by the Board. The arrangement substituted 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 was 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 was to be measured over a six-year period until 31 December 2016. The shares were grouped into various distinct components, each with its own measurement period and detailed individual and Group performance hurdles. A substantial portion (>75%) was 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 was dependent on meeting the performance hurdles for each of the performance categories as well as complying with the time restrictions built into the arrangement.

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The performance conditions attached to the various components were 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
Total	5 000 000	400 000			

Following Ian Kirk's appointment as the new Group CEO with effect from 1 July 2015, the Board decided to adjust the final measurement date of the arrangement with Johan van Zyl to 30 June 2015 to coincide with the completion of his tenure as Group CEO. The table below sets out an analysis of the final vesting of 5 045 709 of the allocated shares.

	Conditional up to December 2014	Final measurement June 2015	Note	Total	Maximum
Category A: Based on individual performance					
Vested	400 000	100 000	1	500 000	500 000
Category B: Based on annual short-term targets					
Vested	1 039 500	225 000	2	1 264 500	1 500 000
Hurdle not met	160 500	75 000		235 500	
Category C: Based on five-year performance hurdles					
Vested	840 000	660 000	3	1 500 000	1 500 000
Category D: Based on five-year outperformance hurdles					
Vested		1 500 000	4	1 500 000	1 500 000
In lieu of dividends					
Vested	281 209			281 209	281 209
Total vested	2 560 709	2 485 000		5 045 709	5 281 209

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Notes

1. The Board analysed the individual performance of the Group CEO on a continuous basis throughout the year. In respect of the period to 30 June 2015 their judgement of his performance resulted in the vesting of 100 000 or 100% of the applicable Category A shares.
2. Weighted short-term operational targets for the six months to 30 June 2015 were 125% achieved relative to a maximum potential target of 200%. Vesting was therefore limited to 125 000 of a potential 200 000 shares.

%	Weight	Score 0% – 200%	Weighted score
Group operational performance:			
— RoGEV	15	200	30
— Result from financial services	15	50	7.5
— Value of new life insurance business (VNB)	15	50	7.5
Relative Sanlam share price performance	5	100	5
Strategy implementation	50	150	75
Total	100		125

The vesting of the final 100 000 shares in this category was made subject to specific short-term objectives agreed to for the last six months of 2015, including assistance to be provided in the successful finalisation of certain strategic projects and a smooth leadership transition. These were satisfactorily dealt with and the full 100 000 shares vested on 31 December 2015.

3. The average annual RoGEV achieved over the full measuring period of 14,8% exceeded the 10,9% average cost of capital target by 36%, more than the 5% required to qualify for the full vesting of the 1 500 000 shares in this category.
4. Strategic goals were set linked to the international diversification of the Sanlam Group. These were successfully achieved. The average annual RoGEV achieved over the measuring period (as set out in note 3 above) also exceeded the average cost of capital target by more than the 10% required to qualify for the full vesting of the 1 500 000 shares in this category.

Executive remuneration summary

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

Remuneration for the year ended 31 December 2015

R'000	Months in service	Salary	Company contributions	Sub-total: Guaranteed package	Annual bonus	Attributable value of LTIs ⁽¹⁰⁾	OPP payment	Restraint of trade	Total remuneration
Johan van Zyl ⁽¹⁾	6	2 226	424	2 650	—	—	—	—	2 650
Ian Kirk ⁽²⁾	12	5 733	1 092	6 825	8 500	13 405	—	—	28 730
Kobus Möller	12	4 001	762	4 763	4 000	8 324	—	—	17 087
Temba Mvusi ⁽³⁾	12	2 632	448	3 080	2 000	2 445	—	—	7 525
Yegs Ramiah	12	2 973	190	3 163	2 250	2 405	—	—	7 818
Subtotal: executive directors		17 565	2 916	20 481	16 750	26 579	—	—	63 810
Hubert Brody ⁽⁴⁾	12	3 786	664	4 450	3 900	11 600	—	—	19 950
Themba Gamedze ⁽⁵⁾	12	3 194	—	3 194	1 800	—	—	—	4 994
Anton Gildenhuys ⁽⁶⁾	6	1 550	150	1 700	2 500	3 670	—	—	7 870
Lizé Lambrechts	12	3 905	533	4 438	6 000	5 647	9 903	—	25 988
Robert Roux ⁽⁷⁾	2	631	86	717	8 500	2 591	—	—	11 808
Johan van der Merwe ⁽⁸⁾	10	3 748	714	4 462	13 500	9 378	—	26 618	53 958
Heinie Werth	12	3 641	497	4 138	3 000	3 180	23 700	—	34 018
André Zeeman ⁽⁹⁾	6	1 512	288	1 800	3 000	4 880	—	—	9 680
Executive committee		39 532	5 848	45 380	58 950	67 525	33 603	26 618	232 076

⁽¹⁾ Retired from the Executive committee and as Group CEO on 30 June 2015. See Group CEO arrangement above.

⁽²⁾ Appointed Executive Director and Group CEO on 1 July 2015. He was deputy Group CEO for the first six months of 2015.

⁽³⁾ Includes an amount of R280 000 paid by Santam.

⁽⁴⁾ Appointed to Executive committee 1 January 2015.

⁽⁵⁾ Retired from the Executive committee on 31 December 2015.

⁽⁶⁾ Appointed to Executive committee 1 July 2015.

⁽⁷⁾ Appointed to Executive committee 1 November 2015.

⁽⁸⁾ Retired from the Executive committee on 31 October 2015.

⁽⁹⁾ Retired from the Executive committee on 30 June 2015.

⁽¹⁰⁾ Fair value of LTI's granted during the year, assuming 100% vesting — refer to page 140.

Remuneration report continued

Remuneration for the year ended 31 December 2014

R'000	Months in service	Salary	Company contri- butions	Sub- total: Guaran- teed package	Annual bonus	Attribu- table value of LTIs ⁽⁵⁾	OPP pay- ment	Total remune- ration
Johan van Zyl ⁽¹⁾	12	4 452	848	5 300	—	—	—	5 300
Kobus Möller	12	3 717	708	4 425	5 000	5 804	—	15 229
Temba Mvusi ⁽²⁾	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
Subtotal: executive directors		13 533	2 169	15 702	9 800	10 484	—	35 986
Themba Gamedze	12	3 131	—	3 131	2 300	1 145	—	6 576
Ian Kirk ⁽³⁾	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 ⁽⁴⁾	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
Executive committee		34 261	5 147	39 408	36 800	34 994	40 000	151 202

⁽¹⁾ See Group CEO arrangement above.

⁽²⁾ Includes an amount of R271 000 paid by Santam.

⁽³⁾ 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 Integrated Report.

⁽⁴⁾ 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.

⁽⁵⁾ Fair value of LTIs granted during the year, assuming 100% vesting — refer to page 140.

Guaranteed package

The TGP (in rand) of the executive directors and members of the Sanlam 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 2016	TGP as at 1 January 2015	TGP as at 1 January 2014	% increase in TGP 2015	% increase in TGP 2014
Ian Kirk ⁽¹⁾	8 000 000	5 500 000	4 007 508	45,45	37,24
Kobus Möller ⁽²⁾	4 850 000	4 500 000	4 200 000	7,78	7,14
Hubert Brody ⁽³⁾	5 200 000	3 600 000	—	44,44	—
Themba Gamedze ⁽⁴⁾	3 200 000	3 175 000	3 000 000	0,79	5,83
Anton Gildenhuis ⁽³⁾	3 400 000	—	—	—	—
Lizé Lambrechts	4 500 000	4 250 000	3 800 000	5,88	11,84
Temba Mvusi ⁽²⁾⁽⁵⁾	2 818 000	2 745 000	2 590 000	2,66	5,98
Yegs Ramiah ⁽²⁾	3 200 000	3 050 000	2 850 000	4,92	7,02
Robert Roux ⁽³⁾	4 300 000	—	—	—	—
Johan van der Merwe ⁽⁴⁾	5 450 000	5 130 000	4 850 000	6,24	5,77
Heinie Werth	4 200 000	3 950 000	3 700 000	6,33	6,76
André Zeeman ⁽⁴⁾	3 700 000	3 500 000	3 300 000	5,71	6,06

⁽¹⁾ Group CEO and executive director from 1 July 2015.

⁽²⁾ Executive director.

⁽³⁾ Appointed to Executive committee in 2015.

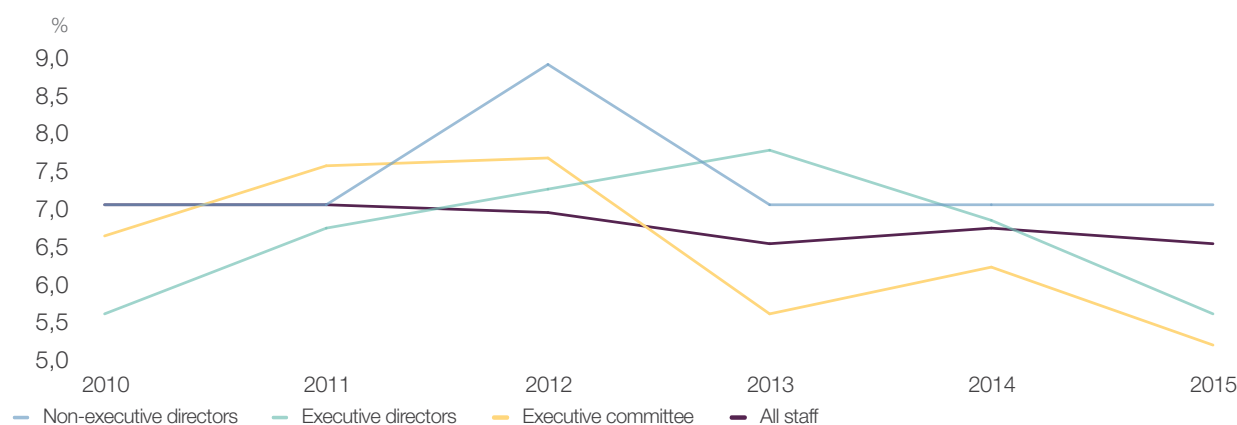
⁽⁴⁾ Retired from Executive committee in 2015.

⁽⁵⁾ Receives an additional amount of R280 000 (2014: R271 000) from Santam for services rendered to Santam.

The average salary increase paid to executive directors (excluding Johan van Zyl and Ian Kirk) for 2015 was 5,6% (2014: 6,8%) and that of members of the Executive committee (excluding Anton Gildenhuis, Hubert

Brody and Robert Roux) for 2015 was 5,2% (2014: 6,2%) compared with an average salary increase paid to all employees of 6,5% (2014: 6,7%). The remuneration increase trends for the last six 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 2015 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 %
Ian Kirk	—	50	50
Kobus Möller	—	50	50
Hubert Brody ⁽¹⁾	50	25	25
Themba Gamedze ⁽²⁾	—	50	50
Anton Gildenhuis ⁽¹⁾	—	—	100
Lizé Lambrechts	80	—	20
Temba Mvusi	—	50	50
Yegs Ramiah	—	50	50
Robert Roux ⁽¹⁾	70	10	20
Johan van der Merwe ⁽²⁾	70	10	20
Heinie Werth	50	25	25
André Zeeman ⁽²⁾	—	—	100

⁽¹⁾ Appointed to Executive committee in 2015.

⁽²⁾ Retired from Executive committee in 2015.

The Group performance measure that was applied in 2015 is:

① Adjusted 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.

② Group net result from financial services

③ 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
Ian Kirk	100	200
Kobus Möller	56	112
Hubert Brody ⁽¹⁾	56	112
Themba Gamedze ⁽²⁾	56	112
Anton Gildenhuis ⁽¹⁾	56	112
Lizé Lambrechts	90	160
Temba Mvusi	56	112
Yégs Ramiah	56	112
Robert Roux ⁽¹⁾	100	200
Johan van der Merwe ⁽²⁾	100	250
Heinie Werth	56	112
André Zeeman ⁽²⁾	56	112




⁽¹⁾ Appointed to the Executive committee in 2015.

⁽²⁾ Retired from Executive committee in 2015.

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 2015 is as follows:

Sanlam Group	Weight	Threshold	Target	Stretch	Score	Weighted score
		0%	100%	200%		
Adjusted RoGEV	22%	11,1%	12,1%	13,9%	200%	40%
						
Group net result from financial services	34%	R6 700m	R7 300m	R8 400m	97%	30,1%
						
Clusters' actual performance against targets	44%	0%	100%	200%	100%	39,9%
						
Achievement before transformation adjustment	100%					110%
Transformation adjustment factor ⁽¹⁾						(10%)
					Total	100%

⁽¹⁾ An adjustment factor is applied to the achievement to reflect progress on specific transformation targets.

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 2015. 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 2016:

Individual	% of TGP achieved 2015	Payment 2016 R million	% of TGP achieved 2014	Payment 2015 R million
Ian Kirk ⁽¹⁾	106	8 500 000	127	7 000 000
Kobus Möller	82	4 000 000	111	5 000 000
Hubert Brody ⁽²⁾	75	3 900 000	—	—
Themba Gamedze ⁽³⁾	56	1 800 000	72	2 300 000
Anton Gildenhuys ⁽²⁾	74	2 500 000	—	—
Lizé Lambrechts	133	6 000 000	73	3 100 000
Temba Mvusi	71	2 000 000	84	2 300 000
Yegs Ramiah	70	2 250 000	82	2 500 000
Robert Roux ⁽²⁾	198	8 500 000	—	—
Johan van der Merwe ⁽³⁾	248	13 500 000	166	8 500 000
Heinie Werth	71	3 000 000	73	2 900 000
André Zeeman ⁽³⁾	81	3 000 000	91	3 200 000

⁽¹⁾ Appointed Group CEO in 2015. 2014 bonus paid by Santam as Group CEO of Santam.

⁽²⁾ Appointed to Executive committee in 2015.

⁽³⁾ Retired from Executive committee in 2015.

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 2015 was as follows:

Number of shares

	Balance 31/12/14	Awarded in 2015	Shares vested
Johan van Zyl⁽¹⁾	5 444 775	—	(5 369 775)
DSP	399	—	(399)
PDSP	105 472	—	(105 472)
Category A ⁽²⁾	36 564	—	(36 564)
Category B ⁽²⁾	19 031	—	(19 031)
Category C ⁽²⁾	49 877	—	(49 877)
RSP	218 195	—	(218 195)
Group CEO arrangement ⁽¹⁾	5 120 709	—	(5 045 709)
Ian Kirk	79 345	217 897	(15 860)
Sanlam ⁽⁷⁾	45 730	—	(8 287)
Santam ⁽³⁾			
DSP			
Sanlam ⁽⁷⁾	35 191	76 676	(8 258)
Santam ⁽³⁾	19 344	—	(4 044)
PDSP			
Sanlam ⁽⁷⁾	44 154	141 221	(7 602)
Category A ⁽²⁾	29 022	33 003	(4 928)
Category B ⁽²⁾	14 147	62 366	(1 689)
Category C ⁽²⁾	985	45 852	(985)
Santam ⁽³⁾	26 386	—	(4 243)
Kobus Möller	527 905	119 785	(171 634)
DSP	133 467	22 867	(41 117)
PDSP	159 912	31 180	(59 577)
Category A ⁽²⁾	90 233	16 759	(33 163)
Category B ⁽²⁾	69 679	14 421	(26 414)
RSP	234 526	65 738	(70 940)
Hubert Brody⁽⁵⁾	—	184 760	—
DSP	—	88 752	—
PDSP — category A ⁽²⁾	—	59 168	—
RSP	—	36 840	—
Themba Gamedze⁽⁴⁾⁽⁶⁾⁽⁸⁾	83 381	—	—
DSP	64 605	—	—
RSP	18 776	—	—

Shares forfeited	Balance 31/12/15	Vesting in				
		2016	2017	2018	2019	2020
(75 000)	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
(75 000)	—	—	—	—	—	—
—	281 382	22 967	20 692	101 886	70 468	65 369
—	37 443	12 759	12 199	9 106	3 379	—
—	103 609	9 578	10 049	35 690	25 289	23 003
—	15 300	5 031	5 613	3 141	1 515	—
—	177 773	13 389	10 643	66 196	45 179	42 366
—	57 097	8 406	6 906	19 171	12 713	9 901
—	74 824	4 983	3 737	28 684	18 710	18 710
—	45 852	—	—	18 341	13 756	13 755
—	22 143	7 728	6 586	5 965	1 864	—
—	476 056	141 488	117 803	111 870	68 960	35 935
—	115 217	38 199	29 885	25 628	14 645	6 860
—	131 515	39 768	34 204	30 493	17 696	9 354
—	73 829	20 702	19 858	18 139	10 102	5 028
—	57 686	19 066	14 346	12 354	7 594	4 326
—	229 324	63 521	53 714	55 749	36 619	19 721
—	184 760	—	—	73 904	55 428	55 428
—	88 752	—	—	35 500	26 626	26 626
—	59 168	—	—	23 668	17 750	17 750
—	36 840	—	—	14 736	11 052	11 052
—	83 381	83 381	—	—	—	—
—	64 605	64 605	—	—	—	—
—	18 776	18 776	—	—	—	—

Remuneration report continued

Number of shares continued

	Balance 31/12/14	Awarded in 2015	Shares vested
Anton Gildenhuys⁽⁵⁾	274 132	56 548	(73 535)
DSP	87 500	20 486	(32 648)
PDSP — Category A	45 136	22 914	(16 050)
RSP	141 496	13 148	(24 837)
Lizé Lambrechts			
Santam ⁽³⁾	—	29 169	—
Sanlam ⁽⁷⁾	396 555	—	(142 528)
DSP			
Santam ⁽³⁾	—	7 550	—
Sanlam ⁽⁷⁾	122 376	—	(39 747)
PDSP — Category A			
Santam ⁽³⁾	—	21 619	—
Sanlam ⁽⁷⁾	84 628	—	(31 488)
RSP — Sanlam ⁽⁷⁾	189 551	—	(71 293)
Temba Mvusi⁽⁴⁾	273 285	36 636	(99 235)
DSP	89 723	8 330	(28 514)
PDSP	61 080	15 158	(23 461)
Category A ⁽²⁾	61 080	7 135	(23 461)
Category B ⁽²⁾	—	8 023	—
RSP	122 482	13 148	(47 260)
Yegs Ramiah			
Sanlam	124 009	35 986	(12 646)
Santam ⁽³⁾	8 493	—	(7 578)
DSP			
Sanlam	60 482	16 143	(8 926)
Santam ⁽³⁾	6 188	—	(5 426)
PDSP — Category A ⁽²⁾			
Sanlam	44 751	6 695	(3 720)
Santam ⁽³⁾	2 305	—	(2 152)
RSP	18 776	13 148	—

⁽¹⁾ Retired as Group CEO on 30 June 2015. Refer Group CEO arrangement.

⁽²⁾ 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 and Robert Roux).

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 and Robert Roux).

⁽³⁾ Participated in the Santam DSP and PDSP as employees of Santam.

⁽⁴⁾ Themba Gamedze and Temba 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.

⁽⁵⁾ Appointed to the Executive committee in 2015.

⁽⁶⁾ Retired from the Executive committee in 2015.

⁽⁷⁾ Participated in the Sanlam LTIs as CEO of Sanlam Personal Finance before appointment as Santam CEO on 1 January 2015.

⁽⁸⁾ Vesting of the shares is subject to measurement of performance hurdles and such other terms as determined by GHRRC.

Shares forfeited	Balance 31/12/15	Vesting in				
		2016	2017	2018	2019	2020
—	257 145	70 189	75 167	60 051	34 774	16 964
—	75 338	20 508	17 166	19 786	11 732	6 146
—	52 000	14 313	11 797	11 184	7 832	6 874
—	129 807	35 368	46 204	29 081	15 210	3 944
—	29 169	—	—	11 668	8 751	8 750
—	254 027	107 288	85 297	39 562	21 880	—
—	7 550	—	—	3 020	2 265	2 265
—	82 629	34 758	27 597	13 801	6 473	—
—	21 619	—	—	8 648	6 486	6 485
—	53 140	23 009	17 773	8 217	4 141	—
—	118 258	49 521	39 927	17 544	11 266	—
—	210 686	72 924	57 416	44 603	24 753	10 990
—	69 539	24 110	21 241	14 040	7 649	2 499
—	52 777	14 238	13 073	13 392	7 527	4 547
—	44 754	14 238	13 073	10 183	5 120	2 140
—	8 023	—	—	3 209	2 407	2 407
—	88 370	34 576	23 102	17 171	9 577	3 944
—	147 349	27 897	37 426	47 515	23 716	10 795
—	915	717	198	—	—	—
—	67 699	14 437	16 911	21 720	9 788	4 843
—	762	564	198	—	—	—
—	47 726	13 460	13 005	14 902	4 351	2 008
—	153	153	—	—	—	—
—	31 924	—	7 510	10 893	9 577	3 944

Remuneration report continued

Number of shares continued

	Balance 31/12/14	Awarded in 2015	Shares vested
Robert Roux⁽⁵⁾	212 967	42 124	(73 391)
DSP	72 409	14 661	(20 367)
PDSP	140 558	27 463	(53 024)
Category A ⁽²⁾	52 619	8 003	(13 474)
Category B ⁽²⁾	50 746	11 028	(20 953)
Category C ⁽²⁾	37 193	8 432	(18 597)
Johan van der Merwe⁽⁶⁾⁽⁸⁾	801 513	136 918	(267 112)
DSP	153 851	25 066	(46 951)
PDSP	262 463	46 114	(95 879)
Category A ⁽²⁾	107 270	19 521	(41 805)
Category B ⁽²⁾	102 718	18 006	(38 172)
Category C ⁽²⁾	52 475	8 587	(15 902)
RSP	385 199	65 738	(124 282)
Heinie Werth	388 823	48 584	(144 134)
DSP	117 367	19 781	(38 805)
PDSP – Category A ⁽²⁾	81 905	15 655	(34 036)
RSP	189 551	13 148	(71 293)
André Zeeman⁽⁶⁾⁽⁸⁾	398 810	70 003	(140 587)
DSP	104 091	16 951	(33 870)
PDSP – Category A ⁽²⁾	72 984	13 609	(29 794)
RSP	221 735	39 443	(76 923)

⁽¹⁾ Retired as Group CEO on 30 June 2015. Refer Group CEO arrangement.

⁽²⁾ 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 and Robert Roux).

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 and Robert Roux).

⁽³⁾ Participated in the Santam DSP and PDSP as employees of Santam.

⁽⁴⁾ Themba Gamedze and Temba 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.

⁽⁵⁾ Appointed to the Executive committee in 2015.

⁽⁶⁾ Retired from the Executive committee in 2015.

⁽⁷⁾ Participated in the Sanlam LTIs as CEO of Sanlam Personal Finance before appointment as Santam CEO on 1 January 2015.

⁽⁸⁾ Vesting of the shares is subject to measurement of performance hurdles and such other terms as determined by GHRFC.

Shares forfeited	Balance 31/12/15	Vesting in				
		2016	2017	2018	2019	2020
	181 700	67 080	43 416	37 042	21 524	12 638
—	66 703	19 025	21 236	12 834	9 209	4 399
—	114 997	48 055	22 180	24 208	12 315	8 239
—	47 148	17 570	14 184	9 383	3 610	2 401
—	40 821	11 889	7 996	11 452	6 176	3 308
—	27 028	18 596	—	3 373	2 529	2 530
—	671 319	671 319				
—	131 966	131 966				
—	212 698	212 698				
—	84 986	84 986				
—	82 552	82 552				
—	45 160	45 160				
—	326 655	326 655				
—	293 273	97 166	83 546	61 453	36 534	14 574
—	98 343	29 879	27 331	22 916	12 283	5 934
—	63 524	17 766	16 288	15 733	9 041	4 696
—	131 406	49 521	39 927	22 804	15 210	3 944
—	328 226	328 226				
—	87 172	87 172				
—	56 799	56 799				
—	184 255	184 255				

Remuneration report continued

Value

R'000	2015			2014		
	Value of shares awarded ⁽¹⁾	Value of shares vesting ⁽²⁾	Value of shares forfeited ⁽²⁾	Value of shares awarded ⁽¹⁾	Value of shares vesting ⁽²⁾	Value of shares forfeited ⁽²⁾
Johan van Zyl	—	317 293	(4 400)	—	24 084	(2 100)
DSP	—	27	—	—	3 516	—
PDSP	—	7 159	—	—	7 192	—
RSP	—	14 136	—	—	13 376	—
Group CEO arrangement	—	295 971	(4 400)	—	—	(2 100)
Ian Kirk	13 405	2 740	—	3 067	7 099	—
DSP	4 717	1 372	—	1 375	3 437	—
PDSP	8 688	1 368	—	1 692	3 662	—
RSP	—	—	—	—	—	—
Kobus Möller	8 324	11 650	—	5 804	12 199	—
DSP	1 406	2 791	—	1 354	3 470	—
PDSP	1 918	4 044	—	1 450	3 595	—
RSP ⁽³⁾	5 000	4 815	—	3 000	5 134	—
Temba Mvusi	2 445	6 737	—	2 413	7 105	—
DSP	512	1 936	—	895	2 512	—
PDSP	933	1 593	—	518	1 349	—
RSP ⁽³⁾	1 000	3 208	—	1 000	3 244	—
Yegs Ramiah	2 405	2 379	—	2 267	2 299	—
DSP	993	1 695	—	860	1 623	—
PDSP	412	684	—	407	676	—
RSP ⁽³⁾	1 000	—	—	1 000	—	—
Subtotal: executive directors	26 579	340 799	(4 400)	13 551	52 786	(2 100)

R'000	2015			2014		
	Value of shares awarded ⁽¹⁾	Value of shares vesting ⁽²⁾	Value of shares forfeited ⁽²⁾	Value of shares awarded ⁽¹⁾	Value of shares vesting ⁽²⁾	Value of shares forfeited ⁽²⁾
Themba Gamedze	—	—	—	1 145	—	—
DSP	—	—	—	145	—	—
RSP ⁽³⁾	—	—	—	1 000	—	—
Lizé Lambrechts	5 647	9 674	—	3 846	8 435	—
DSP	1 462	2 698	—	1 126	2 830	—
PDSP	4 185	2 137	—	720	1 643	—
RSP ⁽³⁾	—	4 839	—	2 000	3 962	—
Johan van der Merwe	9 378	18 131	—	8 875	19 761	—
DSP	1 542	3 187	—	1 380	3 531	—
PDSP	2 836	6 508	—	2 495	8 089	—
RSP ⁽³⁾	5 000	8 436	—	5 000	8 141	—
Heinie Werth	3 180	9 783	—	3 859	8 588	—
DSP	1 217	2 634	—	1 104	2 863	—
PDSP	963	2 310	—	755	1 763	—
RSP ⁽³⁾	1 000	4 839	—	2 000	3 962	—
André Zeeman	4 880	9 543	—	3 718	8 735	—
DSP	1 043	2 299	—	1 048	2 793	—
PDSP	837	2 022	—	670	1 581	—
RSP ⁽³⁾	3 000	5 222	—	2 000	4 361	—
Hubert Brody	11 600	—	—	—	—	—
DSP	5 460	—	—	—	—	—
PDSP	3 640	—	—	—	—	—
RSP ⁽³⁾	2 500	—	—	—	—	—
Robert Roux	2 591	4 982	—	—	—	—
DSP	902	1 383	—	—	—	—
PDSP	1 689	3 599	—	—	—	—
Anton Gildenhuys	3 670	4 992	—	—	—	—
DSP	1 260	2 216	—	—	—	—
PDSP	1 410	1 090	—	—	—	—
RSP ⁽³⁾	1 000	1 686	—	—	—	—
Executive committee	67 525	397 904	(4 400)	34 994	98 305	(2 100)

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

⁽²⁾ Based on market value of shares on vesting and forfeiture dates respectively.

⁽³⁾ Grants during a year relates to performance in the prior financial year (refer description of scheme).

It is anticipated that long-term incentive awards will be granted in 2016 to executive directors 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 to 2015	Payment
Lizé Lambrechts	1 January 2013 – 31 December 2014	Outperformance of operational targets set for SPF cluster	58%	Final payment of R9,9 million was made on 1 April 2015
	1 January 2015 – 31 December 2017	Outperformance of operational targets set for Santam	N/A	Final measurement and payment on 1 April 2018
Heinie Werth	1 January 2012 – 31 December 2014	Outperformance of operational targets set for SEM cluster	100%	Final payment of R23,7 million was made on 1 April 2015
	1 January 2015 – 31 December 2017	Outperformance of operational targets set for SEM cluster	N/A	Final measurement and payment on 1 April 2018

To the extent that any awards are granted under the OPP in 2016, 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 2015:

	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)
Net movement during 2013	(6 193 458)
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)
Shares forfeited in 2014	894 978
Balance of scheme allocation carried forward at 31 December 2014	107 232 581
Allocation under DSP and PDSP in 2015	(5 296 616)
Allocation under RSP in 2015	(391 830)
Shares forfeited in 2015	921 918
Balance of scheme allocation carried forward at 31 December 2015	102 466 053

➤ Remuneration details for non-executive directors

Fee structures are reviewed annually with the assistance of the external service providers who provide independent advice. Recommendations are reviewed for reasonableness by the GHRRC and the Board and are then proposed to shareholders for approval at the AGM. The fee structure will remain in place for one year, from 1 July until 30 June the following year. 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 2015

R'000	Directors' fees	Allowance	Attendance and committees	Fees from Group	Total
MM Bakane-Tuoane	199	85	418	—	702
AD Botha	199	85	371	539	1 194
PR Bradshaw	199	85	482	1 428	2 194
CB Booth ⁽³⁾	199	85	412	—	696
A Duggal ⁽¹⁾	96	41	71	—	208
MV Moosa	199	85	353	—	637
PT Motsepe	298	128	294	—	720
MP Mthethwa ⁽²⁾	32	14	—	—	46
SA Nkosi	199	85	119	—	403
K Nondumo ⁽⁴⁾	—	—	—	—	—
P de V Rademeyer	199	85	680	856	1 820
RV Simelane	199	85	257	—	541
DK Smith (Chairman)	1 673	717	—	—	2 390
CG Swanepoel	199	85	719	1 437	2 440
ZB Swanepoel	199	85	233	—	517
PL Zim	199	85	240	—	524
Total non-executive directors	4 288	1 835	4 649	4 260	15 032

⁽¹⁾ Remuneration is paid to Shriram Capital. Retired on 30 June 2015.

⁽²⁾ Resigned on 13 February 2015.

⁽³⁾ Appointed 1 January 2015.

⁽⁴⁾ Appointed 3 December 2015.

Travel and subsistence paid in respect of attendance of Board and committee meetings amounted to R1 166 266.

Remuneration report continued

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 ⁽¹⁾	186	80	181	—	447
MV Moosa	186	80	311	—	577
PT Motsepe	278	119	282	—	679
MP Mthethwa ⁽²⁾	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	—	—	2 234
CG Swanepoel	186	80	637	1 330	2 233
ZB Swanepoel	186	80	221	—	487
PL Zim	186	80	221	—	487
Total non-executive directors	4 074	1 749	4 191	3 802	13 816

⁽¹⁾ Remuneration is paid to Shriram Capital.

⁽²⁾ Resigned on 13 February 2015.

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

Fees from Group companies for the year ended 31 December 2015

R'000	Directors' fees	Attendance fees	Committee fees	Total
AD Botha	197	285	57	539
PR Bradshaw	1 308	—	120	1 428
P de V Rademeyer	245	527	84	856
CG Swanepoel	349	973	115	1 437
Total fees from Group Companies	2 099	1 785	376	4 260

Fees from Group companies for the year ended 31 December 2014

R'000	Directors' fees	Attendance fees	Committee fees	Total
AD Botha	122	213	53	388
PR Bradshaw	1 178	—	—	1 178
P de V Rademeyer	227	601	78	906
CG Swanepoel	247	900	183	1 330
Total fees from Group Companies	1 774	1 714	314	3 802

Remuneration report continued

Interest of directors in share capital

Total interest of directors in share capital at 31 December 2015

	Beneficial			UB shares
	Direct	Indirect	Non-beneficial	
Executive directors⁽¹⁾				
IM Kirk	14 793	—	—	—
JP Möller	1 305 938	—	—	—
TI Mvusi	232 518	—	—	4 000
Y Ramiah	147 349	—	—	—
Total executive directors	1 700 598	—	—	4 000
Non-executive directors				
DK Smith (Chairman)	—	35 000	—	—
PT Motsepe (Deputy Chairman) ⁽²⁾	—	—	—	—
MMM Bakane-Tuoane	—	—	—	7 142
AD Botha ⁽⁴⁾	—	—	270 000	—
PR Bradshaw	—	29 000	—	—
MV Moosa	—	—	—	7 142
SA Nkosi	—	—	—	7 142
K Nondumo	—	—	—	—
P de V Rademeyer	181 335	495 698	—	—
RV Simelane	—	—	—	7 142
CG Swanepoel	10 000	—	—	—
PL Zim	444	—	—	7 142
Total non-executive directors	191 779	559 698	270 000	35 710
Total	1 892 377	559 698	270 000	39 710

⁽¹⁾ Includes participation in the Restricted Share Plan.

⁽²⁾ Ubuntu-Botho Investments (Pty) Limited (Ubuntu-Botho) is the direct beneficial holder of 292 471 806 Sanlam ordinary shares. Sizanani-Thusanang-Helpmekeer 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, 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.

⁽³⁾ At the date of this report there are no differences with the shareholding disclosed above as at 31 December 2015.

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

Total interest of directors in share capital at 31 December 2014

	Beneficial		Non-beneficial	UB shares
	Direct	Indirect		
Executive directors⁽¹⁾				
J van Zyl	5 764 533	2 594 319	—	—
JP Möller	1 206 270	—	—	—
TI Mvusi	223 503	—	—	4 000
Y Ramiah	18 776	—	—	—
Total executive directors	7 213 082	2 594 319	—	4 000
Non-executive directors				
DK Smith (Chairman)	—	35 000	—	—
PT Motsepe (Deputy Chairman) ⁽²⁾	—	—	—	—
MM Bakane-Tuoane	—	—	—	7 142
AD Botha	—	—	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
Total non-executive directors	191 779	559 698	270 000	49 994
Total	7 404 861	3 154 017	270 000	53 994

⁽¹⁾ Includes participation in the Restricted Share Plan.

⁽²⁾ Ubuntu-Botho Investments (Pty) Limited (Ubuntu-Botho) is the direct beneficial holder of 292 471 806 Sanlam ordinary 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, 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.