



**Remuneration
Report 2018**

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Report from the GHRRC chair



In 2018 we celebrated our 100-year journey and our commitment to building lasting legacies and a better world *for generations to come*. The long term view we take to our business, our clients, our people and our environment was reaffirmed as the defining way we do things in Sanlam. Our approach to remuneration follows our business strategy of building value for the long term.

The approach to this year’s reporting has been to highlight the areas where shareholder engagement took place, to share our approach to engaging with our shareholders, to highlight where we have made enhancements to Sanlam’s remuneration policy and to demonstrate improved disclosure based on this engagement.

How do we engage with shareholders?

- ➔ The Group Human Resources and Remuneration Committee (“the Committee” or “GHRRC”) welcomes engagement with shareholders and encourages shareholders to put their ideas to the Committee.
- ➔ Once shareholders have had time to study the Remuneration Report we would appreciate feedback, preferably in writing. The Committee Chairman will then respond to queries and input from shareholders in writing and he will be available for a discussion in this regard.
- ➔ If shareholders would, at other times during the year like to make suggestions or provide input to the Committee, it will be appreciated and will be handled in the same manner as set out above.

The 2018 voting outcome and particularly the reasons for the lack of support for the Implementation Report was the focus of Sanlam’s subsequent engagement in 2018 with major shareholders and proxy voting advisors. In order to facilitate individual stakeholder discussions, Sanlam extended an invitation to all dissenting shareholders via SENS (8 June 2018) to submit their concerns to the Company Secretary as basis for consultation.

In consultations we solicited feedback and discussion on the Sanlam remuneration policy, the implementation thereof and the disclosure of both aspects.

Below is a summary of the key areas discussed and Sanlam’s proposed actions to the feedback received:

Concerns raised by shareholders or their proxy voting advisors	Feedback/proposed actions from Sanlam
<p>Performance hurdles achieved linked to the vesting of Deferred Share Plan (DSP), Performance Deferred Share Plan (PDSP) and Restricted Share Plan (RSP) are not disclosed in detail</p>	<p>RoGEV is the material and consistent measurement across Sanlam of performance against pre-determined hurdles. This is also the performance measurement for the vesting of long term incentives (“LTIs”).</p> <p>Achievement is measured against cost of capital plus an applicable margin over the full vesting period/s on a Group and in some instances also Cluster/business level.</p> <p>For details on the performance evaluation and achievement of financial (RoGEV) targets set for the vesting of LTIs (specifically PDSPs and RSPs) refer to “Performance measurement for June 2018 LTI vesting” on page 24 of the Implementation Report.</p>
<p>DSP performance evaluation for vesting</p>	<p>DSP awards follow the same vesting profile as other LTIs in that three (3) tranches will be performance measured (i.e. award 2015, 2014 and 2013). The measurement for DSP is based on strategic targets and the outcome of Executive committee members’ performance scorecards. Due to their roles and line of sight such performance scorecards contain financial targets as well as other strategic targets necessary for execution on the Sanlam business strategy. Generally, financial targets comprise the majority of performance scorecard metrics.</p> <p>For details on the performance evaluation for the vesting of DSPs of Executive committee members refer to “DSP” on page 25 of the Implementation Report.</p>

Concerns raised by shareholders or their proxy voting advisors	Feedback/proposed actions from Sanlam
<p>Share usage – approved dilution limit for LTIs</p> <p>The shareholder approved number of shares as % of issued shares is slightly larger than the 5% indicated by proxy voting advisors as guideline. However, recognition is given that the annual limit for share usage is only 0,74% (16 million shares) which is below the guideline annual limit. The actual annual share usage is even less than the annual limit set. The aforementioned mitigate the potential dilution risk for shareholders.</p>	<p>See “Sanlam share scheme allocation (dilution limits)” on page 29 of the Implementation Report and AGM Special Resolution number 4 which detail the proposed resolution to shareholders in line with the 5% guideline of institutional investors/proxy voting advisor guidelines.</p>
<p>The Outperformance Plan (OPP) adds complexity to the remuneration design</p>	<p>OPPs are linked to super stretched targets for heads of Businesses/Clusters.</p> <p>Targets are set to generate extreme shareholder value in return for self-funded OPP value vesting. There have been years where very little (or nothing) vested in terms of OPPs.</p> <p>OPPs can be used in a diverse Group to drive business/market specific targets.</p> <p>As per prior years we have provided transparent disclosure of the design of OPPs, target levels set, measurement and achievement of OPPs for Executive committee members in the Implementation Report from page 28.</p>
<p>Clarification that any discretionary bonus pool approved by the GHHRC (where annual business targets may not be met) will not be used for Executive committee members’ bonuses</p>	<p>This has been clarified in the remuneration policy.</p> <p>Any discretionary bonus pool earmarked for retention in these circumstances is only applicable to key and critical talent below Executive committee level.</p>

The feedback received from shareholder and proxy voting advisors on the consultations, actions and increased disclosure has been positive. We acknowledge that this is an ongoing process and are committed to open and continuous dialogue in this regard.

For the 2019 AGM the remuneration policy and the implementation report of the Remuneration Report will again be tabled separately for non-binding advisory votes by shareholders. In the event that either the policy or implementation report or both are voted against by 25% or more of the voting rights exercised, the ongoing engagement process as detailed above under “How do we engage with shareholders” will be followed.

Remuneration governance

The Sanlam Limited Board (Board) has responsibility for the governance of remuneration in the Sanlam Group. The GHHRC is mandated by the Board to ensure that the organisation remunerates fairly, responsibly, and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium, and long term. Sanlam’s remuneration philosophy and policy support the Group strategy by incentivising the behaviour required to meet and exceed predetermined strategic goals. Both short- and long-term strategic objectives are measured and rewarded. This blended approach mitigates excessive risk-taking and balances longer-term strategic objectives with short-term operational performance. The remuneration philosophy is therefore an integral part of Sanlam’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 Sanlam operates. In South Africa, those specifically include the Prudential Standards (Governance and Operational Standards for Insurers, issued in terms of the Insurance Act) and the King IV Report on Corporate Governance™ for South Africa 2016 (King IV™), whilst also conforming to the remuneration principles contained in the Codes of Good Practice which support employment equity legislation.

Sanlam is the sole or part owner of a number of subsidiaries, joint ventures and associates. While compliance with the Sanlam Group remuneration strategy and policy is primarily targeted at 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. In businesses outside South Africa, where the Group remuneration policy is in conflict with local statutes or regulations, the local standards will apply.

GHRRC and key matters considered

The GHRRC is responsible for overseeing and monitoring the development, implementation and execution of the remuneration policy and strategy of the Group and ensuring that the policy objectives are met. The GHRRC is responsible for presenting the policy 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 (actuarial control, internal audit, compliance and risk management), relative to industry benchmarks. Recommendations made by business and subsidiary Human Resources and Remuneration committees on the remuneration design of key persons (as defined in the Prudential Standards) is reviewed and approved by the GHRRC.

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 remuneration policy as necessitated by changing circumstances. It also makes recommendations to the Board regarding the fees of Sanlam directors, other than the GHRRC's committee fees. To fulfil the role described above, the GHRRC undertakes the following:

- ➔ Oversees and recommends to the Board for approval, short- and long-term incentive plans for the Group, subject to shareholder approval where applicable. This includes the setting of guidelines for annual allocations and a regular review of the appropriateness and structure of the plans to ensure alignment with Sanlam's strategy and shareholder and other stakeholder interests.
- ➔ Sets appropriate performance drivers for short- and long-term incentives, as well as monitoring and testing those drivers.
- ➔ Ensures that the remuneration policy applies in a proportionate and risk-based way and contains specific arrangements for the review of remuneration for the roles of the directors, executives, heads of control functions, key persons and persons whose actions may have a material impact on the insurer or Group's risk exposure.
- ➔ Reviews 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.
- ➔ Reviews the remuneration strategy for and finalises the remuneration of Sanlam executive directors, members of the Executive committee and heads of control functions, including total guaranteed package, short- and long-term incentives, and other conditions of employment.
- ➔ Develops and recommends to the Board for approval, short- and long-term incentive schemes for the Group Chief Executive 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. Further to this, the GHRRC ensures that incentives are appropriate, supported by corporate governance standards and that the design thereof is aligned to long-term value creation for shareholders.
- ➔ Reviews the succession plans in place for the Group CEO and members of the Executive committee and provides for succession in both emergency situations and over the long-term.
- ➔ Recommends to the Board the remuneration of the Sanlam non-executive directors for approval at the AGM.

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

During 2018, the GHRRC considered and where applicable approved the following matters:

- ➔ Changes to the remuneration approach based on feedback received from stakeholders during the consultative process following the advisory vote on the Group's implementation report at the 2018 AGM.
- ➔ Benchmarking of remuneration levels and practices with local and international comparator groups, as appropriate.
- ➔ Benchmarking of Sanlam executive directors and members of the Executive committee's remuneration against a suitable market.
- ➔ Benchmarking of Sanlam non-executive directors remuneration against a suitable market and recommending increases to be considered by shareholders at the 2019 AGM.
- ➔ Alignment of Sanlam's remuneration policy and practices in South Africa with prudential standards that provide a risk-based governance framework for the regulation of life and general insurers and with further updates from King IV™ governance principles and practices.
- ➔ The remuneration design of heads of control functions and persons whose actions may have a material impact on the organisation's risk exposure.
- ➔ The recruitment of the Chief Executive: Sanlam Brand and ratification of the appointment of certain executive employees.
- ➔ Short- and long-term incentive awards to Executive committee members.
- ➔ Short-term incentive measures achieved for accrual of bonus pool/s and achievement of performance conditions for the vesting of long term incentives.
- ➔ The opportunity for certain portfolio and fund managers within Sanlam Investments to invest a portion of their long-term incentives in their own portfolios. This is done on terms and conditions (including the performance hurdles) similar to that of the existing long-term incentive schemes and ensures solid alignment to shareholders and clients.
- ➔ Findings and analysis on gender pay equity across all levels of the organisation.
- ➔ Measures to support existing strategies to correct the under-representation of black people at the executive and senior management levels of the organisation.
- ➔ The work and decisions of other Sanlam Group companies' HR and Remuneration committees and approval of overall mandates on remuneration increases and variable remuneration (short and long term) per the delegation of authority framework.
- ➔ Enhancements to the Sanlam Malus and Clawback policy and principles.

The South African Companies Act, 71 of 2008 (Companies Act) introduced the concept of a "prescribed officer". The duties and responsibilities of directors under the Companies 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 Sanlam executive directors and members of its Executive committee are the prescribed officers of Sanlam. None of the Sanlam executive directors or members of the Executive committee occupy a "control function" at Sanlam as defined in the Insurance Act. Remuneration details of the Sanlam executive directors and members of the Executive committee are accordingly also disclosed in this report.

Shareholder voting results at last AGM

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 AGM in respect of 2017, a total of 1 439 527 009 votes (prior year: 1 576 758 190) were cast on the advisory vote for the Group's remuneration policy, whilst 1 418 376 569 votes were cast on the implementation of the policy. The result of the voting was as follows:

	For	Against
AGM in respect of 2017 Remuneration Policy	94,67%	5,33%
AGM in respect of 2017 Implementation Report	71,52%	28,48%
AGM in respect of 2016 Remuneration Report (one vote)	95,91%	4,09%

The shareholder engagement outcomes and actions taken during 2018 were reported on in detail earlier in the Chairman of the GHRRC Report.

I would like to urge you to peruse our remuneration policy and implementation report as set out in this Remuneration Report and offer your support by voting in favour at the upcoming AGM to be held on 5 June 2019.

Our commitment to ongoing consultation on an individual shareholder level is confirmed and the Committee welcomes any feedback or input from shareholders throughout the year.



AD Botha
Chair: Group Human Resources and Remuneration Committee

Overview of remuneration policy



Remuneration philosophy

The Board recognises that appropriate remuneration for Sanlam executive directors, members of its Executive committee and other employees is inextricably linked to the attraction, development and retention of top-level talent and human 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 are in place 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.

The primary objectives of the policy are to:

- ➔ attract, motivate, reward and retain key talent;
- ➔ promote the organisations' strategic objectives, within its risk appetite;
- ➔ promote positive outcomes across the inputs and resources which the Group uses or affects; and
- ➔ promote an ethical culture and behaviour that are consistent with our values and which encourage responsible corporate citizenship.

Sanlam's remuneration philosophy aims to:

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

The Board recognises certain industry-specific and other relevant differences between Sanlam 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. Sanlam has continued to apply a total reward strategy for its employees. 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. Read more about Sanlam's Employee Value Proposition in the online Sustainability portal.

Design principles

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

- ➔ **Pay for performance:** Performance is the cornerstone of the remuneration philosophy. On this basis, all remuneration practices are structured in such a way as to provide for clear differentiation between individuals with regard to performance. It is also positioned so that a clear link is maintained between performance hurdles and the Sanlam strategy.
- ➔ **Competitiveness:** A key objective of the remuneration philosophy is that remuneration packages should enable the Group and its businesses to attract and retain employees of the highest quality in order to ensure the sustainability of the organisation.
- ➔ **Leverage and alignment:** The reward consequences for individual employees are as far as possible aligned with, linked to and influenced by:
 - the interests of Sanlam shareholders (and, where applicable, minority shareholders in subsidiaries);
 - the interests of other stakeholders (for example employment equity; client service);
 - sustainable performance of Sanlam as a whole;

- the performance of any region, business unit or support function; and
- the employee's own contribution.

- ➔ **Consistency and fairness:** The reward philosophy strives to provide a framework that encourages consistency, but allows for differentiation where it is fair, rational and explainable. Differentiation in terms of market comparison for specific skills groups or roles is necessary and differentiation concerning performance is imperative. Unfair differentiation is unacceptable.
- ➔ **Attraction and retention:** Remuneration practices are recognised as a key instrument in attracting and retaining the required talent to meet Sanlam's objectives and ensure its sustainability over the long term.
- ➔ **Shared participation:** Employee identification with the success of Sanlam is important owing to the fact that it is directly linked to both Sanlam's and individual performance. All employees should have the chance to be recognised and rewarded for their contribution and the value they add to Sanlam, and, in particular, for achieving excellent performance and results, in relation to Sanlam's stated strategic objectives. The performance management process contributes significantly towards obtaining this level of participation and towards lending structure to the process.
- ➔ **Best practice:** Reward packages and practices reflect local and international best practice, where appropriate and practical.
- ➔ **Communication and transparency:** 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 Sanlam's strategic objectives is understood by all employees.
- ➔ **Market information:** Accurate and up-to-date market information and information on best practice is a crucial factor in determining the quantum of the remuneration packages.
- ➔ **Malus and Clawback:** Where defined trigger events take place provision is made for redress against remuneration through either malus (pre-vesting forfeiture) or clawback (post-vesting forfeiture). Malus and clawback provisions and the application thereof to trigger events are governed by the Sanlam Group Malus and Clawback Policy, which is a related policy to this Group Remuneration Policy and these provisions will be incorporated in relevant remuneration governance documents/rules.

For Sanlam to remain competitive, remuneration policies and practices are evaluated regularly against both local and international remuneration best practice and governance frameworks, most notably King IV™ and the Prudential Standards.

Executive contracts

Sanlam 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 restraint of trade (up to 12 months) is included, which Sanlam has the discretion to enforce depending on the surrounding circumstances at the time of 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 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 long-term incentives with arrangements on terms similar to the existing terms and conditions.

Remuneration overview

Structure

The different components of remuneration applied are summarised in the table below. These are applicable to all South African-based employees and are used as guidance by other international Sanlam businesses.

A detailed description of each component follows in the next section.

Where applicable, the quantum of the different components of the package is determined as follows:

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

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 12-month (financial year) performance with the aim to remunerate outstanding performance in excess of market mean	Based on different levels and predetermined performance hurdles for business and individual/strategic targets. Cash settlement generally capped at 200% of total guaranteed package
Long-term incentives	Alignment with shareholder interests	Annual awards vesting in tranches in years 3 (40%), 4 (30%) and 5 (30%). Some legacy awards may vest up to 6 years	Upon satisfaction of performance hurdles and individual/strategic performance targets

Total guaranteed package (TGP)

Purpose

TGP is a guaranteed component of the remuneration offering. It forms the basis of Sanlam'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 positioned around 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:

- ➔ Retirement funding;
- ➔ Group life cover; and
- ➔ Medical aid/insurance.

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 and analyses data from a number of global salary surveys. 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 Sanlam executive directors and members of the Executive committee.

Levels

TGP levels are positioned around the 50th percentile of the comparator market. Where specific skills dictate, TGP levels may be set in excess of the 50th percentile. Benefits form part of TGP and in certain instances there may be a salary sacrifice in favour of a flexible benefit.

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.

Group and business performance measures are multi-dimensional and are required to support positive outcomes on a range of strategic indicators, including economic, social and environmental.

GHRRC's role

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

- ➔ 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.
- ➔ set the overall principle in respect of thresholds, targets and stretch levels for the annual bonus plan as well as the percentage of total guaranteed package that can be earned at each level by each group of employees.
- ➔ in respect of Sanlam executive directors and members of the Executive committee:
 - agree on the performance drivers for their annual bonus plan; and
 - agree on the split between business, Group and individual/strategic performance criteria.
- ➔ the GHRRC has discretion regarding the final quantum of bonus payments across the Group to avoid any unintended consequences of bonus design principles and to support risk alignment.

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 bonus will, under normal circumstances and subject to applicable bonus deferral rules in the Group, be paid. In instances where expected target goals have been exceeded, the cash component is capped at a percentage of TGP, however out-performance value can be awarded in terms of the Restricted Share Plan (refer to RSP design later in this report).

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 financial bonus targets are not achieved, a modest amount may at the discretion of the GHRRC (on Group CEO's recommendation) be set aside to reward exceptional individual performance. This discretionary bonus pool's purpose is to retain key talent below Group Exco committee level and is not earmarked for Group Executive committee discretionary bonuses where financial targets are not achieved.

For certain individuals within Sanlam Investments, cash bonuses are capped at a multiple of TGP. Any bonus payable in excess of this cap, is deferred in a combination of cash and restricted Sanlam shares and vests in equal tranches over three years. Malus is applicable to deferred bonuses. Deferred cash bonuses to the value of R11,225,000 were converted into a total of 119 808 shares in 2018 in respect of 16 individuals.

Companies within the broader Sanlam Group may use other mechanisms such as deferred cash or equity (restricted shares of that specific company) for bonus deferral and alignment.

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 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.

Sanlam delivered a solid performance during the 2018 financial year, as elaborated upon in the 2018 Integrated Report. Despite difficult operating conditions in certain markets, the overall Group performance mostly met the targets set for 2018. This resulted in a weighted average bonus achievement of 114,3% (2017: 134,9%) at a Group level.

Adjusted RoGEV for short-term incentives

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 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, for example tax changes, interest rate movements and exchange rate volatility. The adjustment for uncontrollable items ensures that the incentive is based on achievement and not “windfalls” due to external circumstances.

Retention payments

Retention payments, typically driven by forfeitable bonus payments upon sign-on or for retention of specific employees for a specific period of time, where it is a strategic imperative, may be made to key employees. Such retention payments or share awards are subject to a retention period, in certain instances performance, and where the condition of continued employment is not met the payment is repayable in full or shares are forfeited.

Retention arrangements are also subject to malus and clawback provisions.

Sanlam’s non-executive directors are not eligible for any short-term incentives or retention arrangements.

Long-term incentives

Overview and general policy

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

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

GHRRC’s role

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

- ➔ ensure that their structure contributes to shareholder value, staff retention and the long-term sustainability of Sanlam;
- ➔ set appropriate performance drivers and take responsibility for monitoring and agreeing on the level of compliance with those performance drivers; and
- ➔ approve award levels and at vesting ensure that vesting conditions have been met, or subsequently that incentives are forfeited where conditions are not met.

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. Sanlam’s policy is therefore not to make the same DSP or PDSP award (expressed as % of TGP) every year, but to ensure that employees’ value of outstanding awards (or share lock-in/multiple) is maintained. The set multiples are determined by reference to the individual’s role. In addition, transformation considerations and the 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, PDSP, RSP and OPP) are subject to an overall limit of 6,5 million unvested shares.

Participation

The LTIs are aimed at attracting and retaining key employees and aligning employees’ interests with that of shareholders. While participation is available to all employees, 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.

Deferred Share Plan (DSP)

Awards granted in terms of 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.

For senior employees and Group Executive committee members these hurdles are derived from business scorecards reflecting key financial and strategic objectives.

The Group Executive committee members have the following financial and strategic metrics for vesting of DSPs:

Financial: Group and Business level		Ian Kirk	Heinie Werth	Anton Gildenhuys	Lizé Lambrechts	Temba Mvusi	Robert Roux	Jurie Strydom	Junior Ngulube
Value of new covered business	Weighting >65%*	✓	✓			✓		✓	✓
Net result from financial services	* Except for the Chief Actuary and Risk Officer due to the role	✓	✓			✓	✓	✓	✓
RoGEV		✓	✓		✓	✓	✓	✓	✓
Investment performance							✓		
Net fund flows							✓		
Optimisation of capital		✓	✓		✓				
Share price performance (relative and absolute)		✓	✓						
Net insurance revenue					✓				✓
Growth targets					✓	✓		✓	✓

Strategic measures supporting Group business strategy		Ian Kirk	Heinie Werth	Anton Gildenhuys	Lizé Lambrechts	Temba Mvusi	Robert Roux	Jurie Strydom	Junior Ngulube
Cost efficiencies/optimisation	Weighting >20%–35%*	✓	✓		✓	✓	✓	✓	✓
Growth and diversification	* Chief Actuary and Risk Officer has 100% weighting to strategic objectives due to the role	✓	✓		✓	✓	✓	✓	✓
Strategic partnerships		✓	✓					✓	✓
Transformation and sustainability factors		✓	✓	✓	✓	✓	✓	✓	✓
Leadership and collaboration		✓	✓	✓	✓	✓	✓	✓	✓
Governance and risk management		✓	✓	✓					
Regulatory strategy				✓					
Balance sheet management ⁽¹⁾				✓					
Advanced analytics				✓					
New products and channels								✓	
Actuarial compliance				✓					
Treating your clients fairly (TCF)					✓	✓	✓	✓	✓

⁽¹⁾ Includes elements of embedded value enhancements.

The vesting conditions are that the individual remains employed by the Group throughout the vesting period and maintains agreed individual performance hurdles.

Typically, the total award granted to employees under the DSP has a face value of up to 105% of TGP. For Group Executive committee members DSPs comprise less than 30% of their overall long term incentive multiple/lock-in value.

In line with the Sanlam long term incentive policy to maintain an unvested value equal to a set multiple 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 2018 allocations in respect of 3 978 478 shares (2017: 4 332 349) were made to 915 participants (2017: 885) 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 actual RoGEV exceeds its cost of capital for the relevant measurement period (Group performance

hurdle (adjusted RoGEV for pre-2016 grants)). Cost of capital is defined as the nine-year government bond rate in South Africa plus 400 basis points (300 basis points in respect of awards made before 2016). 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 performance hurdles are. For awards in excess of 175% of TGP the vesting conditions also include a business specific performance hurdle in addition to the individual/strategic and Group performance hurdles.

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

The use of RoGEV as a performance condition is considered appropriate as this is the key performance indicator of Sanlam's strategy and long-term sustainability, and the use of this measure means a direct link between the long-term incentive reward, Sanlam strategy and shareholders' interests. See page 24 of the Implementation Report regarding the achievement of RoGEV targets for the 3, 4 and 5-year measurement periods.

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 2018 allocations in respect of 1 517 182 shares (2017: 1 622 117) were made to 237 participants (2017: 224) under the PDSP.

Measurement of performance and vesting profile pre and post 2017

There was a change in policy (effective from the 2017 DSP and PDSP awards) with regards to the testing of performance conditions and the vesting profile.

The pre-2017 vesting period was aimed at encouraging performance that will result in the performance hurdles being met earlier than the agreed six-year measurement period.

In line with global vesting practices, DSPs and PDSPs from 2017 onwards are subject to a fixed period for the measurement of performance conditions, if the condition is not met that portion of the award will lapse.

The change is summarised below:

Policy component	Awards made before 2017	Awards made in 2017 and thereafter
DSPs		
Employment period, performance (individual/strategic) period and % which may vest	<p>The measurement period is 5 years and staggered vesting may occur as follows provided that all the vesting conditions have been met:</p> <ul style="list-style-type: none"> ➔ After three years: 40%; ➔ After four years: 70%, less any portion vested earlier; and ➔ After five years: 100%, less any portion that vested. 	<p>Tranche vesting over 5 years:</p> <ul style="list-style-type: none"> ➔ 40% of the award to be measured after 3 years since the date of grant and to the extent that the vesting/performance hurdle is not achieved the entitlement to that portion of the DSP shares will lapse; ➔ 30% of the award to be measured after 4 years since the date of grant and to the extent that the vesting/performance hurdle is not achieved the entitlement to that portion of the DSP shares will lapse; and ➔ 30% of the award to be measured after 5 years since the date of grant and to the extent that the vesting/performance hurdle is not achieved the entitlement to that portion of the DSP shares will lapse.
PDSPs		
Employment period, performance (financial and individual/strategic) period and % which may vest	<p>PDSPs 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:</p> <ul style="list-style-type: none"> ➔ After three years: 40%; ➔ After four years: 70%, less any portion vested earlier; and ➔ After five years: 100%, less any portion that vested. 	<p>Same performance testing and vesting profile as for DSPs above.</p>

Where extra-ordinary events impact the potential vesting of a tranche of PDSP, the GHRRC has the discretion to exclude the impact of such extra-ordinary event and determine that a percentage of the PDSP may vest, subject to any additional conditions which may be determined. In the event that such discretion is applied, full disclosure will be made.

Restricted Share Plan (RSP)

The RSP has to date been largely operated in conjunction with the bonus plan (refer short-term incentives section above) for critical and key employees. RSP awards are motivated by the Group CEO and approved by the GHRRC. The GHRRC also approves the vesting conditions linked to the RSP award and specifically the performance conditions for vesting.

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 RSPs awarded require the individual to remain employed within the Group until the final vesting date and maintain the agreed individual/strategic performance hurdles. A portion of the RSPs is subject to a Group performance condition. The performance condition for awards granted to date is that the Group's actual RoGEV per share (adjusted RoGEV for awards made prior to 2016) exceeds the Group's cost of capital and such condition varies between 0% and 100% of the award depending on the individual's role and the category of RSP award.

Instances where RSP awards may be made include:

- ➔ Where the Group CEO motivates that an individual has out-performed on their individual/strategic performance criteria and that individual's cash bonus payment is limited or capped, the GHRRC may award RSPs to acknowledge such out-performance.
- ➔ To drive specific financial performance conditions at a Group level or business/cluster level to achieve strategic goals. Such awards will be subject to employment and individual/strategic and financial performance conditions for vesting.
- ➔ To aid critical retention requirements for a specific period of time (on levels below Group Executive committee) or attract key talent by compensating for long-term incentives which may be forfeited upon sign-on for employment. Contracted strategic/individual performance has to be achieved in addition to continued employment for vesting.

The rationale of this mechanism is to encourage, in highly exceptional circumstances, the 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. Group Executive committee members only receive RSP awards subject to financial performance conditions.

For RSP awards pre-2017 the measurement period is six years, but early vesting can occur on a basis similar to that of the pre-2017 DSP and 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. The performance measurement and vesting profile for RSP grants from 2017 are similar to those of the DSP and PDSP.

For the year ended 31 December 2018 allocations in respect of 390 433 shares (2017: 522 617) were made to 18 participants (2017: 11) under the RSP.

Out-Performance Plan (OPP)

From time to time, at the discretion of the GHRRC, participation in an individual OPP is extended to the Group Chief Executive and certain members of the Executive committee who are leaders of Sanlam's main operating businesses or, in very limited circumstances, to senior leaders within the main businesses. The OPP rewards superior performance over a three to five-year measurement period. OPPs are designed to be fully self-funded from exceptional income generated over the OPP vesting period.

No payment is made in terms of the OPP unless the agreed performance target over the period is exceeded and full payment is made only 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. six or 10 times the annual TGP of the final measurement year) if the payments are made in cash. In the event that the OPP is equity-settled, the number of shares is calculated with reference to the TGP at the date that the award is made.

In exceptional circumstances, OPP arrangements may be extended to senior leaders not part of the Executive committee.

Use of Sanlam shares subject to vesting restrictions

To support long term alignment with shareholders where remuneration payable in cash is deferred, subject to certain conditions, the preference is to convert such cash amounts into Sanlam shares. Such shares will be held by the individual in a restricted account and will become unrestricted, subject to employment and other conditions being met.

Instances where cash amounts may be converted into restricted Sanlam shares include, but are not limited to: deferred amounts and sign-on bonuses.

These Sanlam shares are also subject to continued employment for vesting as well as malus and clawback provisions.

Risk adjustment

Provision is made to protect the Company from inappropriate risk taking behaviour in relation to remuneration. These include:

- ➔ The mix of short-term and long term financial performance conditions combined with a material weighting towards non-financial/strategic conditions ensures that risk taking behaviour is not encouraged;
- ➔ Minimum shareholding requirements which require executives to hold a percentage of vested LTI as shareholders and not to sell LTIs upon vesting;
- ➔ Deferral of bonuses above the cash cap to enable risk alignment provisions;
- ➔ A measurement period of three to five (and in some instances six years) for long term incentive performance hurdles, before vesting takes place;
- ➔ Malus (pre-vesting forfeiture) and clawback (post-vesting recovery) of remuneration for 'trigger events'. Defined 'trigger events' include dishonesty, fraud, misrepresentation, gross misconduct, misstated financial results and actions resulting in reputational damage for the Company attributable to the employee. In assessing whether defined trigger events have taken place, the GHRRC will work with the relevant Board Committee, the Board, professional advisors and/or any other department within the Group to ensure that any assumptions are correct; and
- ➔ Compliance with legislation and governance best practice standards in the financial services industry.

Minimum shareholding requirement (MSR)

To encourage alignment between executive and stakeholder interests, Sanlam applies a minimum shareholding policy to all current and future members of the Sanlam Executive committee, including Sanlam 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 Chief Executive	175%
Financial director	125%
Business executives	100%
Support executives	50%

Participating executives are required to maintain the target shareholding throughout their tenure with the Group. 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 year 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 year.

Participating executives are able to maintain a maximum shareholding of up to double their minimum requirement.

Non-executive directors' fees

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. See Special Resolution No. 1 in the 2018 Notice of 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 services performed on behalf of the Group.

Non-executive directors are not eligible to participate in incentive plans (whether short-term or long-term) and do not receive fees which are linked to the share price growth or corporate performance hurdles.

Implementation report



Remuneration details for executive directors and members of the Group Executive committee

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 2018

For purposes of total remuneration, the fair value of LTIs on award date is included for awards made during the year, assuming a 100% vesting, instead of the fair value of LTIs that vested during the period. This ensures consistency with market practice to benchmark total remuneration based on fair value on award date for LTIs. The vesting value of LTIs are influenced by numerous factors (including political, economic and investment market factors) and therefore does not provide a reasonable measure for remuneration. Separate disclosure is provided in respect of the number and value of LTIs that vested in the year (refer pages 25 to 27).

2018

R'000	Months in service	Salary	Company contributions	Subtotal: Guaranteed package	Annual bonus	Attributable value of LTIs ⁽²⁾	Total remuneration
Ian Kirk	12	8 910	210	9 120	11 000	10 929	31 049
Heinie Werth	12	5 178	210	5 388	5 000	5 791	16 179
Temba Mvusi ⁽¹⁾	12	4 138	720	4 858	3 500	3 723	12 081
Subtotal: executive directors		18 226	1 140	19 366	19 500	20 443	59 309
Anton Gildenhuis	12	4 530	210	4 740	4 300	10 045	19 085
Lizé Lambrechts	12	5 330	210	5 540	6 900	4 200	16 640
Junior Ngulube	12	4 521	289	4 810	3 750	2 509	11 069
Robert Roux	12	4 788	210	4 998	6 100	4 448	15 546
Jurie Strydom ⁽³⁾	12	4 811	209	5 020	4 300	8 733	18 053
Executive committee		42 206	2 268	44 474	44 850	50 378	139 702

⁽¹⁾ Includes an amount of R356 937 paid by Santam.

⁽²⁾ Fair value of LTIs (excluding equity-settled OPPs) granted during the year, assuming 100% vesting - refer to page 27.

⁽³⁾ Appointed Chief Executive of Sanlam Personal Finance on 1 June 2017. An OPP was granted with effect from 1 January 2016 in respect of his role as Deputy Chief Executive: Sanlam Personal Finance. Achievement in respect of this OPP was measured on 31 December 2017 with the amount converted into RSP shares awarded in March 2018 that will vest in April 2019.

Remuneration for the year ended 31 December 2017

2017

R'000	Months in service	Salary	Company contributions	Subtotal: Guaranteed package	Annual bonus	Attributable value of LTIs ⁽⁴⁾	OPP payment	Contractual payment	Total remuneration
Ian Kirk	12	8 407	201	8 608	10 000	4 089	-	-	22 697
Heinie Werth	12	4 757	208	4 965	4 500	11 111	-	-	20 576
Temba Mvusi ⁽¹⁾	12	3 670	639	4 309	3 500	2 672	-	-	10 481
Yegs Ramiah ⁽⁵⁾	12	3 421	218	3 639	-	2 723	-	1 186	7 548
Subtotal: executive directors		20 255	1 266	21 521	18 000	20 595	-	1 186	61 302
Hubert Brody ⁽²⁾	5	2 202	84	2 286	-	2 500	-	-	4 786
Anton Gildenhuis	12	3 920	210	4 130	4 250	9 080	-	-	17 460
Lizé Lambrechts	12	5 000	201	5 201	6 300	2 430	19 000	-	32 931
Junior Ngulube	12	4 180	267	4 447	3 750	4 171	-	-	12 368
Robert Roux	12	4 489	203	4 692	6 800	4 223	-	-	15 715
Jurie Strydom ⁽³⁾	7	2 649	122	2 771	4 000	3 325	3 214	-	13 310
Executive committee		42 695	2 353	45 048	43 100	46 324	22 214	1 186	157 872

⁽¹⁾ Includes an amount of R315 082 paid by Santam.

⁽²⁾ Retired as Chief Executive of Sanlam Personal Finance 31 May 2017.

⁽³⁾ Appointed Chief Executive of Sanlam Personal Finance on 1 June 2017. An OPP was granted with effect from 1 January 2016 in respect of his role as Deputy Chief Executive: Sanlam Personal Finance. Achievement in respect of this OPP was measured on 31 December 2017 with the amount converted into RSP shares awarded in March 2018 that will vest in April 2019.

⁽⁴⁾ Fair value of LTIs (excluding equity-settled OPPs) granted during the year, assuming 100% vesting - refer to page 27.

⁽⁵⁾ Resigned on 5 January 2018 as director. The contractual payment lump sum is equal to 3 months guaranteed remuneration in lieu of notice period plus accrued leave.

⁽⁶⁾ Value of equity-settled OPPs are included on vested date only.

Total 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 01-Jan-19	TGP as at 01-Jan-18	TGP as at 01-Jan-17	% increase in TGP 2018	% increase in TGP 2017
Ian Kirk ⁽¹⁾	9 250 000	8 730 000	8 240 000	5,96	5,95
Heinie Werth ⁽¹⁾	5 490 000	5 080 000	4 620 000	8,07	9,96
Hubert Brody ⁽²⁾	-	5 680 000	5 356 000	n/a	6,05
Anton Gildenhuis	4 900 000	4 260 000	3 740 000	15,02	13,90
Lizé Lambrechts	5 620 000	5 300 000	4 905 000	6,04	8,05
Temba Mvusi ⁽¹⁾⁽³⁾	4 560 000	4 325 000	3 001 170	5,43	44,11
Junior Ngulube	4 890 000	4 570 000	4 078 800	7,00	12,04
Yegs Ramiah ⁽¹⁾⁽⁴⁾	-	3 700 000	3 456 000	n/a	7,06
Robert Roux	5 070 000	4 780 000	4 429 000	6,07	7,93
Jurie Strydom ⁽⁵⁾	5 110 000	4 750 000	3 408 000	7,58	39,38

⁽¹⁾ Executive director.

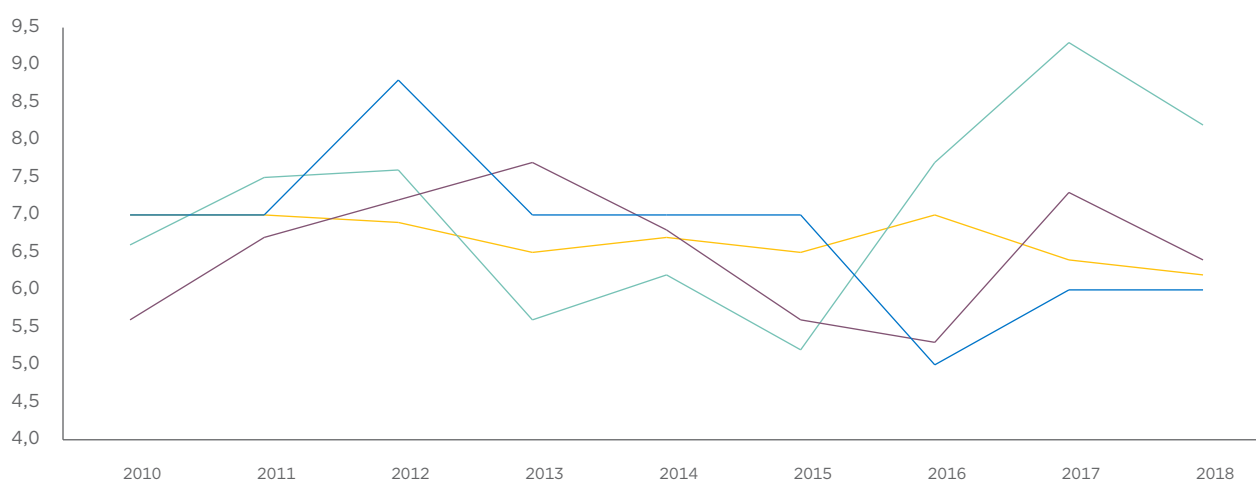
⁽²⁾ Retired from the Executive committee on 31 May 2017. TGP at 1 January 2018 reflects remuneration at date of retirement.

⁽³⁾ Receives an additional amount of R356 937 (2017: R315 082) from Santam for services rendered to Santam. Increase in TGP 2017 reflects adjustment for appointment as acting Chief Executive of Sanlam Corporate.

⁽⁴⁾ Retired from the Executive committee on 5 January 2018.

⁽⁵⁾ Appointed to Executive committee 1 June 2017. TGP as at 1 January 2017 reflects remuneration on date of appointment. Increase in TGP 2017 reflects adjustment for appointment as Chief Executive of Sanlam Personal Finance.

The average salary increase paid to executive directors for 2018 was 6,4% (2017: 13,0% – 7,3% excluding Temba Mvusi who received an additional adjustment after his appointment as Acting Chief Executive of Sanlam Corporate) and that of members of the Executive committee for 2018 was 8,2% (2017: 13,2% – excluding Jurie Strydom who received an additional adjustment after his appointment as Chief Executive of Sanlam Personal Finance) compared with an average salary increase paid to all employees of 6,2% (2017: 6,4%). The remuneration increase trends for the last eight years are as follows:



Legend

■ Non-executive directors	■ Executive committee (excl executive directors)
■ Executive directors	■ All staff

Short-term incentives

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 2018 annual bonus, the split between business, Group and individual/strategic performance criteria for executive directors and members of the Executive committee was as follows:

Individual	Business %	Group %	Individual/Strategic %
Ian Kirk		50	50
Heinie Werth		50	50
Anton Gildenhuis			100
Lizé Lambrechts	100*		-
Temba Mvusi	40	35	25
Junior Ngulube	55	25	20
Robert Roux	70	10	20
Jurie Strydom	50	25	25

* Includes Santam financial and non-financial/strategic measures.

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

Sanlam Group	Weight	Threshold	Target	Stretch	Score	Weighted score
		0%	100%	200%	0% - 200%	
Adjusted RoGEV	18,2%	13,0%	15,4%	17,0%	200%	36,4%
Group net result from financial services	27,3%	R8 549m	R8 885m	R9 404m	34%	9,2%
Clusters' actual performance against targets	36,3%					41,9%
Transformation: weighted FSC score	9,1%	21,17%	21,5%	23,0%	181%	16,4%
Achievement excluding pool for outperformers	90,9%					103,9%
Outperformance pool	9,1%					10,4%
Total	100%					114,3%

Individual	% of TGP at target performance	Performance cash cap as % of TGP
Ian Kirk	100	200
Heinie Werth	56	112
Anton Gildenhuis	56	112
Lizé Lambrechts	50% - 70% of CAP	160
Temba Mvusi	56	112
Junior Ngulube	56	112
Robert Roux	100	200
Jurie Strydom	56	112

Sanlam's performance measure applied in 2018 (excluding Ian Kirk and Heinie Werth) is:

- ➔ Adjusted RoGEV: This is the key performance indicator of Sanlam's strategy and the use of this measure means a direct link between the annual bonus plan and Sanlam's business strategy.
- ➔ Group net result from financial services.
- ➔ Clusters' aggregate performance against targets.
- ➔ Performance against transformation targets.

The actual achievement of Sanlam's performance measure for 2018 is as follows:

The following performance measures applied to Ian Kirk and Heinie Werth as Group Chief Executive and Financial Director respectively (sliding scales apply between the various hurdles):

Group Chief Executive/Financial Director 2018 Annual Bonus targets

KPI	Weighting	Hurdle for		
		Minimum hurdle	100% achievement	Stretched hurdle
RoGEV	20%	13,0%	15,4%	17,0%
Growth in net result from financial services	15%	5,5%	7,0%	10,0%
Growth in VNB	10%	7,0%	14,0%	20,0%
Share price performance:	5%			
➔ share price premium to GEV on 31/12/2018, based on volume weighted traded price in December 2018 and January 2019		0%	15%	25%
➔ share price change relative to FTSE/JSE FINI and FTSE/JSE SWIX		90%	100%	110%
Strategic initiatives including:				
➔ Capital and cost efficiencies				
➔ Growth and diversification of the business (e.g. acquisitions, grow and consolidate offshore capacity, Pan Africa footprint, deliver on new business cases, alternative distribution/markets/products through strategic partnerships and alliances, disruptive businesses)	50%	Achievement measured by GHRRC on a qualitative basis. In the 2019 Remuneration Report details will be provided on the measurement of the metrics.		
➔ Transformation and sustainability				
➔ Leadership				
➔ Optimisation of business structure				
➔ Governance and risk management				

The business-level performance measures applicable to the cluster chief executives are based on the specific strategic objectives of each cluster, which are aligned to the achievement of the Group performance measures. The individual/strategic performance measures are based on the contracted output of each individual (as agreed with the Group Chief Executive) over the vesting period.

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 2018. 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 2019:

Individual	% of TGP achieved 2018	Payment 2019 R'm	% of TGP achieved 2017	Payment 2018 R
Ian Kirk	119	11 000 000	115	10 000 000
Heinie Werth	91	5 000 000	89	4 500 000
Anton Gildenhuys	88	4 300 000	100	4 250 000
Lizé Lambrechts	123	6 900 000	119	6 300 000
Temba Mvusi	77	3 500 000	81	3 500 000
Junior Ngulube	77	3 750 000	82	3 750 000
Robert Roux	120	6 100 000	142	6 800 000
Jurie Strydom	84	4 300 000	84	4 000 000

Long-term incentives

Performance measurement for June 2018 LTI vesting

PDSP and RSPs subject to company financial performance conditions

Due to Sanlam's vesting profile three LTI tranches were performance measured in 2018 for vesting from a financial metric perspective, namely:

- ➔ Award 2015 (40% of award and 3 financial years reviewed for performance testing);
- ➔ Award 2014 (30% of award and 4 financial years reviewed for performance testing); and
- ➔ Award 2013 (30% of award and 5 financial years reviewed for performance testing).

A summary of the performance measurement and achievement for LTI vesting in June 2018 is shown below as it pertains to the Group RoGEV condition:

Group RoGEV	Award 2013	Award 2014	Award 2015
Measurement Period	5 years	4 years	3 years
Target			
➔ PDSP category A/RSP	12,5%	12,9%	13,1%
➔ PDSP category B	13,1%	13,6%	13,8%
➔ PDSP category C	13,8%	14,2%	14,4%
Actual achievement (Adjusted RoGEV)	15,4%	16,6%	16,2%
➔ PDSP category A/RSP	✓	✓	✓
➔ PDSP category B	✓	✓	✓
➔ PDSP category C	✓	✓	✓
Vesting achievement	100%	100%	100%

The outcome of RoGEV achievement resulted in 100% LTI vesting in June 2018 in relation to the three LTI tranches where performance measurement was applied in respect of Group RoGEV.

A Sanlam Investment Group RoGEV hurdle is applicable to the vesting of Robert Roux's PDSPs and RSPs, in addition to the Group RoGEV hurdle. The target and actual achievement of the Sanlam Investment Group RoGEV was as follows:

Sanlam Investment Group RoGEV		Award 2013	Award 2014	Award 2015
Measurement Period		5 years	4 years	3 years
Target		14,4%	14,8%	15,2%
Actual achievement		17,9%	18,0%	17,6%
Vesting achievement		100%	100%	100%

As both the Group and Sanlam Investment Group RoGEV hurdles were met, 100% LTI vesting in June 2018 was applied to Robert Roux's three LTI tranches.

DSP

For DSP vesting Executive committee members' business scorecard achievement is evaluated. Due to their roles and line of sight these scorecards are based on financial metrics and some strategic metrics which support the Sanlam business strategy. Refer page 13 of the remuneration policy above for more information in respect of the financial and strategic metrics applied as well as the weighting attributed to each. All Group Executive committee members' DSP vesting is dependent on financial metrics being achieved (>65% of the vesting condition), with some weighting attached to strategic non-financial measures.

We reported comprehensively on the strategic progress and achievements of the Group and clusters over the past 5 years in the annual Sanlam Integrated Reports. Based on this performance the DSP awards made in 2013, 2014 and 2015 vested in the reporting period.

In 2018 DSPs vested for Ian Kirk, Heinie Werth, Anton Gildenhuys, Lizé Lambrechts, Temba Mvusi and Robert Roux. The vested DSPs related to awards made in 2013, 2014 and 2015. Junior Ngulube and Jurie Strydom were employed from 2016 and therefore have no DSPs eligible for vesting.

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 2018 was as follows:

Number of shares

	Balance 31-12-17	Awarded in 2018	Shares vested	Shares forfeited	Balance 31-12-18	Vesting in				
						2019	2020	2021	2022	2023
Ian Kirk⁽¹⁾										
Sanlam	369 222	162 999	(101 884)	-	430 337	94 371	111 994	104 648	70 425	48 899
Sanlam DSP	12 485	-	(9 106)	-	3 379	3 379	-	-	-	-
Sanlam PDSP	138 845	48 792	(35 690)	-	151 947	34 693	42 597	35 976	24 044	14 637
Sanlam	4 656	-	(3 141)	-	1 515	1 515	-	-	-	-
Sanlam	230 377	89 488	(66 194)	-	253 671	59 678	69 397	58 785	38 965	26 846
Category A ⁽²⁾	86 116	32 217	(19 171)	-	99 162	20 626	25 655	26 186	17 030	9 665
Category B ⁽²⁾	95 943	36 573	(28 683)	-	103 833	24 850	29 111	23 580	15 320	10 972
Category C ⁽²⁾	48 318	20 698	(18 340)	-	50 676	14 202	14 631	9 019	6 615	6 209
Sanlam RSP	7 829	-	(5 965)	-	1 864	1 864	-	-	-	-
Sanlam RSP	-	24 719	-	-	24 719	-	-	9 887	7 416	7 416
Heinie Werth	372 593	79 602	(166 160)	-	286 035	70 109	70 085	76 069	45 890	23 882
DSP	93 212	24 616	(22 917)	-	94 911	22 354	24 248	25 470	15 454	7 385
PDSP	91 399	33 640	(15 732)	-	109 307	15 229	27 920	32 033	24 032	10 093
Category A ⁽²⁾	61 844	17 005	(15 732)	-	63 117	15 229	16 099	16 513	10 174	5 102
Category B ⁽²⁾	29 555	16 635	-	-	46 190	-	11 821	15 520	13 858	4 991
RSP	187 982	21 346	(127 511)	-	81 817	32 526	17 917	18 566	6 404	6 404

Vesting in

	Balance 31-12-17	Awarded in 2018	Shares vested	Shares forfeited	Balance 31-12-18	2019	2020	2021	2022	2023
Anton Gildenhuys	303 075	121 780	(60 049)	-	364 806	56 650	88 010	106 098	77 514	36 534
DSP	77 584	26 188	(19 786)	-	83 986	18 921	20 316	22 452	14 441	7 856
PDSP - category A ⁽²⁾	50 153	16 717	(11 183)	-	55 687	12 490	15 415	13 966	8 801	5 015
RSP ⁽⁷⁾	175 338	78 875	(29 080)	-	225 133	25 239	52 279	69 680	54 272	23 663
Lizé Lambrechts⁽³⁾	52 125	10 686	(12 156)	-	50 655	14 716	16 411	10 794	5 528	3 206
Santam ⁽⁶⁾	73 761	18 982	(39 571)	-	53 172	21 880	4 924	11 287	9 387	5 694
DSP										
Santam ⁽⁶⁾	20 338	4 063	(3 147)	-	21 254	5 404	6 586	5 367	2 678	1 219
Sanlam	28 014	7 218	(13 809)	-	21 423	6 473	3 092	5 208	4 485	2 165
PDSP - category A										
Santam ⁽⁶⁾	31 787	6 623	(9 009)	-	29 401	9 312	9 825	5 427	2 850	1 987
Sanlam	16 937	11 764	(8 218)	-	20 483	4 141	1 832	6 079	4 902	3 529
RSP - Sanlam	28 810	-	(17 544)	-	11 266	11 266	-	-	-	-
Temba Mvusi⁽⁴⁾	168 864	48 207	(44 601)	-	172 470	42 689	41 915	45 838	27 566	14 462
DSP	64 329	26 861	(14 039)	-	77 151	14 409	16 866	22 787	15 031	8 058
PDSP	42 778	-	(13 391)	-	29 387	12 017	10 350	5 193	1 827	-
Category A ⁽²⁾	34 177	-	(10 182)	-	23 995	9 378	7 770	5 020	1 827	-
Category B ⁽²⁾	8 601	-	(3 209)	-	5 392	2 639	2 580	173	-	-
RSP	61 757	21 346	(17 171)	-	65 932	16 263	14 699	17 858	10 708	6 404
Junior Ngulube	151 405	29 781	-	-	181 186	30 410	52 960	57 335	31 547	8 934
DSP	83 468	5 061	-	-	88 529	27 369	26 545	27 066	6 031	1 518
PDSP	53 587	3 374	-	-	56 961	3 041	20 675	17 426	14 807	1 012
Category A ⁽²⁾	53 587	3 374	-	-	56 961	3 041	20 675	17 426	14 807	1 012
RSP	14 350	21 346	-	-	35 696	-	5 740	12 843	10 709	6 404
Yegs Ramiah⁽⁵⁾	171 298	-	-	(171 298)	-	-	-	-	-	-
DSP	68 906	-	-	(68 906)	-	-	-	-	-	-
PDSP - category A ⁽²⁾	46 914	-	-	(46 914)	-	-	-	-	-	-
RSP	55 478	-	-	(55 478)	-	-	-	-	-	-
Robert Roux	206 943	59 203	(37 043)	-	229 103	48 742	60 128	64 404	38 068	17 761
DSP	86 428	15 390	(12 835)	-	88 983	23 057	24 931	24 152	12 226	4 617
PDSP	58 386	22 467	(24 208)	-	56 645	12 314	13 688	13 075	10 828	6 740
Category A ⁽²⁾	29 019	22 467	(9 384)	-	42 102	3 609	7 850	13 075	10 828	6 740
Category B ⁽²⁾	20 936	-	(11 453)	-	9 483	6 175	3 308	-	-	-
Category C ⁽²⁾	8 431	-	(3 371)	-	5 060	2 530	2 530	-	-	-
RSP	62 129	21 346	-	-	83 475	13 371	21 509	27 177	15 014	6 404
Jurie Strydom	258 758	102 949	(18 206)	-	343 501	151 668	83 677	74 679	25 568	7 909
DSP	82 612	22 568	(18 206)	-	86 974	19 126	27 126	20 157	13 795	6 770
PDSP										
Category A ⁽²⁾	55 868	4 335	-	-	60 203	8 384	20 468	18 439	11 773	1 139
RSP ⁽⁸⁾	120 278	76 046	-	-	196 324	124 158	36 083	36 083	-	-

⁽¹⁾ Participated in the Santam LTIs as former employee of Santam.

⁽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 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 Robert Roux)

⁽³⁾ Participated in the Sanlam LTIs as former employee of Sanlam.

⁽⁴⁾ Temba Mvusi was also granted participation in the business partners trust of the Santam Broad Based Black Economic Empowerment (BBBEE) structure. This grant was made at the discretion of the trustees and do not form part of the Sanlam Group long-term incentive schemes.

⁽⁵⁾ Retired from the Executive committee in 2018.

⁽⁶⁾ Opening balance adjusted for special dividends in prior years not previously included.

⁽⁷⁾ The majority of the allocation is in respect of an incentive arrangement rewarding embedded value enhancement and balance sheet management deliverables.

⁽⁸⁾ The March 2018 award emanates from achievement of an OPP (for his role as Deputy Chief Executive: Sanlam Personal Finance) where achievement was measured on 31 December 2017 and the amount was converted to RSP shares (vesting in April 2019). See footnote (3) on page 20 of this report.

Value

R'000	2018			2017		
	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⁾
Ian Kirk	10 929	10 418	-	4 089	4 406	-
DSP	3 214	3 634	-	1 787	2 063	-
PDSP	5 895	6 784	-	2 302	2 343	-
RSP ⁽³⁾	1 820	-	-	-	-	-
Heinie Werth	5 791	12 231	-	11 111	5 462	-
DSP	1 621	1 687	-	1 533	1 787	-
PDSP	2 216	1 158	-	2 648	1 065	-
RSP ⁽³⁾	1 954	9 386	-	6 930	2 610	-
Temba Mvusi	3 723	3 283	-	2 672	3 754	-
DSP	1 769	1 033	-	1 325	1 389	-
PDSP	-	986	-	347	855	-
RSP ⁽³⁾	1 954	1 264	-	1 000	1 510	-
Yegs Ramiah⁽⁴⁾	-	-	7 572	2 723	2 005	-
DSP	-	-	4 505	1 001	1 155	-
PDSP	-	-	3 067	722	850	-
RSP ⁽³⁾	-	-	-	1 000	-	-
Subtotal: executive directors	20 443	25 932	7 572	20 595	15 627	-
Hubert Brody⁽⁵⁾	-	-	-	2 500	2 561	13 049
DSP	-	-	-	-	-	6 289
PDSP	-	-	-	-	-	4 466
RSP ⁽³⁾	-	-	-	2 500	2 561	2 294
Anton Gildenhuys	10 045	4 391	-	9 080	5 109	-
DSP	1 725	1 447	-	1 251	1 122	-
PDSP	1 101	818	-	719	771	-
RSP ^{(3), (6)}	7 219	2 126	-	7 110	3 216	-
Lizé Lambrechts	4 200	6 884	-	2 430	5 576	-
DSP	1 597	2 070	-	1 526	1 804	-
PDSP	2 603	3 518	-	904	1 162	-
RSP ⁽³⁾	-	1 296	-	-	2 610	-
Junior Ngulube	2 509	-	-	4 171	-	-
DSP	333	-	-	857	-	-
PDSP	222	-	-	2 314	-	-
RSP ⁽³⁾	1 954	-	-	1 000	-	-
Robert Roux	4 448	2 708	-	4 223	2 838	-
DSP	1 014	938	-	1 446	1 388	-
PDSP	1 480	1 770	-	777	1 450	-
RSP ⁽³⁾	1 954	-	-	2 000	-	-
Jurie Strydom	8 733	1 331	-	3 325	-	-
DSP	1 487	1 331	-	1 335	-	-
PDSP	286	-	-	1 990	-	-
RSP ⁽³⁾	6 960	-	-	-	-	-
Executive committee	50 378	41 246	7 572	46 324	31 711	13 049

⁽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) and carry a performance condition that the Group RoGEV has to exceed the Group's cost of capital for the vesting period. Awards have a 3, 4 and 5 year vesting profile.

⁽⁴⁾ Resigned from Executive committee in 2018.

⁽⁵⁾ Retired from Executive committee in 2017.

⁽⁶⁾ The majority of the allocation is in respect of an incentive arrangement rewarding embedded value enhancement and balance sheet management deliverables.

It is anticipated that long-term incentive awards will be granted in 2019 to executive directors and members of the Executive committee on a basis consistent with that described above.

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

Individual	Measurement period and description	Performance measures ⁽¹⁾	Achievement to 2018	Payment
Ian Kirk	1 January 2016 – 31 December 2020 1 375 000 Sanlam shares were awarded in 2016 and will vest in accordance with performance hurdles for net result from financial services (40% weighting) and RoGEV (60% weighting).	<p>Net result from financial services:</p> <ul style="list-style-type: none"> ➔ Base value: 2015 net result from financial services of R7 270 million ➔ Minimum hurdle: annualised real growth of 5% ➔ Hurdle for 100% vesting: annualised real growth of 15% <p>RoGEV:</p> <ul style="list-style-type: none"> ➔ Base rate: Annual Group RoGEV hurdle, e.g. 14,1% in 2016 ➔ Minimum hurdle: average annual outperformance of base rate by 2% ➔ Hurdle for 100% vesting: average annual outperformance of base rate by 5% 	N/A	Final measurement and vesting in March 2021
Robert Roux	1 January 2017 – 31 December 2020 550 454 Sanlam shares were awarded in 2016 and will vest in accordance with performance hurdles for net result from financial services (30% weighting), RoGEV (40% weighting) and net new business flows (30% weighting).	<p>Net result from financial services:</p> <ul style="list-style-type: none"> ➔ Base value: 2016 SI cluster net result from financial services of R1 093 million ➔ Minimum hurdle: annualised real growth of 5% ➔ Hurdle for 100% vesting: annualised real growth of 15% <p>RoGEV:</p> <ul style="list-style-type: none"> ➔ Base rate: Annual SI cluster RoGEV hurdle ➔ Minimum hurdle: average annual RoGEV equal to Base rate ➔ Hurdle for 100% vesting: average annual outperformance of base rate by 5% <p>Net new business flows:</p> <ul style="list-style-type: none"> ➔ Base value: aggregate investment management fees earned (after acquisition costs) on net new third party business flows (NF) of R43,75 million ➔ Minimum hurdle: annual NF equal to Base value ➔ Hurdle for 100% vesting: annual NF of R87,5 million 	N/A	Final measurement and vesting in March 2021
Jurie Strydom	1 January 2018 – 31 December 2020 338 480 Sanlam shares were awarded in 2018 and will vest in accordance with performance hurdles for net result from financial services (30% weighting), RoGEV (30% weighting), net value of new covered business (25% weighting) and key strategic initiatives (15% weighting).	<p>Net result from financial services:</p> <ul style="list-style-type: none"> ➔ Base value: 2018 SPF budgeted net result from financial services of R4 292 million ➔ Minimum hurdle: annualised real growth of 2,5% on base value ➔ Hurdle for 100% vesting: annualised real growth of 5% on base value <p>RoGEV:</p> <ul style="list-style-type: none"> ➔ Base rate: SPF budgeted RoGEV hurdle for each year as determined by Sanlam Group ➔ Minimum hurdle: Budgeted RoGEV hurdle rate ➔ Hurdle for 100% vesting: Budgeted RoGEV plus 2,5% <p>Net value of new covered business:</p> <ul style="list-style-type: none"> ➔ Base value: 2018 SPF budgeted net value of new covered business of R1 636 million ➔ Minimum hurdle: annualised real growth of 5% on base value ➔ Hurdle for 100% vesting: annualised real growth of 10% on base value <p>Key strategic initiatives: Advanced disclosure of these measures cannot be disclosed due to the sensitive and market sensitive nature thereof. Disclosure will be provided on vesting date.</p>	N/A	Final measurement and vesting in March 2021

⁽¹⁾ Sliding scale applies to determine vesting percentage between minimum and maximum hurdles
Growth targets may be adjusted by the GHRRC for material reorganization, acquisitions or disposals during the measuring period.
Actual RoGEV achieved in each year can be adjusted by the GHRRC for any material economic or market events during the measuring period.

To the extent that any awards are granted under the OPP in 2019, it will occur on a basis consistent with that described above.

Minimum shareholding requirement

The table below reflects the actual qualifying Sanlam shares held by executive directors and members of the Executive committee relative to the minimum shareholding requirement.

Number of shares as at 31 December 2018

Individual	Minimum shareholding requirement	Actual qualifying shareholding	Date at which minimum shareholding must be reached
Ian Kirk	204 104	145 543	Friday, 31 December 2021
Heinie Werth	86 528	180 787	Friday, 31 December 2021
Anton Gildenhuys	30 891	50 000	Friday, 31 December 2021
Lizé Lambrechts ⁽¹⁾	17 715	8 000	Friday, 31 December 2021
Temba Mvusi	57 496	91 667	Friday, 31 December 2021
Junior Ngulube	61 657	–	Friday, 30 September 2022
Robert Roux	63 926	80 459	Friday, 31 December 2021
Jurie Strydom	64 431	18 206	Friday, 30 June 2023

⁽¹⁾ From 2019 Lizé Lambrechts will participate in the Santam minimum shareholding requirements.

Sanlam share scheme allocation (dilution limits)

Pursuant to the amendments to Schedule 14 of the JSE Listings Requirements in 2008, the shareholders of Sanlam approved a cumulative scheme allocation of 160 million ordinary shares based on the issued share capital at the time 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. In formulating the proposal at the time, the approved capacity was intended to operate the long-term incentive schemes for 10 years.

In terms of this approval the annual limit for share usage is 0,74% of issued share capital (this is less than the guidelines set by proxy voting advisors) and the actual annual share usage for 2018 was 0,3% of issued share capital. This conservative use of the annual share limit is an embedded practice.

This prudent application of the general policy of awarding Sanlam shares under the approved long-term incentive plans had the result that less than 50% of the approved capacity (see table below) has been utilised over the last 10 years.

Even though there is sufficient capacity left in terms of the approved scheme allocation, the original scheme allocation is exceeding current best practice. Based on engagement with shareholders, institutional investors and proxy voting advisors Sanlam will be tabling a special resolution at the AGM in respect of 2018 to reduce the total scheme allocation to 110 million shares (from 160 million), the limit on annual usage to 11 million shares (from 16 million) and the limit for any individual to 5 million shares (from 6.5 million).

If the resolution is adopted by shareholders, the scheme allocation limit remaining under the current resolution will lapse and be replaced with the new limits, otherwise the existing limits will remain in place until the scheme allocation has been utilised in full.

The following table illustrates the capacity position as at 31 December 2018:

	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)
Net movement during 2014	(4 490 027)
Net movement during 2015	(4 766 528)
Net movement during 2016	(7 684 894)
Net movement during 2017	(4 738 084)
Balance of scheme allocation carried forward at 31 December 2017	90 043 075
Allocation under DSP and PDSP in 2018 (including OPP calculated shares)	(5 834 140)
Allocation under RSP in 2018	(510 241)
Shares forfeited in 2018	708 863
Balance of scheme allocation carried forward at 31 December 2018	84 407 557

Remuneration details for non-executive directors

The policy for Non-executive directors' fees is summarised under the remuneration policy part of this report.

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 2018

R'000	Directors' fees	Attendance and committees	Fees from Group	Total
MM Bakane-Tuoane ⁽¹⁾	93	233	-	326
AD Botha	386	1 125	653	2 164
P Hanratty	792	1 475	-	2 267
KT Nondumo	386	1 179	811	2 376
M Mokoka ⁽²⁾	293	595	-	888
MV Moosa ⁽³⁾	187	241	-	428
PT Motsepe	587	559	-	1 146
SA Nkosi	606	819	-	1 425
RV Simelane	386	400	-	786
CG Swanepoel	386	1 447	1 859	3 692
J van Zyl	3 297	-	-	3 297
PL Zim ⁽⁴⁾	-	-	-	-
S Zinn ⁽⁵⁾	-	-	-	-
Total non-executive directors	7 399	8 073	3 323	18 795

⁽¹⁾ Retired March 2018.

⁽²⁾ Appointed March 2018.

⁽³⁾ Retired June 2018.

⁽⁴⁾ Retired January 2018.

⁽⁵⁾ Appointed December 2018.

Travel and subsistence paid in respect of attendance of Board and committee meetings amounted to R471 450 (2017: R868 299).

Non-executive directors' emoluments for the year ended 31 December 2017

R'000	Directors' fees	Allowance ⁽¹⁾	Attendance and committees	Fees from Group	Total
MM Bakane-Tuoane	293	46	568	-	907
AD Botha	293	46	767	557	1 663
P Hanratty (appointed 3 April 2017)	477	23	729	-	1 229
KT Nondumo	293	46	591	274	1 204
MV Moosa	293	46	448	-	787
PT Motsepe	447	70	453	-	970
SA Nkosi	326	46	267	-	639
P de V Rademeyer (retired 6 September 2017)	189	46	774	979	1 988
RV Simelane	293	46	331	-	670
DK Smith (retired 7 June 2017)	921	395	-	-	1 316
CB Booth (resigned 8 March 2017)	-	-	-	-	-
CG Swanepoel	293	46	1 033	1 850	3 222
J van Zyl ⁽²⁾ (appointed 8 June 2017)	1 699	46	219	149	2 113
PL Zim (resigned 5 January 2018)	293	46	312	-	651
Total non-executive directors	6 110	948	6 492	3 809	17 359

⁽¹⁾ Travel allowance was only paid for the first half of the year and included directors fees thereafter.

⁽²⁾ J van Zyl was paid as ordinary director the first half of the year and as chair for the second half of the year.

Fees from Group companies for the year ended 31 December 2018

R'000	Directors' fees	Attendance fees	Committee fees	Total
AD Botha	181	373	99	653
KT Nondumo	236	87	488	811
CG Swanepoel	228	126	1 505	1 859
Total fees from Group Companies	645	586	2 092	3 323

Fees from Group companies for the year ended 31 December 2017

R'000	Directors' fees	Attendance fees	Committee fees	Total
AD Botha	178	310	69	557
KT Nondumo	107	43	124	274
P de V Rademeyer	375	138	466	979
CG Swanepoel	443	854	553	1 850
J van Zyl	110	-	39	149
Total fees from Group Companies	1 213	1 345	1 251	3 809

Interest of directors in share capital



Total interest of directors in share capital at 31 December 2018

	Beneficial			UB shares
	Direct	Indirect ⁽³⁾	Non-beneficial	
Executive directors⁽¹⁾				
IM Kirk	170 262	-	-	-
HC Werth	299 409	557 859	-	-
TI Mvusi	176 001	-	-	4 000
Total executive directors	645 672	557 859	-	4 000
Non-executive directors				
J van Zyl (Chairman)	1 914 530	2 894 288	-	-
PT Motsepe (Deputy Chairman) ⁽²⁾	-	-	-	-
AD Botha	-	-	-	-
P Hanratty	-	-	-	-
M Mokoka	-	-	-	-
SA Nkosi ⁽⁵⁾	-	-	-	7 142
KT Nondumo ⁽⁵⁾	-	-	-	1 000
RV Simelane	-	-	-	10 092
CG Swanepoel	10 000	-	-	-
S Zinn	-	-	-	-
Total non-executive directors	1 924 530	2 894 288	-	18 234
Total	2 570 202	3 452 147	-	22 234

⁽¹⁾ Includes participation in the Restricted Share Plan and share-based Outperformance Plan.

⁽²⁾ Ubuntu-Botho Investments Pty Ltd (Ubuntu-Botho) is the direct beneficial holder of 292 471 806 Sanlam ordinary shares. Sizanani-Thusanang-Helpmekaar Investments Pty Ltd (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⁾ Includes full shareholding by trusts, companies and other entities where director has a financial interest in the entity. In some instances, the effective economic interest of the director can be less than 100% of the shares reflected.

⁽⁴⁾ At the date of this report there are no material differences with the shareholding disclosed above as at 31 December 2018.

⁽⁵⁾ SA Nkosi and K Nondumo have sold all their UB shares in March 2019.

Total interest of directors in share capital at 31 December 2017

	Beneficial			UB shares
	Direct	Indirect ⁽³⁾	Non-beneficial	
Executive directors⁽¹⁾				
IM Kirk	48 318	-	-	-
HC Werth	398 438	470 506	-	-
TI Mvusi	153 424	-	-	4 000
Y Ramiah	85 394	-	-	-
Total executive directors	685 574	470 506	-	4 000
Non-executive directors				
J van Zyl (Chairman)	1 914 530	2 894 288	-	-
PT Motsepe (Deputy Chairman) ⁽²⁾	-	-	-	-
MMM Bakane-Tuoane	-	-	-	7 142
AD Botha	-	-	-	-
P Hanratty	-	-	-	-
MV Moosa	-	-	-	7 142
SA Nkosi	-	-	-	7 142
KT Nondumo	-	-	-	1 000
RV Simelane	-	-	-	11 142
CG Swanepoel	10 000	-	-	-
PL Zim	444	-	-	7 142
Total non-executive directors	1 924 974	2 894 288	-	40 710
Total	2 610 548	3 364 794	-	44 710

⁽¹⁾ Includes participation in the Restricted Share Plan and share-based Outperformance Plan.

⁽²⁾ Ubuntu-Botho Investments Pty Ltd (Ubuntu-Botho) is the direct beneficial holder of 292 471 806 Sanlam ordinary shares. Sizanani-Thusanang-Helpmekaar Investments Pty Ltd (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⁾ Includes full shareholding by trusts, companies and other entities where director has a financial interest in the entity. In some instances, the effective economic interest of the director can be less than 100% of the shares reflected.

