



Sanlam Kenya Plc

Corporate Governance Policy



Governance Area Addressed:	Board & Committee Governance
Approving Authorities:	Sanlam Kenya Plc Board of Directors
Responsible Functionary:	Group Company Secretary
Date of First Approval:	
Frequency of Review or Update:	Annually
Date of Last Review:	4 th March 2019
Date of this Review:	19 th February 2020
Date of Next Review:	Q1 2021
Related Charters & Policies	<ul style="list-style-type: none">a) Code of Conduct & Ethics Policyb) Board Dispute Resolution Policyc) Gift Policyd) Insider Trading Policye) Conflict of Interest Policyf) Board Remuneration Policyg) Audit, Actuarial, Risk & Compliance Committee Policyh) Human Resources, Nomination & Remuneration Committee Policyi) Investment Committee Policyj) AML Policy



BOARD LEADERSHIP & RESPONSIBILITIES

Statement of Commitment and Compliance on Corporate Governance Practices

Corporate Governance refers to the practices and procedures that govern the leadership of Sanlam Kenya PLC (Sanlam or the Company) and through which the Company is held accountable by shareholders. The Board of Directors of Sanlam Kenya PLC and its subsidiaries (the Group) continues to implement its strategic vision of being a leading Insurer in Kenya who remained focused on sound corporate governance practices that maximises shareholder value, increases profitability and guarantees a sustainable business in the long run. The corporate governance principles continue to be entrenched in the Company's strategic and operational objectives with a focus of revitalizing and accelerating growth in value for the benefit of all our stakeholders.

The Group ascribes to its governance framework that provides a solid structure for effective and responsible decision making within the organization in compliance with the Companies Act, 2015, the Capital Markets Act, Cap 485A, and the Capital Markets Authority (CMA) Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (the Code) and the stringent standards of corporate governance prescribed in the Group's Board Charter as well as the Company's Articles of Association.

The objective is to ensure that all processes and procedures maintain high levels of business integrity that maintains stakeholders trust.

The policy revolves around four main pillars:

- a) **Responsibility:** All members of staff, management and Directors shall take responsibility for their actions within and without the company premises if on behalf of or affects the company in any way.
- b) **Accountability:** All members of staff, management and Directors shall be held accountable for any resources allocated to them to conduct business on behalf of the company. They must be able to account for the same if called upon at any time.
- c) **Fairness:** All internal and external stakeholders and the matters relating to them shall be treated with fairness and justice
- d) **Transparency:** All necessary disclosure that pertains to reporting and other matters shall be made to customers, staff, investors, regulators, and other stakeholders at all times.

The practice of corporate governance shall be based on specific guidelines as stipulated in this policy.



Board Leadership

Corporate Governance shall be spearheaded by the Board of Directors of the Group. The primary responsibility of the Board of Directors is to lead and control the Company. The members are responsible for the enforcement of the corporate vision and mission, and for ensuring financial soundness of the company. Of particular importance to the Company is the observance of shareholders' interest, efficient practices and open corporate communication. The Board deliberates upon and approves strategy and business plans, and monitors the performance of the company against set objectives. It also plays a critical oversight role in the way business is generally managed and conducted, and on how risk is evaluated and managed. It will also confirm that company's due compliance with the relevant legal and statutory requirements.

To enable this the Directors have full access to the advise and services of the Group Chief Executive, Group Company Secretary and Senior Management. They also have full and timely access to relevant information. New directors also undergo an induction process where they are apprised of the Company's legislative framework, policies and governance procedures, nature and operations of the business and meet the Senior Management team of the Company. They are also provided with relevant documentation about the Company.

The Board of Directors is responsible for providing strategic leadership to the Company. According to the Company's Corporate Governance Guidelines, the Board is responsible for formulating the Company's policies and strategies and ensuring that business objectives, aimed at promoting and protecting shareholder value, are achieved. In doing so, the board takes cognisance of the impact of its decisions in the long term, the interests of its employees, the need to forge and foster good relationships with diverse stakeholder's including customers and suppliers and the impact of the Company's operations to the society.

In carrying out the above responsibilities, the Board delegates its authority to the Group Chief Executive Officer to oversee the day to day business operations of the Company and its subsidiaries. The Board also calls upon independent expert advisor's where necessary to carry out such work as deemed necessary.

Board Composition and Independence

The Board composition was comprises of ten directors who are: the Chairman, the Group Chief Executive Officer (as the only Executive Director), five non- executive directors representing the interests of the two main shareholders and three independent non- executive directors. The Board ensures that the Board composition comprises of an adequate mix of skills, nationalities, age and gender. The mandatory skills set required include; Finance, Law, Strategy, Human Capital, Actuarial, Accounting, Insurance, Corporate Governance, Real Estate, Asset Management and Risk Management.

Re-election to the Board

In accordance with the provisions of the Company's Articles of Association, a third of the Board of Directors retires by rotation every three years and the directors are eligible to offer themselves for re-



election. In every year, new directors who are appointed during the year to fill any casual vacancies, are subject to election by the shareholders during the Annual General Meeting and thereafter offer themselves for re-election every three years.

Board Programme

The Company's annual Board programme is designed to enable the Board to drive the strategy forward across all elements of the company's business model. The Board thus meets quarterly or more often, in accordance with the requirements of the business. The Board's work plan and calendar of meetings are prepared annually in advance. Adequate notice is given for meetings. The agenda and board papers are circulated at least seven days before the meeting.

Board Responsibilities

Sanlam Kenya Plc's Articles of Association and the Board Charter enumerate responsibilities of the Directors which include strategy, capital and liquidity management, review and approval of financial results, board administration and governance.

Firstly, the boards responsibility in strategy involves monitoring the Company's performance against clearly defined measures agreed between the board and management as well as the approval of major acquisitions and disposals and approvals of major capital projects. The Board also approves Group's annual budget as recommended by the Audit Committee.

Secondly, the board is also responsible for monitoring the capital and liquidity requirements vis a vis the statutory requirements. The board is also charged with the review and approval of half yearly and yearly financial results prior to subsequent dissemination to the shareholders.

In addition, the board is also charged with the responsibility of administration and governance in the following respects: approving company policies; setting the terms of reference for board committees and determining the composition of board committees; conducting board evaluations; maintaining board succession; reviewing risk management and internal controls amongst others.

In dispensing its duties, the Board requires each Director to observe a code of conduct aligned to his/her duties and responsibilities to the Group and shareholders, and act within limitations as defined in the Board Charter while observing principles of good corporate governance. Each Director commits to uphold and promote effective and responsible use of resources and undertakes to act in good faith, with care and prudence in the best interest of the Group while exercising his/her power and executing his/her duties.

BOARD EFFECTIVENESS



Division of Responsibilities

The roles of the Board Chairman and the Group Chief Executive Officer are separate with each having distinct and clearly spelt out responsibilities and duties.

The Chairman is responsible for the overall leadership of the Board and ensuring its effectiveness. The Chairman is also responsible for ensuring that the interests of the Company's shareholders are safeguarded. The Chairman is also accountable to the Board for leading the direction of the Company's corporate and financial strategies and for the overall supervision of the policies governing the conduct of the business.

The Group Chief Executive Officer, an executive director, has together with the management team of the Company, the overall responsibility for the performance of the Group and provides leadership to facilitate successful planning and execution of the objectives and strategies agreed upon by the Board.

Balance and Diversity

The Non- executive directors come from broad industry and professional backgrounds, with varied experience and expertise aligned to the needs of the business.

The Board appreciates the benefits of diversity and takes cognisance of gender inclusion and geographic representation to ensure board deliberations are balanced and rich as a result of multi-cultural and international influences. The Board has also promoted and supported gender diversity in the senior management roles.

Director's Conflict of Interest

The Directors are obligated to disclose to the Board any potential conflict of interest, which comes to their attention, whether direct or indirect, real or perceived. The statutory duty to avoid situations in which they have or may have interests that conflict with those of the Group has been observed by the Board. All business transactions with all parties, directors or related parties are carried out at an arms' length. An acknowledgement that should it come to the attention of a Director that a matter concerning the Group may result in a conflict of interest, obligates him/her to declare it and exclude himself/herself from any discussion or decision on the matter.

At every meeting of the Board, an agenda item exists which requires members to make a declaration of any interest they may have in the business under discussion.

A report on related party transaction is tabled for the Board's review at the Quarterly meetings.



Board Information

The board receives high- quality up to date information for review in good time ahead of each meeting. The Company secretary ensures timely information dissemination within the Board and its committees and between the Non-Executive Directors and senior management as appropriate.

Induction, Training and Professional Development

Every new Director receives a full induction on appointment. This induction includes a full programme of briefings on all areas of the Company's business. The induction is aimed at enabling the new directors to fully take up their roles and execute their responsibilities.

Group Company Secretary

The Group Company Secretary, a member of the Institute of Certified Secretaries (ICPS), plays the critical role of coordinating the activities of the Board and Board Committees and is the primary liaison in the flow of information between Management and the Board. Each Director has direct access to the Group Company Secretary. The Group Company Secretary in liaison with the Board Chairman are responsible for the development and implementation of the Corporate Governance Code and regularly update the Board members of their obligations under the referenced code.

Sustainability

The Board places considerable emphasis on the need for the business to be sustainable for the long term, to meet the expectation of stakeholders and inform the Group's commitment to the society. In 2018 the Board engaged in the following activities in an effort to promote sustainability:

- Monitoring compliance to the Company's standards of business conduct and internal controls;
- Reviewing the Company's regulatory strategy in the context of the current regulatory landscape.

Shareholder Engagement

The Board delights in opportunities to engage its shareholders. The annual general meeting (AGM) presents such opportunity to the Board. At the AGM, the Chairman and Group Chief executive explain the Company's performance and answer any questions from shareholders. All Directors attend the AGM. The Board also informs its shareholders of the performance of the Group through the issuance of Annual Reports and quarterly publications of its financial performance in the Daily Newspapers which are also available on the Group's website www.sanlam.com/kenya.

The Group also holds investor briefings regularly to promote engagement with key stakeholders such as



the Capital Markets Authority, the Nairobi Securities Exchange amongst others. The purpose of such briefings is to inform the investor of relevant events- market influenced events and internal company events.

GOVERNANCE POLICIES

Board Charter

The Board activities are regulated by the provisions of the Board Charter which is reviewed annually. The Charter sets out the responsibilities of the Board, which include, amongst others:

- i. Sets out the frequency of board meetings to at least one meeting every three months. The Board is however mandated to hold meetings of the board as frequently as the board considers appropriate;
- ii. Conduct of board meetings and procedures, and the nomination, appointment, induction, training, remuneration and evaluation of members of Board;
- iii. Powers delegated to the Board committees;
- iv. Policies and practices of the Board on matters of corporate governance, directors' declarations and conflict of interest;
- v. Distinguishes the responsibilities of the board from management;
- vi. Distinguishes the roles of the Chairman and Chief Executive Officer as separate roles;

The Board Charter also comprises a Work Plan setting out the schedule of Board meetings and the main business to be dealt with at those meetings.

Board Policies in Place

The following Policies guide operations:

- i. **Conflict of Interest Policy:** This policy outlines the conduct of directors and management and bars their engagement directly or indirectly to any business activity that competes or conflicts with the Company's interest or those of its clients unless fully disclosed. All Directors are required to disclose to the company secretary any real or perceived conflicts on appointment, annually and on an ongoing basis of any circumstance which may give rise to any actual or potential conflict of interest with their roles as Directors.
- ii. **Code of Ethics:** This outlines the ethical principles that are designed to prevent employees and Directors from engaging in activities that would compromise the Group's integrity, respect for diversity, impartiality or reputation.
- iii. **Gift Policy:** This outlines the policy on receipt and issue of gifts by employees and is designed to prevent the unfair granting of a gift or a favour. This is in line with the Bribery Act No. 47 of 2016, as well as the Anti-Corruption and Economic Crimes Act, 2003.



- iv. **Financial Crime Combating Policy:** This outlines the guidelines of combating financial crime and unlawful conduct. This policy is in line with the provisions of the Proceeds of Crime and Anti-Money Laundering Act (POCAMLA) and the Capital Markets Authority Guidelines on the Prevention of Money Laundering and Terrorism Financing in the Capital Markets. In addition, the Company upholds a Zero Tolerance Approach which stipulates zero tolerance to financial crimes and unlawful conduct. It further outlines consequences of committing a financial crime and/or unlawful act.
- v. **Procurement Policy:** Sanlam maintains a procurement policy that governs the procurement of goods and services. This policy and related procedures are necessary to ensure that procurement is able to generate value in the acquisition of goods and services while satisfying the needs of the business. The policy ensures that the most appropriate and effective controls are applied in the purchase of goods and services for the company's needs.
- vi. **Whistle blowing policy:** Sanlam maintains a whistle blowing policy (enshrined in the staff handbook) that provides a platform for employees to raise concerns regarding any wrong doing, and the policy details how such concerns are addressed.
- vii. **Schedule of Offences:** This defines the different instances of unlawful conduct and the respective sanctions

The Group also continues to inculcate and cascade the corporate culture of “The Sanlam Way” in line with the Mission and Vision and which is driven by four key principles:

- i. We are determined and resolute;
- ii. We are solid and sensible;
- iii. We do it very, very well; and
- iv. We do it for good.

Code of Conduct

At Sanlam, good corporate governance is engrained as a valuable contributor to long-term success of the Company through the creation of the right culture in organisation. The Sanlam Code of Conduct continues to be in place and is geared towards inculcating a culture of Professionalism, Integrity, and Customer centric wealth creation in line with the Groups Vision and Mission Statements.

The Group conducts its business in compliance with legal principles and high ethical standards of business practice. The Board, Management and employees are required to observe the code of ethics and high standards of integrity. Further, these standards are applied in all dealings with customers, suppliers and other stakeholders.

Insider Trading

As a listed entity, Directors and Employees of Sanlam are required under the Capital Markets Act, Cap 485A not to abuse or place themselves under suspicion of abusing insider information that they have or



ought to have, particularly in periods leading up to release of material non-public information. In compliance with the above mentioned Act and the Nairobi Securities Exchange's regulations on prevention of insider trading, the Group's policy is that directors, management, staff members, or any of their relatives and associates, or any of the companies / businesses / organisations that exercise significant influence over the Group are not allowed to deal in the Group's shares during the closed season. The closed season is the period preceding the release of any material, non-public information to the market, and includes, but is not limited to, the the end of the Group's reporting period and the publication of financial results.

To ensure compliance with prevention of insider dealing requirements, the Company communicates "Open" and "Closed" periods for trading in its shares to its employees and directors on case-by-case basis. To the best of the Company's knowledge, there was no insider dealing at Sanlam Kenya for the financial year 2019. The Group Company Secretary always advises the directors, management and staff of the closed season to avert any incidences of insider trading.

BOARD COMMITTEES

To assist the Board better discharge its responsibilities, the Board has constituted several Board Committees comprising a balanced mix of independent and non-executive directors. Executive management and Group consultants, experts and service providers are on occasion invited to the Board as circumstances dictate to provide their expertise.

Each Board Committee is governed by a Charter which contains provisions relating to the powers delegated by the Board to each Committee, membership of the Committee and the Committee's mandate, authorities and duties as well as working processes. Annual performance reviews of each Committee are carried out and presented to the Board. At every quarter, the Chairperson of each Committee presents a report on the discussions held at the Committee meeting and seeks the Board's ratification for any decision made.

The Board has three committees as follows:

Audit, Actuarial, Risk and Compliance Committee

The Audit, Risk & Compliance Committee's duties are based on six broad functions namely the Internal Control, Risk Management & Compliance, Financial Reporting, Internal Audit, External Audit, Compliance with laws and regulations; and Compliance with the Company's Code of Conduct and ethical guidelines functions.

The Committee is responsible for the internal audit & risk management function by ensuring the Group's management acts on audit and risk management reports; reviews the performance and considers the independence of the external auditors; confirms that all regulatory compliance is considered in the preparation of financial statements; and invites a representative of the external auditors when reviewing



the audited results.

The Committee assesses effectiveness of the Group's internal control and risk management & compliance framework. It reviews the impact of significant accounting and reporting issues such as professional and regulatory pronouncements; meets the management and both external & internal auditors to review the financial statements and results of the audit process; and assesses if generally accepted accounting principles have been consistently applied within preparation of preliminary announcements & interim financial statements.

Investment Committee

The primary mandates of the Investment Committee are:

- To establish appropriate investment guidelines for the Life & General Businesses;
- To set investment benchmarks;
- To review the actual portfolio compositions against these benchmarks on a quarterly basis;
- To review the performance of investments and make recommendations where appropriate;
- To approve the acquisition and disposal of significant investments;
- To review the performance of the property investments

The Investment Committee has established an Investment Sub-Committee whose mandate is to review the performance of the property portfolio on a monthly basis and to report to the Investment Committee.

Human resources, Nomination and Remuneration Committee

The Committee monitors the policies and practices of the Group in relation to the Human Resources. The Committee's duties are based on three broad functions namely the Human Resources, Nomination and Remuneration functions.

- Human Resource Function

The Committee continually reviews the organizational structure, core functions and optimum establishment; policies and procedures on staff recruitment and selection, staff training and development policy for operational efficiency, of performance and reward system and capacity enhancement & reviews, the terms and conditions of service in line with the organisation's strategy. Further it reviews the Group's Human Resource policies and recommends amendments to the Board for approval.

- Nomination Function

The Committee supports and advises the Board on the appropriate size and composition to enable it to discharge its responsibilities; transparent procedure for selecting new directors for appointment and re-selection to the Board; evaluation of the performance of the Board, the various committees and individual Directors.



- Remuneration Function

The Committee reviews the Group's remuneration, recruitment, retention, incentive and termination policies and procedures for executive directors and senior managers; their salaries & the criteria for payment of bonuses to all staff and monitors its operation, considers any recommendations of the GCEO of the regarding payment of performance related remuneration.

BOARD REMUNERATION

The Boards Remuneration policy outlines the principles that govern the remuneration procedures and policies. In general the remuneration policy ensures that directors remuneration are competitive, incentivises performance and reflects regulatory requirement while considering the demands and requirements made on the directors in relation to the business of the Group, the availability of the directors for ad hoc consultation, professional and business counsel as and when the need arises, industry and related companies benchmarks, international experiences and the calibre of directors needed to run this Group. The directors are, continuously expected to add -value to the business.

The directors' fee is annual but the sitting allowances are only paid subject to attendance at the board and/or committee meetings confirmed by the register of attendance . Both the annual fees and sitting allowance are paid on a quarterly basis. The Directors are not eligible for pension scheme membership and do not participate in any of the Group's remuneration schemes.

The Directors' Remuneration is disclosed in compliance with the disclosure requirements under the CMA Code and the Companies (General) (Amendment) (No. 2) Regulations,2017.

SHAREHOLDING

The Company, through its Registrar, Image Registrars Limited, files returns regularly in line with the requirement of the Capital Markets Act and the Nairobi Securities Exchange listing regulations on shareholding and other transactions related to shareholders.

The Non-Executive Directors' shareholding is disclosed annually in the Financial Statements.

Disclosure of Information to shareholders

The Board discloses to shareholders the financial position of the Group three times a year: at the annual general meeting; by publication of the half- year results and the year-end results in at least two (2) daily newspapers of national circulation. The financial position of the Group together with relevant information such as the share price are made available for viewing on the Group's website, www.sanlam.com/kenya

The share register is kept at the offices of the Group and a computer database stores this information.



The Share Registrar, Image Registrar, is responsible for the share register and responds to correspondence directly from shareholders. The official registers of shareholders are maintained by Image Registrars.

The Registers of Directors are kept at the head office of the Group and are available for the perusal by shareholders on any working day during working hours. The Group publishes the annual report and audited accounts, which are sent out to all shareholders, entitled to attend the annual general meeting.

The Group has an authorised share capital of Kenya Shillings Two Billion (KShs. 2B) divided into 400 Million shares of Kenya Shillings Five (KShs 5/-) each. 144 Million shares are currently issued.

Professional Advice

The Board is of the view that to carry on its responsibilities in an independent and impartial fashion it should seek and benefit from professional counsel. They are also entitled to obtain independent professional advice on any matter at Company expense should they deem this necessary. The board relies on the following;

i) Executive Committee (ExCo)

The Group Chief Executive and Senior Management makeup the Executive Committee (EXCO). This Committee serves as a link between the Board and Management.

ExCo's mandate and responsibility is implementing the Board's decisions, compliance with the statutory and regulatory framework, and guidelines and adherence to Group policies and procedures. Its meetings are convened on a monthly basis.

ii) Group Company Secretary

All members of the Board have direct access to the Company Secretary who is responsible for ensuring that board procedures, rules and regulations are followed. As the Group Company Secretary is also the Chief Legal Officer, she reports independently and directly to the board on litigious matters affecting the Company and its subsidiaries.

iii) External Auditors

Whereas the directors are responsible for preparing the accounts and for presenting a balanced and fair view of the financial position of the Group, the external auditors examine and give their opinion on the reasonableness of the financial statements.

The auditor's report independently and directly to the Board at the half year and end year board meetings.



iv) External Tax Advisers

The Group's external tax advisors liaise with management to ensure that the Group optimises its tax position and complies with all tax matters.

v) Statutory Actuary

The Group's statutory actuary responsible for examining the financial soundness of the Company. He does this by independently valuing the Company assets and policy liabilities. The statutory actuary reports independently and directly to the Board at board meetings where the half results and the end year results are being considered.

vi) Sanlam Investment EA Limited

The Group has significant investments that need to be managed to ensure optimal returns. Fund management has been outsourced to Sanlam Investment EA Limited who are one of the leading fund managers in the country. The fund manager reports on a quarterly basis to the Investment Committee. Management monitors fund performance on a monthly basis.

vii) Property Managers

A significant component of the Investments within the Group comprise of residential and commercial properties. External property manager will be appointed to be responsible for the management of these commercial properties, collection of rent, general repairs and maintenance. Quarterly reports from the property manager are tabled before the Board for discussion at every meeting.

viii) Internal Auditors

The Company's internal auditors report directly to the Board Audit, Risk, Actuarial and Compliance Committee.