



Remuneration Report **2017**

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Background statement

The Sanlam Board (Board) has responsibility for the governance of remuneration in the Sanlam Group.

Introduction

The Group Human Resources and Remuneration committee 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 organisational 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 King IV Report on Corporate Governance™ for South Africa 2016 (King IV™), while 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.

Group Human Resources and Remuneration committee (GHRRC)

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. 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 fulfill the role described above, the GHRRC undertakes the following:

- Oversees and recommends to the Board for approval, short- and long-term incentive schemes 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 schemes 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.
- Reviews and oversees the remuneration strategy as far as the remuneration of Sanlam's executive directors, members of the Executive committee and Heads of Control functions are concerned.
- 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 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.
- 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.

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. Remuneration details of the Sanlam executive directors and members of the Executive committee are accordingly also disclosed in this report.

During 2017, the GHRRC considered the following matters:

- Benchmarking of remuneration levels and practices with international and local comparator groups, as appropriate.
- Benchmarking of non-executive directors' fees with a suitable comparator group.
- Alignment of Sanlam's remuneration policy and practices in South Africa with King IV™ governance principles and pending regulations and operational standards that provide a risk-based governance framework for the regulation of life and general insurers.
- Appointment of the Chief Executive: Sanlam Personal Finance.
- Recruitment and appointment of other executive staff members.
- Monitoring and approval of short- and long-term incentive awards.
- Compliance with the South African Revenue Service's Binding General Rulings 40 and 41 to address the Value Added Tax and Pay As You Earn (PAYE) treatment of payments to non-executive directors.
- A review of internal pay equity across all levels of the organisation.
- Inclusion of a maximum shareholding level that Sanlam executive directors and members of the Executive committee are allowed to hold in terms of the minimum shareholding requirement rules (up to double their minimum requirement).
- The opportunity for certain portfolio 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.
- Measures to support existing strategies to correct the under-representation of black people at the executive and senior management levels of the organisation.
- Monitoring of the work and decisions of other Sanlam Group companies' HR and Remuneration committees.

Shareholder voting

The Group's remuneration policy and the implementation thereof are subject to a non-binding advisory vote at the annual general meeting (AGM) of Sanlam Limited. At the 2017 AGM, a total of 1 576 758 190 votes (2016: 1 526 513 492) were cast on the advisory vote, with the vast majority of shareholders supporting the Group's remuneration policy and practices. The result of the voting was as follows:

	For	Against	Withheld	No vote	Total
2017	92,34%	3,94%	3,72%	0%	100%
2016	78,37%	21,59%	0,04%	0%	100%

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

The performance measurement of long-term incentive plans was amended with effect from awards made in 2017 following a lower level of shareholder support at the 2016 AGM and subsequent engagement with key stakeholders. Full details of the amendments were disclosed in the 2016 Remuneration Report. Shareholders were in general satisfied with the amendments, resulting in a marked improvement in shareholder support at the 2017 AGM.

From 2018, the remuneration policy and the implementation report of the Remuneration Report will be tabled separately for non-binding advisory votes by shareholders at the AGM. 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 following measures will be taken:

- An engagement process will commence to ascertain the reasons for the dissenting votes.
- All legitimate and reasonable objections and concerns will be appropriately addressed and full disclosure of the process followed will be included in the following year's Remuneration Report.

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 organisation's strategic objectives, within its risk appetite;
- promote positive outcomes across the capitals 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 staff members. This offering comprises remuneration (which includes cash remuneration, short-term incentives and long-term incentives), benefits (retirement funds, group life, etc.), learning and development, an attractive working environment and a range of lifestyle benefits.

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);
 - 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 trends is a crucial factor in determining the quantum of the remuneration packages.

- **Clawback and malus:** Where performance achievements are subsequently found to have been significantly overstated so that the bonuses and other incentives should not have been paid, provision is made for redress through either malus (pre-vesting forfeiture) or clawback (post-vesting forfeiture).

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

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.

Remuneration framework

Purpose

Element	Purpose	Performance period and measures	Operation and delivery
Total guaranteed package (TGP)	Core element that reflects market value of role and individual performance	Reviewed annually based on performance against contracted output and market surveys. Benchmarked against comparator group and positioned on average on the 50th percentile	Guaranteed package is delivered to the employee as a cash salary and a mix of compulsory and discretionary benefits
Short-term incentives (annual bonus)	Creates a high-performance culture through a cash bonus in relation to performance against predetermined outputs	Annual, based on short-term performance with the aim to remunerate outstanding performance in excess of market mean	Determined based on role and responsibility and predetermined performance hurdles for business and personal targets. Cash settlement generally capped at 200% of total guaranteed package
Long-term incentives (long-term variable)	Alignment with shareholder interests	Annual grants vesting over up to five or six years	Upon satisfaction of performance hurdles and individual performance targets

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 normally positioned on the 50th percentile of the market.

As an integral part of TGP, Sanlam provides a flexible structure of benefits that can be tailored, within certain limits, to individual requirements. These include:

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

Process and benchmarking

Average TGP is normally set by reference to the median paid by a group of comparator companies which Sanlam considers to be appropriate. The comparator group is made up of a sizeable and representative sample of companies that have similar characteristics to Sanlam in

terms of being in the financial services sector (but not limited only to this sector), market capitalisation and international footprint. In terms of the process followed in benchmarking TGP against these comparator companies, Sanlam obtains 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; and
- 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 personal 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, be paid. In instances where expected target goals have been exceeded, the cash component is capped at a percentage of TGP, but the total value of the bonus awarded can exceed the capped cash bonus. (Refer to *ad hoc* performance bonus rewards below).

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

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

For certain individuals within Sanlam Investments, cash bonuses are capped at the multiple of TGP. Any bonus payable in excess of this cap, is deferred and vests in equal tranches over three years, after considering claw-back with effect from 2017, a portion of the deferred bonuses are invested in Sanlam shares. A total of 310 581 shares were acquired in 2017 in respect of deferred bonuses, relating to 21 individuals. For purposes of available capacity (refer page 19) these shares are included with the RSP total.

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 an overall resilient performance during the 2017 financial year, as elaborated upon in the 2017 Integrated Report. Despite difficult operating conditions in certain markets, the overall Group Performance mostly exceeded the targets set for 2017. This resulted in a weighted average bonus achievement of 134,9% (2016: 129,1%) at a Group level.

Adjusted RoGEV

In order to exclude the impact of investment market volatility during the performance period in question, adjusted RoGEV is used. This assumes that the embedded value investment return assumptions as at the beginning of the reporting period were achieved for the purposes of the investment return earned on the supporting capital of covered business and the valuation of Group operations. Any other ad hoc items, which are not under the control of management are also excluded, for example tax changes, interest rate movements and exchange rate volatility.

Ad hoc performance bonus rewards

Where it is determined by the Group Chief Executive that an individual has demonstrated exceptional performance within his or her area of expertise that justifies a bonus payment in excess of the maximum cash bonus percentage of TGP, the GHRRC may award restricted shares under the Sanlam Restricted Share Plan to acknowledge such out-performance. Companies within the broader Sanlam Group may use other mechanisms such as cash retentions of deferred bonus payments for amounts in excess of the cap.

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

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.

Long-term incentives

Overview and general policy

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

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

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

In respect of the DSP and the PDSP, Sanlam's general policy is that awards are made annually to ensure that the total face value of outstanding awards (calculated on their face value at date of grant) is equal to a set multiple of the individual's TGP. The set multiples are determined by reference to the individual's job grade and value to Sanlam. In addition, transformation considerations and the role and performance of an individual and the need to attract and/or retain key talent are taken into account when determining the final multiple. In general, the total award level ranges from 35% to 280% of TGP but may exceed this in the specific circumstances referred to above.

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

Awards granted to any one individual under all equity-settled plans (the DSP, 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. 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. The

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

For all shares awarded under the DSP pre-2017, the measurement period is five years and early vesting may occur as follows, provided that all the vesting conditions have been met:

- After three years — 40%;
- After four years — 70% less any portion that vested earlier; and
- After five years — 100% less any portion that vested earlier.

All share awards under this scheme from 2017 are subject to the following measurement of performance conditions:

- 40% of the award to be measured after three years since the date of grant, and to the extent that the performance hurdle is not achieved the entitlement to the DSP shares will lapse;
- 30% of the award to be measured after four years since the date of grant, and to the extent that the performance hurdle is not achieved, the entitlement to the DSP shares will lapse; and
- 30% of the award to be measured after five years since the date of grant, and to the extent that the performance hurdle is not achieved, the entitlement to the DSP shares will lapse.

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

For the year ended 31 December 2017 allocations in respect of 4 332 349 shares (2016: 4 516 170) were made to 885 participants (2016: 828) 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 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 and Group performance hurdles.

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

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.

For all shares awarded under the PDSP pre-2017, the performance measurement period is six years. To the extent that they are not met at the end of this period, the performance-related awards will lapse.

However, awards accepted by participants under the PDSP pre-2017 can vest prior to the end of the six-year performance measurement period on a proportional basis similar to the pre-2017 DSP. This arrangement was aimed at encouraging performance that will result in the performance hurdles being met earlier within the agreed performance measurement period.

Performance measurement of awards granted from 2017 are similar to those awarded under the DSP.

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 2017 allocations in respect of 1 622 117 shares (2016: 1 593 330) were made to 224 participants (2016: 236) under the PDSP.

Restricted Share Plan (RSP)

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

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

For awards pre-2017 the measurement period is six years, but early vesting can occur on a basis similar to that of the pre-2017 PDSP on the third, fourth and fifth anniversary of the date of grant, provided that all vesting conditions are met on such dates, as determined by the GHRRC. For the year ended 31 December 2017 allocations in respect of 522 617 shares (2016: 385 671) were made to 11 participants (2016: 13) under the RSP.

The performance measurement for RSP grants from 2017 are similar to those of the DSP and PDSP.

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.

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, a collective OPP arrangement may be extended to a business Executive committee. This has been implemented for the Santam Executive committee.

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 company. Unvested shares under any long-term incentive arrangement will not be taken into account when assessing compliance with the MSR policy.

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

For purposes of determining compliance with the MSR levels, the value of a participating executive's shareholding at the end of each financial period will be determined by using the average closing price of Sanlam ordinary shares on the JSE for the trading days in that financial period and expressed as a percentage of the participating executive's annual TGP at the end of such financial period.

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

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 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 ⁽⁶⁾	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 Gildenhuys	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: Sanlam Personal Finance 31 May 2017.

⁽³⁾ Appointed as Chief Executive: Sanlam Personal Finance 1 June 2017. An OPP was granted with effect from 1 January 2016 in respect of his role as Deputy Chief Executive of Sanlam Personal Finance. Achievement in respect of this OPP was measured as at 31 December 2017, with the amount convertible into RSP shares that will vest in April 2019. A proportional amount of the final measurement is included in the table to reflect the period from 1 June 2017 when he became a prescribed officer.

⁽⁴⁾ Fair value of LTIs (excluding equity-settled OPPs) granted during the year, assuming 100% vesting - refer to page 17.

⁽⁵⁾ Value of equity-settled OPPs are included on vesting date only.

⁽⁶⁾ 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.

Remuneration for the year ended 31 December 2016

R'000	Months in service	Salary	Company contributions	Subtotal: Guaranteed package	Annual bonus	Attributable value of LTIs ⁽⁵⁾	Ad hoc bonus payment ⁽⁶⁾	Restraint of trade ⁽⁷⁾	Total remuneration
Ian Kirk	12	7 782	398	8 180	11 100	3 241	-	-	22 521
Heinie Werth ⁽¹⁾	12	4 254	261	4 515	3 500	4 205	-	-	12 220
Temba Mvusi ⁽²⁾	12	2 778	473	3 251	2 500	2 526	-	-	8 277
Yegs Ramiah	12	3 188	204	3 392	2 600	2 518	-	-	8 510
Kobus Möller ⁽³⁾	9	3 482	313	3 795	4 800	-	-	2 000	10 595
Subtotal: executive directors		21 484	1 649	23 133	24 500	12 490	-	2 000	62 123
Hubert Brody	12	5 000	317	5 317	3 600	2 477	2 400	-	13 794
Anton Gildenhuys	12	3 430	225	3 655	3 500	3 107	-	-	10 262
Lizé Lambrechts	12	4 515	289	4 804	5 725	2 771	-	-	13 300
Junior Ngulube ⁽⁴⁾	11	3 265	208	3 473	3 000	4 416	-	-	10 889
Robert Roux	12	4 111	285	4 396	8 800	3 878	-	-	17 074
Executive committee		41 805	2 973	44 778	49 125	29 139	2 400	2 000	127 442

⁽¹⁾ Retired as Chief Executive: Sanlam Emerging Markets 30 September 2016 and appointed as Group Financial Director 1 October 2016.

⁽²⁾ Includes an amount of R295 748 paid by Santam.

⁽³⁾ Retired from the Executive committee and as Group Financial Director 30 September 2016.

⁽⁴⁾ Appointed to Executive committee as Chief Executive: Corporate cluster 1 February 2016 and as Chief Executive: Sanlam Emerging Markets 1 October 2016.

⁽⁵⁾ Fair value of LTIs (excluding equity-settled OPPs) granted during the year, assuming 100% vesting - refer to page 17.

⁽⁶⁾ Additional bonus for strategic initiatives, including restructuring of Sanlam Personal Finance.

⁽⁷⁾ Restraint of trade is for a period of 18 months ending 30 June 2018.

⁽⁸⁾ Value of equity-settled OPPs are included on vesting 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 1 January 2018	TGP as at 1 January 2017	TGP as at 1 January 2016	% increase in TGP 2017	% increase in TGP 2016
Ian Kirk ⁽¹⁾	8 730 000	8 240 000	8 000 000	5,95	3,0
Heinie Werth ^(1,2)	5 080 000	4 620 000	4 200 000	9,96	10,0
Hubert Brody ⁽³⁾	5 680 000	5 356 000	5 200 000	6,05	3,0
Anton Gildenhuis	4 260 000	3 740 000	3 400 000	13,90	10,0
Lizé Lambrechts	5 300 000	4 905 000	4 500 000	8,05	9,0
Temba Mvusi ^(1,4)	4 325 000	3 001 170	2 818 000	44,11	6,5
Junior Ngulube	4 570 000	4 078 800	3 600 000	12,04	13,3
Yegs Ramiah ⁽¹⁾	3 700 000	3 456 000	3 200 000	7,06	8,0
Robert Roux	4 780 000	4 429 000	4 300 000	7,93	3,0
Jurie Strydom ⁽⁵⁾	4 750 000	3 408 000	-	39,38	-

⁽¹⁾ Executive director.

⁽²⁾ Appointed as executive director and Group Financial Director 1 October 2016.

⁽³⁾ Retired from the Executive committee 31 May 2017. TGP as at 1 January 2018 reflects remuneration on date of retirement.

⁽⁴⁾ Receives an additional amount of R315 082 (2016: R300 330) from Santam for services rendered to Santam. Increase in TGP 2017 reflects adjustment for appointment as acting Chief Executive of Sanlam Corporate.

⁽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 acting Chief Executive of Sanlam Personal Finance.

The average salary increase paid to executive directors for 2017 was 13,0% (7,3% excluding Temba Mvusi who received an additional adjustment after his appointment as Chief Executive of Sanlam Corporate) (2016: 5,3%) and that of members of the Executive committee for 2017 was 13,2% (9,3% excluding Jurie Strydom who received an additional adjustment after his appointment as Chief Executive of Sanlam Personal Finance) (2016: 7,7%) compared with an average salary increase paid to all employees of 6,4% (2016: 7,0%). The remuneration increase trends for the last eight years are as follows:



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 2017 annual bonus, the split between business, Group and personal performance criteria for executive directors and members of the Executive committee was as follows:

Individual	Business %	Group %	Personal %
Ian Kirk	-	50	50
Heinie Werth	-	50	50
Hubert Brody ⁽¹⁾	50	25	25
Anton Gildenhuys	-	-	100
Lizé Lambrechts	80	-	20
Temba Mvusi	-	50	50 ⁽³⁾
Junior Ngulube	50	25	25
Yegs Ramiah	-	50	50
Robert Roux	70	10	20
Jurie Strydom ⁽²⁾	50	25	25

⁽¹⁾ Retired from Executive committee 31 May 2017.

⁽²⁾ Appointed to Executive committee 1 June 2017.

⁽³⁾ Includes strategic and financial metrics for corporate cluster.

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.

The actual achievement of Sanlam's performance measure for 2017 is as follows:

	Weight	Threshold	Target	Stretch	Score	Weighted score
Sanlam Group		0%	100%	200%	0% - 200%	
Adjusted RoGEV	18,2%	13,2%	14,2%	15,7%	200%	36,4%
Group net result from financial services	27,2%	R7 969m	R8 464m	R9 164m	120,7%	32,9%
Clusters' actual performance against targets	36,4%	0%	100%	200%	120,5%	43,8%
Transformation: weighted FSC score	9,1%	18	20,5	23	105%	9,6%
Achievement excluding pool for outperformers						122,7%
Outperformance pool ⁽¹⁾						12,2%
Total	100%					134,9%

⁽¹⁾ Allowance for additional allocations in respect of outperformance of individual performance indicators.

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

Individual	% of TGP at target performance	Performance cash cap as % of TGP
Ian Kirk	100	200
Heinie Werth	56	112
Hubert Brody ⁽¹⁾	56	112
Anton Gildenhuys	56	112
Lizé Lambrechts	90	160
Temba Mvusi	56	112
Junior Ngulube	56	112
Yegs Ramiah	56	112
Robert Roux	100	200
Jurie Strydom ⁽²⁾	56	112

⁽¹⁾ Retired from Executive committee 31 May 2017.

⁽²⁾ Appointed to Executive committee 1 June 2017.

Sanlam's performance measure applied in 2017 (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 following performance measures applied to Ian Kirk and Heinie Werth as Group Chief Executive and Financial Director respectively (Sliding Scale apply between the various hurdles):

Group Chief Executive/Financial Director 2017 Annual Bonus targets

KPI	Weighting	Minimum hurdle	Hurdle for 100% achievement	Stretched hurdle
RoGEV	20%	13,2%	14,2%	15,7%
Growth in net result from financial services	15%	8%	12%	14%
Growth in VNB	10%	7%	17%	20%
Share price performance:	5%			
→ share price premium to GEV on 31 December 2017, based on volume weighted traded price in December 2017 and January 2018		0%	15%	25%
→ share price change relative to FTSE/JSE FINI and FTSE/JSE SWIX		90%	100%	110%
Strategic initiatives	50%	Progress with strategic initiatives and material sustainability themes, including capital and cost efficiencies, diversification of the business (acquisitions, alternative distribution, disruptive businesses), transformation and sustainability drive, leadership and optimisation of business structure, operations, governance and risk management. Different weightings for each strategic initiative apply between the Group Chief Executive and Group Financial Director. Achievement measured by Group Human Resources and Remuneration Committee.		

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 personal 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 2017. 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 2018:

Individual	% of TGP achieved 2017	Payment 2018 R	% of TGP achieved 2016	Payment 2017 R
Ian Kirk	115	10 000 000	135	11 100 000
Heinie Werth ⁽¹⁾	89	4 500 000	76	3 500 000
Hubert Brody ⁽²⁾	-	-	67	3 600 000
Anton Gildenhuis	100	4 250 000	94	3 500 000
Lizé Lambrechts	119	6 300 000	117	5 725 000
Temba Mvusi	81	3 500 000	83	2 500 000
Junior Ngulube	82	3 750 000	74	3 000 000
Yegs Ramiah	-	-	75	2 600 000
Robert Roux	142	6 800 000	199	8 800 000
Jurie Strydom ⁽³⁾	84	4 000 000	-	-
Kobus Möller ⁽⁴⁾	-	-	93	4 800 000

⁽¹⁾ Retired as Chief Executive: Sanlam Emerging Markets 30 September 2016. Appointed Group Financial Director 1 October 2016. The 2016 bonus paid in 2017 is based on performance as Chief Executive: Sanlam Emerging Markets.

⁽²⁾ Retired from Executive committee in 2017.

⁽³⁾ Appointed to Executive committee in 2017.

⁽⁴⁾ Retired from Executive committee in 2016.

Long-term incentives

The participation by executive directors and members of the Executive committee in the Group's long-term incentive schemes (excluding the OPP) at 31 December 2017 was as follows:

Number of shares

	Balance 31 Dec 2016	Awarded in 2017	Shares vested	Shares forfeited	Balance 31 Dec 2017	Vesting in				
						2018	2019	2020	2021	2022
Ian Kirk⁽¹⁾										
Sanlam	318 169	71 745	(20 692)	-	369 222	101 884	94 371	111 994	39 449	21 524
Santam	24 684	-	(12 199)	-	12 485	9 106	3 379	-	-	-
DSP										
Sanlam	117 542	31 352	(10 049)	-	138 845	35 688	34 693	42 597	16 460	9 407
Santam	10 269	-	(5 613)	-	4 656	3 141	1 515	-	-	-
PDSP										
Sanlam	200 627	40 393	(10 643)	-	230 377	66 196	59 678	69 397	22 989	12 117
Category A ⁽²⁾	68 472	24 550	(6 906)	-	86 116	19 171	20 626	25 655	13 299	7 365
Category B ⁽²⁾	85 189	14 491	(3 737)	-	95 943	28 684	24 850	29 111	8 951	4 347
Category C ⁽²⁾	46 966	1 352	-	-	48 318	18 341	14 202	14 631	739	405
Santam	14 415	-	(6 586)	-	7 829	5 965	1 864	-	-	-
Heinie Werth	283 332	172 807	(83 546)	-	372 593	66 711	70 109	109 865	74 065	51 843
DSP	93 646	26 897	(27 331)	-	93 212	22 917	22 354	24 248	15 624	8 069
PDSP	61 226	46 461	(16 288)	-	91 399	15 732	15 229	27 920	18 579	13 939
Category A ⁽²⁾	61 226	16 906	(16 288)	-	61 844	15 732	15 229	16 099	9 712	5 072
Category B ⁽²⁾	-	29 555	-	-	29 555	-	-	11 821	8 867	8 867
RSP	128 460	99 449	(39 927)	-	187 982	28 062	32 526	57 697	39 862	29 835
Hubert Brody⁽³⁾	226 975	35 876	(36 840)	(190 135)	35 876	-	35 876	-	-	-
DSP	91 630	-	-	(91 630)	-	-	-	-	-	-
PDSP	65 077	-	-	(65 077)	-	-	-	-	-	-
Category A ⁽²⁾	61 087	-	-	(61 087)	-	-	-	-	-	-
Category B ⁽²⁾	3 990	-	-	(3 990)	-	-	-	-	-	-
RSP	70 268	35 876	(36 840)	(33 428)	35 876	-	35 876	-	-	-
Anton Gildenhuis	241 644	136 600	(75 169)	-	303 075	60 049	56 650	88 010	57 385	40 981
DSP	72 801	21 950	(17 167)	-	77 584	19 786	18 921	20 316	11 976	6 585
PDSP - Category A ⁽²⁾	49 332	12 619	(11 798)	-	50 153	11 183	12 490	15 415	7 279	3 786
RSP	119 511	102 031	(46 204)	-	175 338	29 080	25 239	52 279	38 130	30 610

	Balance 31 Dec 2016	Awarded in 2017	Shares vested	Shares forfeited	Balance 31 Dec 2017	Vesting in				
						2018	2019	2020	2021	2022
Lizé Lambrechts⁽⁴⁾										
Santam	42 580	7 740	-	-	50 320	11 668	14 116	15 871	6 344	2 321
Sanlam	146 755	12 311	(85 305)	-	73 761	39 571	21 880	4 924	3 693	3 693
DSP										
Santam	14 844	4 862	-	-	19 706	3 020	5 183	6 399	3 646	1 458
Sanlam	47 887	7 732	(27 605)	-	28 014	13 809	6 473	3 092	2 320	2 320
PDSP - Category A ⁽²⁾										
Santam	27 736	2 878	-	-	30 614	8 648	8 933	9 472	2 698	863
Sanlam	30 131	4 579	(17 773)	-	16 937	8 218	4 141	1 832	1 373	1 373
RSP - Sanlam	68 737	-	(39 927)	-	28 810	17 544	11 266	-	-	-
Temba Mvusi⁽⁵⁾	182 597	43 683	(57 416)	-	168 864	44 601	42 689	41 915	26 554	13 105
DSP	62 327	23 243	(21 241)	-	64 329	14 039	14 409	16 866	12 042	6 973
PDSP	49 761	6 090	(13 073)	-	42 778	13 391	12 017	10 350	5 193	1 827
Category A ⁽²⁾	41 160	6 090	(13 073)	-	34 177	10 182	9 378	7 770	5 020	1 827
Category B ⁽²⁾	8 601	-	-	-	8 601	3 209	2 639	2 580	173	-
RSP	70 509	14 350	(23 102)	-	61 757	17 171	16 263	14 699	9 319	4 305
Junior Ngulube	81 414	69 991	-	-	151 405	-	30 410	52 960	45 422	22 613
DSP	68 425	15 043	-	-	83 468	-	27 369	26 545	25 041	4 513
PDSP	12 989	40 598	-	-	53 587	-	3 041	20 675	16 076	13 795
Category A ⁽²⁾	12 989	40 598	-	-	53 587	-	3 041	20 675	16 076	13 795
RSP	-	14 350	-	-	14 350	-	-	5 740	4 305	4 305
Yegs Ramiah⁽¹⁾										
Sanlam	164 144	44 580	(37 426)	-	171 298	47 513	41 592	42 037	26 782	13 374
Santam	198	-	(198)	-	-	-	-	-	-	-
DSP										
Sanlam	68 251	17 566	(16 911)	-	68 906	21 720	15 783	16 366	9 767	5 270
Santam	198	-	(198)	-	-	-	-	-	-	-
PDSP - Category A ⁽²⁾										
Sanlam	47 255	12 664	(13 005)	-	46 914	14 901	9 546	10 972	7 696	3 799
RSP	48 638	14 350	(7 510)	-	55 478	10 892	16 263	14 699	9 319	4 305
Robert Roux	182 669	67 690	(43 416)	-	206 943	37 043	48 742	60 128	40 723	20 307
DSP	82 300	25 364	(21 236)	-	86 428	12 835	23 057	24 931	17 996	7 609
PDSP	66 941	13 625	(22 180)	-	58 386	24 208	12 314	13 688	4 088	4 088
Category A ⁽²⁾	29 578	13 625	(14 184)	-	29 019	9 384	3 609	7 850	4 088	4 088
Category B ⁽²⁾	28 932	-	(7 996)	-	20 936	11 453	6 175	3 308	-	-
Category C ⁽²⁾	8 431	-	-	-	8 431	3 371	2 530	2 530	-	-
RSP	33 428	28 701	-	-	62 129	-	13 371	21 509	18 639	8 610
Jurie Strydom⁽⁶⁾	200 432	58 326	-	-	258 758	18 206	75 622	83 677	63 864	17 389
DSP	59 194	23 418	-	-	82 612	18 206	19 126	27 126	11 129	7 025
PDSP	20 960	34 908	-	-	55 868	-	8 384	20 468	16 652	10 364
Category A ⁽²⁾	20 960	34 908	-	-	55 868	-	8 384	20 468	16 652	10 364
Category B ⁽²⁾	-	-	-	-	-	-	-	-	-	-
RSP	120 278	-	-	-	120 278	-	48 112	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:

- Category A: Adjusted RoGEV for the Group exceeds the Group's cost of capital
- 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)
- 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⁾ Retired from the Executive committee in 2017.

⁽⁴⁾ Participated in Sanlam LTIs as former employee of Sanlam.

⁽⁵⁾ 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 does not form part of the Sanlam Group long-term incentive schemes.

⁽⁶⁾ Appointed to the Executive committee in 2017.

R'000	2017			2016		
	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	4 089	4 406	-	3 241	4 387	-
DSP	1 787	2 063	-	1 275	1 762	-
PDSP	2 302	2 343	-	1 966	2 625	-
RSP ⁽³⁾	-	-	-	-	-	-
Heinie Werth	11 111	5 462	-	4 205	5 298	-
DSP	1 533	1 787	-	1 366	1 884	-
PDSP	2 648	1 065	-	839	1 120	-
RSP ⁽³⁾	6 930	2 610	-	2 000	2 294	-
Temba Mvusi	2 672	3 754	-	2 526	4 603	-
DSP	1 325	1 389	-	917	1 522	-
PDSP	347	855	-	609	899	-
RSP ⁽³⁾	1 000	1 510	-	1 000	2 182	-
Yegs Ramiah	2 723	2 005	-	2 518	1 928	-
DSP	1 001	1 155	-	813	1 043	-
PDSP	722	850	-	705	885	-
RSP ⁽³⁾	1 000	-	-	1 000	-	-
Kobus Möller⁽⁴⁾	-	-	-	-	8 971	-
DSP	-	-	-	-	2 431	-
PDSP	-	-	-	-	2 531	-
RSP ⁽³⁾	-	-	-	-	4 009	-
Subtotal: executive directors	20 595	15 627	-	12 490	25 187	-
Hubert Brody⁽⁵⁾	2 500	2 561	13 049	2 477	-	-
DSP	-	-	6 289	156	-	-
PDSP	-	-	4 466	321	-	-
RSP ⁽³⁾	2 500	2 561	2 294	2 000	-	-
Anton Gildenhuis	9 080	5 109	-	3 107	4 445	-
DSP	1 251	1 122	-	975	1 305	-
PDSP	719	771	-	632	911	-
RSP ⁽³⁾	7 110	3 216	-	1 500	2 229	-
Lizé Lambrechts	2 430	5 576	-	2 771	6 765	-
DSP	1 526	1 804	-	1 507	2 191	-
PDSP	904	1 162	-	1 264	1 451	-
RSP ⁽³⁾	-	2 610	-	-	3 123	-
Junior Ngulube	4 171	-	-	4 416	-	-
DSP	857	-	-	3 711	-	-
PDSP	2 314	-	-	705	-	-
RSP ⁽³⁾	1 000	-	-	-	-	-
Robert Roux	4 223	2 838	-	3 878	4 339	-
DSP	1 446	1 388	-	1 878	1 231	-
PDSP	777	1 450	-	-	3 108	-
RSP ⁽³⁾	2 000	-	-	2 000	-	-
Jurie Strydom⁽⁶⁾	3 325	-	-	-	-	-
DSP	1 335	-	-	-	-	-
PDSP	1 990	-	-	-	-	-
RSP ⁽³⁾	-	-	-	-	-	-
Executive committee	46 324	31 711	13 049	29 139	40 736	-

⁽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).

⁽⁴⁾ Retired from Executive committee in 2016.

⁽⁵⁾ Retired from Executive committee in 2017.

⁽⁶⁾ Appointed to Executive committee in 2017.

It is anticipated that long-term incentive awards will be granted in 2018 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 2017	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).	Net result from financial services: → 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% RoGEV: → 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
Lizé Lambrechts	1 January 2015 – 31 December 2017 Cash payment of up to six times the 2017 TGP.	Outperformance of operational targets set for Santam. Refer to the Santam Remuneration Report available online at www.santam.co.za .	R19 000 000	Final payment on 1 April 2018
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).	Net result from financial services: → Base value: 2016 SI cluster (excluding SEB) 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% RoGEV: → 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% Net new business flows: → 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

⁽¹⁾ Sliding scale applies to determine vesting percentage between minimum and maximum hurdles.
Growth targets may be adjusted by the GHRRC for material reorganisation, 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 2018, 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 2017

Individual	Minimum shareholding requirement	Actual qualifying shareholding	Date at which minimum shareholding must be reached
Ian Kirk	218 971	43 659	31 December 2021
Heinie Werth	91 014	180 787	31 December 2021
Anton Gildenhuis	30 529	20 000	31 December 2021
Lizé Lambrechts	22 789	8 000	31 December 2021
Temba Mvusi ⁽¹⁾	30 995	91 667	31 December 2021
Junior Ngulube	65 501	-	30 September 2022
Yegs Ramiah	26 516	29 916	31 December 2021
Robert Roux	68 511	43 415	31 December 2021
Jurie Strydom	68 081	-	30 June 2023

⁽¹⁾ As at 31 December 2017 the maximum holding allowed in terms of the minimum shareholder requirement policy was exceeded with 29 677 shares that qualify for release in 2018 subject to the applicable rules.

Sanlam share scheme allocation

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. This available capacity is not a rolling amount and will be subject to approval by shareholders when utilised in full.

Current equity participation by employees amount to 1,1% of issued share capital.

The following table illustrates the capacity position as at 31 December 2017:

	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)
Balance of scheme allocation carried forward at 31 December 2015	102 466 053
Allocation under DSP and PDSP in 2016	(8 224 500)
Allocation under RSP in 2016	(385 671)
Shares forfeited in 2016	925 277
Balance of scheme allocation carried forward at 31 December 2016	94 781 159
Allocation under DSP and PDSP in 2017	(5 954 466)
Allocation under RSP in 2017	(833 198)
Shares forfeited in 2017	2 049 580
Balance of scheme allocation carried forward at 31 December 2017	90 043 075

Remuneration details for non-executive directors

Fee structures are reviewed annually with the assistance of the external service providers who provide independent advice. Recommendations are reviewed for reasonableness by the GHRRC and the Board and are then proposed to shareholders for approval at the AGM. The fee structure will remain in place for one year, from 1 July until 30 June the following year. Non-executive directors receive annual Board and committee retainers. In addition, a fee is paid for attending Board meetings. Sanlam pays for all travelling and accommodation expenses in respect of Board meetings. The Chairman receives a fixed annual fee that is inclusive of all Board and committee attendances as well as all other tasks performed on behalf of the Group. Disclosure of individual directors' emoluments, as required in terms of the JSE Listings Requirements, is detailed below.

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

R'000	Directors' fees	Allowance ⁽¹⁾	Attendance and committees	Fees from Group	Total
MMM Bakane-Tuoane	293	46	568	-	907
AD Botha	293	46	767	557	1 663
PB 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 in director fees thereafter.

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

Travel and subsistence paid in respect of attendance of Board and committee meetings amounted to R868 299.

Non-executive directors' emoluments for the year ended 31 December 2016

R'000	Directors' fees	Allowance	Attendance and committees	Fees from Group	Total
MMM Bakane-Tuoane	210	90	480	-	780
AD Botha	210	90	430	700	1 430
CB Booth ⁽¹⁾	103	44	207	194	548
PR Bradshaw	398	44	888	2 323	3 653
MV Moosa	210	90	376	-	676
PT Motsepe	318	136	378	-	832
SA Nkosi	210	90	152	-	452
KT Nondumo	210	90	469	31	800
P de V Rademeyer	210	90	774	1 330	2 404
RV Simelane	210	90	273	-	573
DK Smith (Chairman)	1 786	765	-	-	2 551
CG Swanepoel	210	90	883	1 855	3 038
J van Zyl ⁽²⁾	210	90	453	376	1 129
PL Zim	210	90	226	-	526
Total non-executive directors	4 705	1 889	5 989	6 809	19 392

⁽¹⁾ Also receives fees in lieu of a consulting agreement on special projects.

⁽²⁾ Appointed 1 January 2016.

Travel and subsistence paid in respect of attendance of Board and committee meetings amounted to R1 321 941.

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

Fees from Group companies for the year ended 31 December 2016

R'000	Directors' fees	Attendance fees	Committee fees	Total
AD Botha	280	360	60	700
CB Booth	-	194	-	194
PR Bradshaw	2 323	-	-	2 323
KT Nondumo	-	31	-	31
P de V Rademeyer	260	558	512	1 330
CG Swanepoel	372	1 103	380	1 855
J van Zyl	212	88	76	376
Total fees from Group Companies	3 447	2 334	1 028	6 809

Interest of directors

Interest of directors in share capital

Total interest of directors in share capital at 31 December 2017

	Beneficial		Non-beneficial	UB Shares
	Direct	Indirect ⁽³⁾		
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 (appointed 3 April 2017)	-	-	-	-
MV Moosa	-	-	-	7 142
SA Nkosi	-	-	-	7 142
KT Nondumo	-	-	-	1 000
RV Simelane	-	-	-	11 142
CG Swanepoel	10 000	-	-	-
PL Zim (resigned 5 January 2018)	444	-	-	7 142
Total non-executive directors	1 924 974	2 894 288	-	40 710
Total	2 610 548	3 364 794	-	44 710

* At the date of this report there are no material differences with the shareholding disclosed above as at 31 December 2017.

⁽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.

Total interest of directors in share capital at 31 December 2016

	Beneficial		Non-beneficial	UB shares
	Direct	Indirect ⁽⁴⁾		
Executive directors⁽¹⁾				
IM Kirk	37 759	-	-	-
HC Werth	255 370	470 506	-	-
TI Mvusi	190 670	-	-	4 000
Y Ramiah	72 439	-	-	-
Total executive directors	556 238	470 506	-	4 000
Non-executive directors				
DK Smith (Chairman)	-	35 000	-	-
PT Motsepe (Deputy Chairman) ⁽²⁾	-	-	-	-
MMM Bakane-Tuoane	-	-	-	7 142
AD Botha ⁽³⁾	-	270 000	-	-
CB Booth	-	-	-	-
PR Bradshaw	-	29 000	-	-
MV Moosa	-	-	-	7 142
SA Nkosi	-	-	-	7 142
KT Nondumo	-	-	-	1 000
P de V Rademeyer	181 335	495 698	-	-
RV Simelane	-	-	-	7 142
CG Swanepoel	10 000	-	-	-
PL Zim	444	-	-	7 142
J van Zyl	1 914 530	2 894 288	-	-
Total non-executive directors	2 106 309	3 723 986	-	36 710
Total	2 662 547	4 194 492	-	40 710

⁽¹⁾ Includes participation in the Restricted Share 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, holds 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⁾ The return swap entered into in respect of these shares expired in December 2015. In November 2016, the shares were transferred by Bostco (Pty) Ltd (Bostco) (a company of which Mr Botha is an executive director and his family members are the shareholders) to the Imalivest Met Worldwide Flexible Fund as part of a larger share portfolio. Bostco's effective interest in the Fund was 65,1% at 31 December 2016, with Bostco and Mr Botha's family together owning an effective interest of 71,8% in the Fund. Mr Botha and his family therefore have an indirect effective interest of 71,8% in the 270 000 Sanlam shares. The transaction was declared in November 2016.

⁽⁴⁾ Includes full shareholding by trusts, companies and other entities where the 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.



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