



# **SANTAM LIMITED**

## **BOARD OF DIRECTORS**

**\*\*\***

## **CHARTER**

**(TERMS OF REFERENCE)**

**APPROVED BY THE BOARD OF DIRECTORS ON 29 NOVEMBER 2023**

Ref.: REV01\_2023\_RSHE

*[Next Review: November 2024]*



## 1. INTRODUCTION

- 1.1. The Board of directors (“the Board”) of Santam Limited (“Santam” or “the Company”) acknowledges the need for a Board Charter as recommended in the Report on Corporate Governance for South Africa 2016 (“King IV™”), with due regard to the prevailing legislation relating to the Johannesburg Stock Exchange Listing Requirements (“JSE LR”), the Constitution of the Republic of South Africa (including the Bill of Rights), the law and leading standards.
- 1.2. This Charter is subject to the provisions of the Companies Act 71 of 2008, as amended (“the Companies Act”), the Company’s Memorandum of Incorporation (“MOI”), the JSE LR, the JSE Debt Listings Requirements, the Insurance Act of 2017, the Prudential Authority’s Governance and Operational Standards issued in terms thereof that are relevant to Insurance Groups (“GOG”) and insurers (GOIs”), the King IV principles, Santam’s Group Governance Policy and its Board Approval Framework as well as any other applicable law or regulatory provisions.
- 1.3. The Board’s mandate extends to the Company, and all the Company’s subsidiaries and (save where the context indicates otherwise), any reference in this Charter to the Company shall be deemed to include a reference to each such subsidiary.
- 1.4. The duties and responsibilities of the Board as set out in this document are in addition to those duties and responsibilities that they have as members of the Board, considering the fiduciary duties as per the Companies Act, Section 76.
- 1.5. This Charter has been adopted by the Board of Santam to assist the Board and its Committees in executing its mandate and responsibilities. The Board shall assume the responsibility for Santam’s performance by steering and setting the direction for the realisation of Santam’s core purpose and values through its strategy.
- 1.6. The Board will review this Charter at least annually and, if appropriate, revise it from time to time.
- 1.7. The delegation of the duties and responsibilities of the Board to its Committees does not reduce the Board’s individual and collective responsibilities regarding their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement.
- 1.8. The Board should apply its collective mind to the information, opinions, recommendations, reports, and statements presented to it by its Committees and management.
- 1.9. The Board is committed to ensure the implementation of sound governance practices as advocated in King IV™ as ethical and effective leadership, aimed at achieving the core governance outcomes of an ethical culture, good performance, effective control and legitimacy.

## 2. THE PURPOSE OF THE BOARD CHARTER

- 2.1. The purpose of these Terms of Reference is to document the Board’s role and responsibilities, and to give guidance on the effective functioning of the Board.
- 2.2. In particular, it recognises and outlines the Board’s role in regard to its:
  - 2.2.1. Ethical responsibilities;
  - 2.2.2. The requirements for its composition;
  - 2.2.3. The process, policy and the criteria for appointment of Board members;
  - 2.2.4. Meeting procedures;
  - 2.2.5. The delegation of authority to its Committees and, in turn, to management to promote and enhance the Board’s effectiveness; and
  - 2.2.6. The Board’s responsibility of ensuring that it is a balanced Board that is able to discharge its governance role objectively and effectively.
- 2.3. In carrying out its responsibilities and exercising its powers, the Board at all times recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of all stakeholders of Santam, including its employees, customers, and the community.

## 3. THE RESPONSIBILITIES OF THE BOARD

- 3.1. In terms of Santam’s MOI, the business and affairs of the Company shall be managed by or under the direction of the Board, which has the authority to exercise all the powers and perform any of the functions of the Company, except to the extent that the Companies Act, the MOI or other prevailing legislation provides otherwise.
- 3.2. The Board shall exercise its leadership role by steering Santam and setting its strategic direction, approving policy/ies and business plans that give effect to the direction provided. It will also be responsible for overseeing and monitoring the implementation, and the execution by management, of such policies and direction; and

- simultaneously ensuring accountability for Santam's performance by means of, among others, reporting and disclosure.
- 3.3 The Board shall perform its duties in the best interests of Santam. In this regard, it is especially noted that Santam is committed to actively promote a transformed, inclusive, vibrant and globally competitive financial services company.
- 3.4 The responsibility of the Board of directors is also to ensure Santam's prosperity by directing the Company's affairs, set the tone for an ethical organisational culture and for the respective directors to individually and collectively exercise their business judgement to act in what they reasonably believe to be in the best interests of Santam and its key stakeholders.
- 3.5 The Board is, furthermore, committed to ensuring that Santam reflects the demographics of South Africa and those territories in which it operates as well as contributing towards economic growth, development, and the establishment of an equitable society. For this purpose, the Board will generally:
- 3.5.1 Establish and maintain the ethical responsibility for effective governance and risk management within Santam;
  - 3.5.2 Act as the focal point for, and custodian of corporate governance, by managing its relationship with management, Santam's shareholders and its other stakeholders in line with sound corporate governance principles;
  - 3.5.3 Determine, review and oversee that Santam's vision, values, its strategy and conduct are congruent with the Company being a responsible corporate citizen;
  - 3.5.4 Delegate to management the formulation and development of Santam's short-, medium- and long-term strategy to ensure that Santam achieves its objectives as a business enterprise;
  - 3.5.5 Consider, challenge and approve Santam's strategy as formulated and developed by management.
  - 3.5.6 Oversee and appreciate that Santam's core purpose, strategy, risks and opportunities, its business model, performance and sustainable development are all inseparable elements of the value creation process and to give effect to this by taking into account the following among other:
    - 3.5.6.1 The timelines and parameters which determine the meaning of short, medium and long term respectively;
    - 3.5.6.2 The risks, opportunities and other significant matters connected to the triple context in which Santam operates;
    - 3.5.6.3 The extent to which Santam's strategy depends on the resources and relationships connected to the various forms of capital as applicable to Santam;
    - 3.5.6.4 The increase, decrease or transformation of the various forms of capitals that may result from the execution of the Santam strategy;
    - 3.5.6.5 Satisfy itself that the Company's strategy and business plans do not give rise to risks that have not been thoroughly considered and assessed by management;
    - 3.5.6.6 Identify key performance and risk areas;
    - 3.5.6.7 Regularly review the business objectives and strategy, and ensure that the strategy will result in sustainable outcomes, and that it remains consistent with the long-term interests and sustainability of Santam and the interests of its key stakeholders; and
    - 3.5.6.8 Consider sustainability as a business opportunity that guides Santam's strategy formulation;
  - 3.5.7 Provide effective leadership on an ethical foundation and ensure that the Company acts ethically beyond mere compliance;
  - 3.5.8 Ensure that the Company is, and is seen to be, a responsible corporate citizen by having regard to not only the financial aspects of the business but also the impact that business operations have on the natural resources and the society within which it operates;
  - 3.5.9 Oversee the management of information and Information Technology (IT) governance;
  - 3.5.10 Ensure that the Company has an effective and independent Audit Committee and that there is an effective risk-based internal audit function;
  - 3.5.11 Appreciate that stakeholders' perceptions affect the Company's reputation;
  - 3.5.12 Ensure that the roles and responsibilities allocated by it are clearly defined so as to promote an appropriate separation of the oversight function from management responsibilities.
- 3.6 The Board shall oversee those reports such as the annual integrated reporting suite, the annual financial statements, the sustainability report, the Social and Ethics Committee reports, or other online or printed information are issued, as and when required and that it complies with applicable legal requirements, and that it meet the legitimate and reasonable information needs of Santam's key stakeholders.
- 3.7 The Board must ensure that it recognises its responsibility to be transparent in the manner in which it exercises its governance role and responsibilities.
- 3.8 The Board must act in the best interests of Santam by ensuring that the individual directors serving on the Board:
- 3.8.1 Adhere to the legal standards of conduct;
  - 3.8.2 Are permitted to take independent advice in connection with their duties by following a Board approved procedure;
  - 3.8.3 Avoid conflict of interest, and if the conflict cannot be avoided, members must fully disclose any actual, perceived and/or implied conflicts to the Board at the earliest opportunity and then proactively manage them as determined by the Board and subject to legal provisions;
  - 3.8.4 Continuously develop the competence to lead effectively;

3.8.5 Deal in securities only in accordance with Santam Ltd's Board approved Securities Dealing and Price Sensitive Policy, the Companies Act, the Financial Markets Act and the JSE Listings Requirements.

#### **4. THE PURPOSE OF THE BOARD CHARTER**

- 4.1 The Board will review and approve the Governance Framework for the Group and ensure that it articulates and gives effect to the Board's direction on relationships and the exercise of authority across the Group.
- 4.2 The Board agrees to set the Group's values and culture and assess the ongoing adherence thereof.
- 4.3 The Board will further ensure that appropriate steps are implemented to develop and disseminate a Code of Ethics and a Code of Conduct, and it will also ensure that the effectiveness thereof is monitored on an ongoing basis. The Board will ensure the disclosure of information in relation to its:
  - 4.3.1 Overall role and associated responsibilities and functions.
  - 4.3.2 Its composition, including each member's qualifications and experience.
  - 4.3.3 The number of meetings held during the reporting period, and the attendance at those meetings.
  - 4.3.4 Any external advisors or invitees who regularly attend its meetings.
  - 4.3.5 Key areas of focus during the reporting period, and where appropriate, planned areas of focus.
  - 4.3.6 A statement on whether the Board is satisfied that it has fulfilled its responsibilities in accordance with these Terms of Reference for the reporting period.
- 4.4 In addition, the Board will further ensure that:
  - 4.4.1 Appropriate and relevant policies, procedures and practices are in place that protect Santam's interests, its assets and reputation;
  - 4.4.2 Santam complies with all relevant laws, regulations and codes of best practices as well as adherence to the Company's Code of Ethics;
  - 4.4.3 Technology and information systems deployed and used in Santam are adequate to run the business properly and in a sustainable manner;
  - 4.4.4 Santam has appointment, dismissal, development and succession policies, procedures and plans for its executive directors and senior management;
  - 4.4.5 An effective governance framework has been agreed upon between the Company and its subsidiaries and the Board will monitor the adequacy thereof on an annual basis;
  - 4.4.6 Disputes are resolved effectively, efficiently and as expeditiously as possible.
  - 4.4.7 It exercises courage in taking risks and capturing opportunities that are in the best interest of the Company;
  - 4.4.8 It approves the protocol to be followed by its non-executive members for requesting documentation from, and setting up meetings with, management as and when required.
  - 4.4.9 In addition, the Board will continuously monitor the implementation of the Group Governance Policy as well as annually review its effectiveness.

#### **5. OVERSIGHT RESPONSIBILITIES OF THE BOARD**

- 5.1 The Board's collective responsibility is to ensure it has oversight of Santam's strategy and related risks and opportunities, its business model and its performance and sustainable development.
- 5.2 The responsibility of the directors is to oversee that Santam continually assesses and responsibly responds to the possible negative consequences of its activities and outputs on the triple context in which it operates, and the capitals which it uses and affects. In discharging this obligation, directors should be entitled to rely on the honesty and integrity of Santam's senior executives, its advisors, and the internal and external assurance providers.
- 5.3 The Board will set (and annually review) the business objectives and the strategic direction of the Company, as well as consider the long-term financial soundness of the Company, the interests of policyholders and other stakeholders, the fair treatment of Santam's customers as well as ensuring appropriate resourcing levels to deliver on performance.
- 5.4 The Board will consider financial and non-financial (sustainability) related aspects including environmental, social and governance ("ESG") considerations and the Board will ensure that these are effectively integrated and balanced to meet the Company's strategic objectives. The Board will, furthermore, also simultaneously ensure that the business objectives and strategies are consistent with Santam's broader stakeholders' interests.
- 5.5 The Board should embody ethical characteristics in order to offer effective leadership that result in achieving strategic objectives and positive outcomes over time. In addition to their oversight exercised over the Company's performance, the directors should be alert to the general viability of Santam with regard to reliance and effects on the capitals, solvency, and liquidity as well as the status of Santam as a going concern.
- 5.6 The Board will exercise oversight by continuously monitoring and evaluating the implementation of strategies, policies, management performance criteria and operational and business plans by management against agreed performance measures and targets.
- 5.7 The Board will ensure that responsible investment is practiced by the Company and its subsidiaries to promote good governance and the creation of value by the companies that Santam invests in.
- 5.8 The Board will ensure that management considers opportunities and risks when developing the Company's

strategies.

- 5.9 The Board will ensure that disputes are resolved effectively, efficiently, and as expeditiously as possible.
- 5.10 The Board shall provide oversight in respect of the design and implementation of sound risk management and internal control systems and functions.
- 5.11 The Board will adopt and oversee the effective implementation and review of all material Group policies.
- 5.12 The Board accepts responsibility for effective claims and complaints management and must approve and oversee the effectiveness of the implementation of the Santam's claims and complaints management frameworks.
- 5.13 The Board, furthermore, exercises an oversight and governance role over management's performance insofar:
  - 5.13.1 The implementation of policies, procedures and practices that safeguard Santam's interests, assets and reputation;
  - 5.13.2 Santam's compliance with all relevant laws, regulations and codes of best business practices as well as adherence to Santam's Code of Ethics; and
  - 5.13.3 Technology and information systems that are deployed and used in Santam to run the business effectively.

## **6. REVIEW, EVALUATE AND APPROVE**

The Board shall review, evaluate and approve:

- 6.1 Santam's financial objectives (and strategies for achieving these objectives, which objectives and strategies must be regularly reviewed to be consistent with the long-term interests and sustainability of the Company and its stakeholders), budgets and forecasts, as well as performance targets and the required return on capital;
- 6.2 The levels of risk tolerance acceptable to the Group, including Santam's risk appetite
- 6.3 Major resource allocations and capital investments;
- 6.4 The financial and operating results of Santam, as well as its going concern status;
- 6.5 The identified key risk and opportunity areas as well as the key performance indicators in order for Santam to generate economic profit, so as to enhance shareholder value in the long term and, at the same time, recognise the wider interests of its stakeholders;
- 6.6 The overall Group organisational structure and the assignment of senior management responsibilities;
- 6.7 Santam's Broad-Based Black Economic Empowerment ("B-BBEE") and transformation targets and objectives;
- 6.8 The Group's remuneration strategy as it relates to senior employees, having due regard to the prevailing legislation as well as to ensure that it adequately addresses the remuneration and benefits so that there is reasonable measurement against the key performance objectives. The remuneration model should be consistent with the Company's risk appetite and should not induce excessive or inappropriate risk taking;
- 6.9 Approve management's determination of the reporting frameworks (including the reporting standards) to be used – i.e. taking into account the applicable legal requirements and the intended audience and purpose of each integrated annual report;
- 6.10 Santam's corporate objectives and policies relating to social, ethical and sustainability related responsibilities;
- 6.11 Approve management's bases for determining materiality for the purpose of deciding which information should be included in the integrated annual reporting suite;
- 6.12 The process to ensure the integrity and effectiveness of Santam's approach towards risk management and the establishment and maintenance of an adequate and effective internal control system;
- 6.13 Review the role and effectiveness of the Board and its Board Committees, the annual plans relevant to the Board and each of the Board Committees as well as annually reviewing the Board and Board Committees' Charters;
- 6.14 Review the adequacy of the Company's policies and procedures relating to the appointment, dismissal and succession of Group executives and the heads of control functions;
- 6.15 Assess the performance and effectiveness of the Group Company Secretary annually; and
- 6.16 Annually review the Group Governance Policy and Santam's Board Approval Framework (BAF)/Delegation of Authority (DOA).

## **7. ADDITIONAL RESPONSIBILITIES OF THE INDIVIDUAL DIRECTORS**

- 7.1 Directors must at all times meet the "fit and proper" assessment criteria as set out in Santam's Fit and Proper Policy. The directors serving on the Santam Board will ensure that they:
  - 7.1.1 Have the time and capacity to devote themselves to properly carry out their responsibilities and duties to Santam;
  - 7.1.2 Exercise leadership, integrity, judgment and act in the utmost good faith and honesty in all their dealings with or on behalf of the Company and also act independently of any outside fetter or instruction;
  - 7.1.3 Act in line with modern global trends, by means of not only exhibiting the degree of skill, due care and diligence (as required by applicable legislative requirements) but also taking reasonable diligent steps as may be reasonably expected from persons of their skill and experience (which is the traditional legal formulation), and simultaneously also exercise the care and skill any reasonable person would be

- expected to illustrate in looking after their own affairs;
- 7.1.4 Qualify, empower and educate themselves on a continuous basis with a sufficient understanding of Santam's business and the effect of the economy, and remain informed about the financial, industrial and the social milieu in which the Company operates;
- 7.1.5 Never permit a conflict of duties and interests and disclose at all times any actual, perceived and/or implied conflict of interest to the Board at the earliest possible opportunity;
- 7.1.6 Treat any confidential matters relating to Santam, learned in their capacity as directors, as strictly confidential and to not divulge it to anyone without the express written authorisation of the Company;
- 7.1.7 Regularly attend meetings and review the Board papers and other relevant information in time for them to make informed decisions;
- 7.1.8 Exercise independent judgment and objectivity in decision-making, taking into account the interests of Santam and its stakeholders; as well as its policyholders and be prepared and able, where necessary, to raise and debate alternative viewpoints and/or to express disagreement with their colleagues serving on the Board, including the Chair and/or the Group CEO.
- 7.1.9 Act in favour of and on behalf of Santam and always strive to increase shareholder value, while having regard for the interests of all stakeholders relevant to the Company;
- 7.1.10 Take due cognisance (from a holistic perspective) of environmental protection codes and practices during their deliberations; and if in doubt about any aspect of their duties, obtain independent professional advice and/or consult the Group Company Secretary in that regard at the earliest opportunity;
- 7.1.11 Deal in Santam securities only in accordance with the policy adopted and approved by the Board, the Companies Act, the Financial Markets Act and the JSE LR.

## 8. POWERS OF THE BOARD

- 8.1 The powers of the Board are set out in the Company's MOI, and the exercise of these powers is governed by the Companies Act, the Insurance Act, the common law as enforced in the courts, prevailing legislation relating to listed companies, the Board approved Group Governance Policy and Santam's Board Approval Framework.
- 8.2 The Board of Santam has adequate power and resources to discharge its duties fully and effectively in terms of prevailing legislation.
- 8.3 The reserved powers of the Board are as follows:

### **8.3.1 Approval of:**

- 8.3.1.1 The Company's vision, mission and values;
- 8.3.1.2 The Company's strategic objectives, business plans, annual budget, Dividend policy and the monitoring of the Company's performance against set objectives;
- 8.3.1.3 All dividends;
- 8.3.1.4 The integrated annual reporting suite;
- 8.3.1.5 Circulars to shareholders, including notices of shareholders meetings;
- 8.3.1.6 Financial risk management and capital policies, including funding and the issue of ordinary shares and loan capital;
- 8.3.1.7 Capital expenditure, acquisitions, joint ventures and disposals in excess of the limits set out in the Board Approval Framework and the Company's MOI.

### **8.3.2 Recommendation to shareholders:**

- 8.3.2.1 Any changes to the MOI of the Company;
- 8.3.2.2 Proposals relating to the appointment of the external audit firm and the individual (designated) external lead auditor;
- 8.3.2.3 The remuneration of non-executive directors;
- 8.3.2.4 The Remuneration Policy of the Company; and
- 8.3.2.5 Significant changes in the Group's Accounting Policy.

### **8.3.3 Personnel matters:**

- 8.3.3.1 The approval of the appointment and removal of the Group CEO, the executive directors, and the Group Company Secretary.
- 8.3.3.2 The composition of the Board Committees.
- 8.3.3.3 Occupation Health and Safety policies.



### 8.3.4 General:

- 8.3.4.1 Electing a Chair of the Board that is an independent non-executive director;
- 8.3.4.2 The delegation of the Board's powers and authority to the respective Board Committees;
- 8.3.4.3 Ensuring that the Company has an effective and independent Audit Committee as required by the Companies Act and the Prudential Standards;
- 8.3.4.4 Ensuring that the Company appointed a Social, Ethics and Sustainability Committee, as required by the Companies Act;
- 8.3.4.5 Considering business rescue proceedings and/or other turnaround mechanisms as soon as the Company is financially distressed as defined in the Companies Act,
- 8.3.4.6 Approving contracts not in the ordinary course of the Company's business;
- 8.3.4.7 The Board is also responsible for Information Technology (IT) governance and has delegated this responsibility to the Risk Committee. The Risk Committee shall therefore assist the Board in carrying out its IT and IT governance related responsibilities.

## 9. BOARD MEETINGS AND BOARD COMMITTEES

- 9.1 Regular Board meetings will be held, approximately four to six times per year, and any ad hoc meetings will be convened as required. Board members are required to attend all meetings of the Board, unless prior apology with reasons, has been submitted to the Chair and the Group Company Secretary.
- 9.2 Board meetings may, from time to time, be held via electronic means for practical and expeditious reasons.
- 9.3 A round robin resolution in writing, adopted by the majority of the Board members, will be valid and effective as if it had been passed at a duly called and constituted meeting, provided that each Board member received reasonable notice of the matter to be decided. Such resolution will be presented at the next Board meeting for ratification and record purposes.
- 9.4 Attendance at Board meetings may be in person, by teleconference, by video conference and/or other electronic medium provided for.
- 9.5 A schedule of dates of the planned meetings will be provided to the directors well in advance of the meetings. Directors are expected to attend Board meetings and Board Committee meetings on which they serve.
- 9.6 All meetings shall be held at the Company's registered office or via video conferencing, unless otherwise agreed.
- 9.7 At the beginning of each meeting of the Board or its Board Committees, all members would be required to declare whether any of them has any actual, perceived or implied conflict of interest in respect of any of the matters listed on the meeting's agenda. Any such conflicts should be proactively disclosed and managed as determined by the Board and subject to legal provisions.
- 9.8 The Group Company Secretary will take the minutes of all Board meetings.
- 9.9 The Board must assess whether, and to what extent, the establishment of the Board Committees is necessary and appropriate. The following standing Board Committees are Committees of the Board:
  - 9.9.1 Audit Committee
  - 9.9.2 Risk Committee
  - 9.9.3 Human Resources and Remuneration Committee (HRRC)
  - 9.9.4 Nominations Committee
  - 9.9.5 Social, Ethics and Sustainability (SES) Committee
  - 9.9.6 Investment Committee
- 9.10 Other special ad hoc committees may from time to time be established by the Board from among its members for any specific purpose the Board may deem necessary and may be discontinued as required; and where necessary.
- 9.11 Some of the activities or tasks associated with the roles and responsibilities of the Board may be delegated to a Group Executive, a Board Committee, a governance structure within the Santam Group of companies or at least two other persons within Santam. The Company's governance structures are an aid to assist and support the Board in discharging its duties and responsibilities.
- 9.10 The responsibilities and activities of the Board Committees, their terms of reference, membership, and the number of meetings to be held, are contained in their respective Charters/terms of reference, which are reviewed and approved annually by the Board. The respective Board Committees must:
  - 9.10.1 Be structured to ensure that they have the necessary authority, independence, resources and expertise;
  - 9.10.2 Have a clearly defined and documented mandate and functional responsibilities.
  - 9.10.3 Have access to all relevant persons and information to perform their mandate and functions.
  - 9.10.4 Report to the Board regarding matters discussed during Board Committee deliberations.
  - 9.10.5 The Chair of each of the Board Committees makes a presentation to the Board on issues deliberated and/or submitted for discussion at the Board Committee meetings;
  - 9.10.6 The Chair, Group CEO or the Board Committee Chairs may from time to time invite other employees and/or advisors to attend Board or Board Committee meetings whenever deemed appropriate.
  - 9.10.7 Unless varied by these terms of reference, meetings and proceedings of the Board will be governed by the Company's MOI.

9.10.8 The ultimate responsibility for all delegated functions vests with the Board and as such, the Board cannot abdicate its accountability to any of its Board Committees and/or management.

## **10. AGENDA ITEMS FOR BOARD MEETINGS**

- 10.1 The Chair and the Group CEO (in consultation with the Group Company Secretary) shall establish the agenda for each Board meeting. At the beginning of the year a schedule of agenda items to be discussed during the year (to a degree that this can be foreseen) will be established.
- 10.2 Each Director may suggest the inclusion of items on the agenda and may also raise at any Board meeting topics that are not on the agenda for a particular meeting.
- 10.3 A detailed agenda and, to the extent feasible, supporting documents and proposed resolutions will be provided to the directors and other invitees approximately one week prior to each Board meeting. directors shall review this material in advance of the meeting.
- 10.4 Directors can suggest items for inclusion on the agenda for future Board and/or Board Committee meetings and should, therefore, advise the Group Company Secretary timeously and in advance of such meetings.
- 10.5 The number, timing and length of meetings, and the agenda of Board meetings are to be determined in accordance with the Board's Annual Plan.
- 10.6 Board members should be fully prepared for Board meetings to be able to provide appropriate and constructive input on matters for discussion.
- 10.7 The minutes of a Board meeting must be tabled for approval by the Board at its next scheduled meeting.

## **11. DIRECTORS' REMUNERATION**

- 11.1 Non-executive directors shall receive reasonable remuneration for their services, as approved by Santam's shareholders.
- 11.2 Executive directors who are employees of the Company or any of its subsidiaries shall receive no additional remuneration for serving as directors on the Santam Board.
- 11.3 The form and amount of non-executive directors' remuneration will be approved by Santam's shareholders at the AGM after considering proposals in this regard from the Santam Board and in accordance with the policies and principles set forth in the HRRC's Charter. The HRRC will conduct an annual review of such non-executive director remuneration and make a recommendation to the Board for its endorsement.
- 11.4 The Board will ensure that a Remuneration Policy is included in (and published as part of) the Company's integrated annual reporting suite so that Santam's shareholders and other stakeholders can comprehend and cast a non-binding vote on the Company's Remuneration Policy and motivation in the setting remuneration for non-executive Directors.
- 11.5 In accordance with King IV™, Santam will disclose the earnings, share options, restraint payments and all other benefits of individual executive directors. Such disclosures will be presented to the Board for its endorsement, before publication.

## **12. DIRECTORS' INDUCTION, TRAINING AND DEVELOPMENT**

- 12.1 The Board will from time to time evaluate the training and development needs of the directors with respect to the business of Santam as well as their fiduciary duties and legal responsibilities as directors and shall draw up a training programme.
- 12.2 All newly appointed directors are provided with a formal initial induction and orientation in order to familiarise them with their responsibilities as directors, the operations and strategic plans of the Company, the significant financial, accounting and risk management issues, compliance programs, the Company's Code of Ethical Conduct, senior management, context in which the Company operates and its internal and external auditors. The directors will also ensure on a continuous basis that they remain informed.
- 12.3 Continuous professional development programmes ensure that the directors receive regular briefings on changes in risks, laws, industry developments and the environment.
- 12.4 The Group Company Secretary will co-ordinate the induction and training needs of the directors.
- 12.5 A Santam Director Induction, Training and Development Policy is in place and should be reviewed by the Board on an annual basis. The Policy provides guidance on Director induction, training and development needs.

## **13. DIRECTORS' ACCESS TO OFFICERS AND EMPLOYEES**

- 13.1 Directors shall have full and free access to officers and employees of Santam. Any meetings or contacts that a director wishes to initiate may be arranged through the Group CEO and/or the Group Company Secretary.



- 13.2 The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of Santam and will, to the extent appropriately, copy the Group CEO and/or the Group Company Secretary on any written communications between a director and an officer or employee of Santam.

## 14. INDEPENDENT ADVISORS

- 14.1 The Board and each Board Committee shall have the power to, after having discussed it with the Chair and the Group CEO, and in coordination with the Group Company Secretary, engage with experts or advisors, including independent legal counsel, to obtain independent, professional advice relating to the affairs of Santam, or to their other responsibilities as Board members.
- 14.2 Santam will provide for appropriate and reasonable funding, as determined by the Board or Board Committee, for the payment of fees to any such counsel, experts, or advisors.

## 15. BOARD STRUCTURE

### 15.1 Composition and size of the Board

- 15.1.1 The constitution of the Board will be in terms of Santam's MOI. The MOI prescribes that the number of directors of Santam, which shall constitute the Board as a collective, shall not be less than 6 (six) nor more than 15 (fifteen) Directors. The exact number of directors within such a range shall be determined from time to time by the shareholders at the AGM upon the recommendation of the Board – i.e. taking into consideration the need to achieve a balanced composition of its membership with the appropriate balance of knowledge, skills, experience, diversity in demographics as well as independence to objectively and effectively discharge its role and responsibilities.
- 15.1.2 The majority of the members serving on the Board, will be non-executive directors of which most of them will be independent. In particular, there will be a sufficient number of non-executive directors and independent directors to promote objectivity in decision-making by the Board in Santam's best interests.
- 15.1.3 The Board's composition would be annually rotated so as to strengthen the Board's capabilities through the introduction of new members with new expertise and perspectives whilst retaining the valuable knowledge, skills and experience for the maintenance of continuity at a Board level.
- 15.1.4 The Board has a policy that governs its approach towards the promotion of diversity at a Board level, which specifically focus on the promotion of diversity attributes of gender, race, culture, age, religion, field of knowledge, skills and experience. The Company must confirm this by reporting to its stakeholders in its integrated annual reporting suite on how the Board considered and applied the aforesaid Policy in the selection, nomination and appointment of directors.

### 15.2 Quorum Requirements

- 15.2.1 A representative quorum for a fully constituted Board meeting/s is as provided for in clause 33.6 of the Company's MOI and shall be the majority of the appointed Directors.
- 15.2.2 Individuals in attendance at Board meetings by invitation, may participate in the discussions, but do not form part of the quorum for Board meeting/s nor shall they have a vote on issues under discussion.

### 15.3 Selection of Directors

- 15.3.1 Shareholders are ultimately responsible for electing and appointing or removing Board members. The Board through its Nominations Committee will, however, plan accordingly for its own continuity and succession, through *inter alia*, the identification, mentorship and development of future candidates.
- 15.3.2 Board members are appointed through a formal process and the Nominations Committee assists the Board with the process of identifying suitable prospective candidates to be proposed for appointment to the Board.
- 15.3.3 The Santam Board should set the direction and approve the processes for the Board to attain the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities.
- 15.3.4 All directors, Group Executives, public officers, auditors, the Head of the Control Functions, or any alternate must, at all times, have satisfactory educational qualifications, experience or expertise, and the relevant skills and knowledge in respect of the duties that they must perform.
- 15.3.5 Santam adopts a process of staggered continuity and re-election of their Board members, to ensure continuity of experience and knowledge.
- 15.3.6 In terms of Santam's MOI, at the AGM held each year, one third of the directors retire from office by rotation.

The shareholders of Santam will elect and appoint new Directors, and the Board will induct and develop Board members as and when necessary.

- 15.3.7 Incompetent or unsuitable directors (including those who fail to attend meetings without proper explanation) could be removed, taking relevant legal, regulatory and other matters into consideration – i.e. with the Chair usually leading the process.
- 15.3.8 The selection process relevant to the recruitment of new Board members includes the consideration of the independence of the prospective candidates, with reference to various factors relevant to assessing independence on a “substance-over-form” basis. This approach is subject to overall consideration of whether there is any interest, position, association, or relationship that, when judged from the perspective of a reasonable and informed third party, it is likely to influence unduly or cause bias in decision-making in the best interests of Santam.
- 15.3.9 The Group CEO and the Chief Financial Officer are *ex officio* members of the Board and classified as Executive Directors.

#### **15.4 Director Qualifications**

- 15.4.1 The Company’s Nominations Committee will on an annual basis review the requisite skills, attributes, and characteristics of Board members as well as the composition of the Board as a collective and the composition of the respective Board Committees.
- 15.4.2 In assessing the suitability and qualifications of the Directors, the Nominations Committee shall consider the levels of knowledge, diversity, age, skills and experience in the context of the needs of the Board, commensurate with the nature, scale and complexity of the business and risk exposure of Santam.
- 15.4.3 The Board should establish arrangements for periodic and staggered rotation of its members so as to invigorate its capabilities by introducing members with new expertise and perspectives. This should be done whilst retaining valuable knowledge, skills and experience and simultaneously maintaining continuity at a Board level.

#### **15.5 Term of Office and Director Retirement**

- 15.5.1 A non-executive director and member of the Board may continue to serve, in an independent capacity, for longer than 9 (nine) years if, upon an assessment by the Board conducted every year after 9 (nine) years, it is concluded that the Director exercises objective judgment and that there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making.
- 15.5.2 In terms of Santam’s MOI, at least one third of the Company’s non-executive directors shall retire by rotation at the Annual General Meeting held each year.
- 15.5.3 An executive director shall retire at the Annual General Meeting after he/she has held office for 3 (three) years following his/her last re-election.
- 15.5.4 Retiring Board members may be re-elected, provided that they are eligible. The Board, through the Nominations Committee should recommend eligibility (i.e. considering past performance and contribution).
- 15.5.5 The Board’s Retirement Age Policy in terms of Santam’s MOI, furthermore, stipulates that directors will cease to hold office on the day of their 70th (seventieth) birthday or at the discretion of the Board, upon the recommendation of the Nominations Committee – i.e. unless prior to this date, the majority of the Board agree that the term be extended for (1) one year and the Director concerned agrees thereto.

#### **15.6 Resignation from the Board**

- 15.6.1 Any director may resign at any time by giving at least 1 (one) calendar month’s notice in writing.

#### **15.7 Board, interaction with institutional investors, analysts, the media, customers, and members of the public**

- 15.7.1 Except where directed by the Chair, the Group CEO or the Finance Director of Santam, communications on behalf of the Company with the media, securities analysts, stockbrokers, investors and other stakeholders must be made only by specifically designated and duly authorised representatives of Santam.
- 15.7.2 If a director receives any inquiry relating to Santam from the media, securities analysts, brokers or investors, including informal social contacts, he or she should decline to comment and ask them to engage Santam’s Chair, the Group CEO, Financial Director or the Communications Department.

## **15.8 Board and Director appraisal**

- 15.8.1 Formal evaluations of directors are to be conducted on a frequent basis, with the assistance of the Nominations Committee in fulfilling this task.
- 15.8.2 The Chair's own evaluation is conducted by the Nominations Committee, with the assistance of the Lead Independent Director and/or a duly authorised independent non-executive director elected for this purpose. A consolidated summary of the results of the process must be reported to the Board.
- 15.8.3 If a deficiency has been identified, a plan should be developed and implemented for the Director to acquire the necessary skills or amend the behaviour patterns.
- 15.8.4 This process will also form the basis for the Board to identify key objectives for the effective functioning of the Board during the subsequent financial year. The Board should schedule an opportunity for consideration, reflection, and discussion of the results of these formal performance evaluations, as part of its consideration of its yearly work plan.
- 15.8.5 A Board evaluation exercise should be conducted annually and may be conducted by an external service provider.

## **15.9 Disqualification of directors**

- 15.9.1 The Companies Act and Santam's MOI set out the grounds for the disqualification of Directors, which include but is not limited to insolvency, unsound mind and non-attendance of meetings.

## **15.10 Indemnities and insurance**

- 15.10.1 Santam will provide the Board and Board Committee members with, and will pay the premiums for, indemnity and insurance cover while acting in their capacity as members of the Board, to the fullest extent permitted by the Companies Act.
- 15.10.2 The level of cover provided will be decided upon by the Board after considering proposals in this regard from its Audit- and Risk Committees respectively.

# **16 BOARD FUNCTIONARIES**

## **16.1 THE CHAIR OF THE BOARD**

### **16.1.1 Appointment**

The Board will annually appoint a Chair, from amongst the Board members, who is an independent non-executive director. The Board will appraise the performance of the Chair on an annual basis. Prior to the annual confirmation of the appointments of the Chair and LID, the Board shall consider the outside board commitments of the individuals.

### **16.1.2 Role of the Chair**

The primary role of the Chair is to:

- 16.1.2.1 Set the ethical tone for the Board and Santam.
- 16.1.2.2 Provide overall leadership to the Board of Santam without limiting the principle of collective responsibility for Board decisions, whilst at the same time being aware of the individual duties of Board members.
- 16.1.2.3 Set the tone for the Board's performance and undertake same to management.
- 16.1.2.4 Ensure that focus is maintained by the Board on what is best for Santam and that the tone for Santam's success is set.
- 16.1.2.5 The Chair is accountable to the Board.
- 16.1.2.6 Working with fellow Board members, the Chair sets the direction and priorities for the execution of the duties by the Board and acts as the communication channel for the Board decisions where appropriate.

### **16.1.3 Specific Responsibilities of the Chair (i.e. in relation to Santam as an organisation):**

**The Chair will represent Santam at:**

- 16.1.3.1 The AGM and other shareholder meetings – i.e. particularly taking the lead in discussions with shareholders at such meetings or other interventions.

- 16.1.3.2 The respective Chairs of the various Board Committees may also be required to participate at such meetings on specific matters falling within the ambit of those Committees' mandates;
- 16.1.3.3 Engagements with key stakeholders, where the intervention or engagement at the level of the Board is needed – i.e. in addition or instead of management engagement.
- 16.1.3.4 Other functions/events as and when necessary and appropriate to represent Santam and/or its interests.
- 16.1.3.5 Being present/participating in industry engagements conferences and the like, as and when necessary and appropriate to represent Santam.
- 16.1.3.6 The Chair needs to play an active role in engaging the directors and building their strengths and addressing any weaknesses in the Board's performance, which could as a result impact on Santam's performance and reputation;
- 16.1.3.7 The Chair should also be expected to play a leading role in supporting the Group CEO in the process of developing the Company's vision and goals as well as Santam's strategic direction and planning process before it is presented to the Board.

#### **16.1.4 The Chair has the following responsibilities in relation to the Santam Board:**

- 16.1.4.1 The Chair is required to provide overall leadership to the Board.
- 16.1.4.2 Manage conflicts of interests. The Chair must ask the affected Board members to recuse themselves from discussions and decisions in which they have a perceived, implied and/or an actual conflict of interest, unless they are requested to provide specific input, in which event they should not be party to the decision or voting process.
- 16.1.4.3 Oversee and ensure that the Board leads ethically and effectively and that the Company conducts itself in a way that cultivates and exhibits the characteristics of integrity, competence, responsibility, accountability, fairness and transparency;
- 16.1.4.4 Participate in the selection process for Board members (via the Nominations Committee), and overseeing a formal succession plan for the Board, the Group CEO, the FD and other Group Executives;
- 16.1.4.5 Take the lead in the allocation of Board members to Board Committees including the appointment of the respective Committees' Chairs;
- 16.1.4.6 Ensure clarity of mandate and effectiveness of the Board Committees;
- 16.1.4.7 Encourage good working relations, teamwork and collaboration among Board members without inhibiting candid debate and creative tension;
- 16.1.4.8 Oversee the continued appropriateness of Board approved policies that relate to the identification, disclosure and management of conflicts of interest situations, that may arise for Board members in the performance of their governance roles and functions, and for members of the Group Executive Committee (Group Exco) in the performance of their executive roles and functions;
- 16.1.4.9 Ensure that Board members contribute fully to the effective and objective discharge of the Board's role and duties;
- 16.1.4.10 Take the lead in ensuring the evaluation of the Board, its members, the Chairs of its Board Committees as well as addressing non-performance of members of the Board and if and when necessary, including the removal of unsuitable Board members from the Board;
- 16.1.4.11 Mentor the newly appointed/younger/less experienced Board members to develop their skills and to enhance confidence;
- 16.1.4.12 Oversee that newly appointed Board members are appropriately made aware of their responsibilities through an induction and orientation programme;
- 16.1.4.13 Keep the members of the Board suitably informed of significant issues between meetings;
- 16.1.4.14 Ensure that the Board fulfils its duty to steer and set the Company's strategic direction (including same for the governance structures), approving policy and planning as well as overseeing the organisation;
- 16.1.4.15 Monitor and ensure accountability, which results in ethical culture, good performance, effective control and legitimacy; and
- 16.1.4.16 Ensure that good relations are maintained with Santam's major shareholders and other material stakeholders.

#### **16.1.5 The Chair has the following responsibilities in relation to Board meetings:**

- 16.1.5.1 To preside over the Board meetings and ensure that the time spent at meetings, is used productively;
- 16.1.5.2 Exercise judgment as to when additional interventions and/or additional meetings of the Company may be required and the format thereof;
- 16.1.5.3 Ensure that complete, timely, relevant, accurate, and appropriately assured information is placed before the Board to enable the Board members to reach informed decisions;
- 16.1.5.4 Hold rigorous standards of preparation for Board meetings, by (for example) meeting with the Group Company Secretary and Group CEO before meetings and studying the meeting information packs prior to distribution;
- 16.1.5.5 Formulate (with the Group CEO, Group Company Secretary and/or other professionals providing corporate governance services) the annual Board Plan against agreed objectives, and playing an active part in setting the agenda for Board meetings;

- 16.1.5.6 Ensure that sufficient time and effort has been devoted to preparation for meetings by Board members;
- 16.1.5.7 Ensure that those Board members present, constitute a quorum at meetings before decisions are taken;
- 16.1.5.8 Ensure that an effective Group Company Secretary or other governance professional is in place to support the Board;
- 16.1.5.9 Ensure that decisions by the Board are suitably recorded in the minutes and executed accordingly;
- 16.1.5.10 Determine when independent professional advice may be necessary and ensuring that this is procured within the Board approved protocol;
- 16.1.5.11 In order to determine whether the Chair is able to perform his/her duties effectively, the Nominations Committee (in consultation with the Board), should determine the number of external professional positions that the Chair is allowed to hold, taking account of the relative size and complexity of those positions held in other organisations and the potential for conflicts of interest across the roles.

**16.1.6 The Chair has the following responsibilities in relation to management:**

- 16.1.6.1 To act as the link between the Board and the Group CEO;
- 16.1.6.2 Encourage good working relations with management whilst at the same time, maintaining an arm's length relationship;
- 16.1.6.3 Perform the performance appraisal of the Group CEO (in consultation with the Human Resources and Remuneration Committee) and be informed of performance appraisal findings of other Group Executives;
- 16.1.6.4 Assess whether Santam is getting the full value from the Group Executives;
- 16.1.6.5 Act as confidante/sounding board and provide counsel to the Group CEO.
- 16.1.6.6 The Chair will have no executive functions. He/she will act as the main link between the Board and management and particularly between the Board and the Group CEO, as no organisation is likely to run effectively and efficiently unless there is a good working relationship between the Chair and the Group CEO. This includes the Chair and Group CEO respecting each other's responsibility and abilities as well as each other's personal qualities;
- 16.1.6.7 Offer guidance and support to the Group CEO and the Board during times of crisis;
- 16.1.6.8 Oversee the performance of (and acting as the contact/reporting point for) the Group Company Secretary or the professional providing governance services to the Board in respect of the discharge of statutory duties and other duties performed for the Board;
- 16.1.6.9 The Chair, along with all other directors, should recognise that the Group CEO is responsible for leading the implementation and execution of the approved strategy, policy and operational planning and should not expect, as a right and/or entitlement, to become involved in the Company's day-to-day operations;
- 16.1.6.10 Because of the nature of their relationship, the Chair should nevertheless –
  - 16.1.6.10.1 Expect to be kept informed by the Group CEO of all such important matters as emerging problems, risks, potentially good or negative publicity, investment and divestment proposals, funding issues and current performance, issues of concern to the Group CEO et al. and
  - 16.1.6.10.2 The Chair needs to ensure that the Group CEO understands and properly performs his/her role in the relationship;
  - 16.1.6.10.3 In addition to having an effective working relationship with the Group CEO, the Chair should have free access to discuss financial, funding and performance issues directly with the Finance Director. The Group CEO should, however, be made aware of such discussions;
  - 16.1.6.10.4 Give assistance and advice when needed, especially on sensitive matters which the Group CEO feels unable to discuss with other Group Executives;
  - 16.1.6.10.5 Ensure that he/she is sufficiently familiar with Company activities and senior management so that he/she is in a position to provide the Board with independent comment on the Group CEO's reports;
  - 16.1.6.10.6 Keep him/herself fully informed of trends and changes in the finance and insurance industries and Santam's operating environment, both locally and internationally; and
  - 16.1.6.10.7 The Chair should generally also stay more informed of the Company's business and strategy than other directors. To achieve this, the Chair will be invited to attend strategy and budget setting meetings. At these meetings the Chair will act as an observer, sounding board and adviser, but not as a member of the Group Executive team.

**16.1.7 The Chair has the following responsibilities in relation to the stakeholder relationships:**

- 16.1.7.1 The Chair should preside over each of the Company's AGMs and all other shareholder meetings. All directors should be available at the AGM to respond to shareholders and other stakeholders' queries on how the Board executed its mandate and/or governance duties;
- 16.1.7.2 However, the responsibility of reporting on the detail of the business to shareholders is mostly that of the Group CEO, assisted by the Finance Director.
- 16.1.7.3 The Chair should be invited to all shareholder presentations, especially presentations to institutional investors as well as presentations to investment analysts.

16.1.7.4 The Board should ensure that shareholders are equitably treated and that the interests of minority shareholders, are adequately protected.

#### **16.1.8 Other key relationships:**

- 16.1.8.1 The Chair can be called upon to visit, meet or entertain clients, employees, regulators or other people who are important key stakeholders of Santam. He/she may have to make speeches or negotiate on occasions on behalf of the Company;
- 16.1.8.2 Santam is affiliated to a number of business organisations, and the Group CEO is the first choice as a representative at these organisations. However, the Chair may, from time to time, represent the Company at these organisations where he/she and the Group CEO agree on such representation;
- 16.1.8.3 The Santam Board requires the firm and objective leadership of a Chair who ensures that all directors, Group Executives and non-executives alike, are enabled to fulfill their respective roles in the Board's activities.
- 16.1.8.4 The Chair's role is to lead the Board in the objective and effective discharge of its governance role and responsibilities.
- 16.1.8.5 The Chair's primary function is to preside over meetings of directors and to ensure the smooth running of the Board, in the interest of good governance.
- 16.1.8.6 The position of the Chair of Santam, being a major financial institution, requires a fundamental understanding and strong knowledge of finance and financial risk relevant to the institution and the industry in which it operates.

#### **16.1.9 Generally, the Chair:**

- 16.1.9.1 Should not be a member of the Audit Committee;
- 16.1.9.2 He/she may be a member of the Human Resources and Remuneration Committee, but not it's the HRRC's Chair;
- 16.1.9.3 He/she should be a member of the Nominations Committee and may be its Chair if she/he is independent, failing which an independent non-executive director will be appointed as the Chair of the Nominations Committee.
- 16.1.9.4 The Chair may be a member of the Committee responsible for Risk governance;
- 16.1.9.5 He/she may be a member of the Social, Ethics and Sustainability Committee, but not its Chair.
- 16.1.9.6 The Chair should prioritise the execution of the Board's responsibilities and acts as the communication channel for the Board's decisions where appropriate.
- 16.1.9.7 He/she should actively participate in the Nominations Committee of the Board and ensuring, subject to Board and shareholder approval, that the membership of the Board is properly balanced.
- 16.1.9.8 Lead the Board's establishment of a succession plan for the members of the Board;
- 16.1.9.9 Assist the Board in applying its collective mind to the information, opinions, recommendations, reports and statements presented by the Board Committees or the member of the Board;
- 16.1.9.10 In conjunction with the CEO and the Group Company Secretary, setting the agenda for Board meetings.
- 16.1.9.11 The Chair shall ensure that adequate time is allocated for the discussion of Board matters, especially discussions of a strategic and/or policy nature.
- 16.1.9.12 The Chair must also ensure that the appropriate information on every issue is placed before the Board so that members can make informed decisions;
- 16.1.9.13 The Chair will preside over the meetings of the Board, and in doing so he/she should ensure that no Director, (whether Executive or non-executive), dominates the discussions, insofar ensuring that relevant and constructive discussions take place, that the opinions of all directors relevant to the subject under discussion are solicited and freely expressed and that Board discussions lead to appropriate decision;
- 16.1.9.14 The Chair will seek consensus from the Board but may, where considered necessary, call for a vote in which event the decision of an ordinary majority of the Board shall prevail. In the case of a tied vote, the Chair shall be entitled to cast a deciding vote.
- 16.1.9.15 The Chair will, furthermore, manage conflict of interest situations, which may include asking the affected directors to recuse themselves. The Lead Independent Director (if one has been appointed) will in such instances manage situations where conflicts of interest arise for the Chair for which the Chair needs to recuse him/herself.
- 16.1.9.16 He/she will review the minutes of the Board meetings before the meeting at which they will be presented for confirmation and approval. This is to ensure that:
  - 16.1.9.16.1 The Minutes are accurately reflecting the Board's deliberations; and
  - 16.1.9.16.2 The matters arising from the Minutes and on which further action is required, have been addressed.
- 16.1.9.17 The Chair will take a lead in monitoring and evaluating the individual performance of directors and taking the initiative in initiating periodic evaluations of the Board as a whole, the evaluation of the Chair is to be carried out in discussions by the Board under the guidance of the Nominations Committee and the Lead Independent Director (where appointed);



- 16.1.9.18 The Group CEO shall provide input to the Chair's performance evaluation.
- 16.1.9.19 The Chair will also, in conjunction with the Group CEO and the Group Company Secretary, initiate the formulation of an Annual Board Plan to ensure that the Board establishes, at the beginning of each year, the goals it wishes to achieve and the means by which it will be carried out; and
- 16.1.9.20 He/she will also initiate the establishment of Board Committees after considering the advice of the Nominations Committee.

**16.1.10 In conclusion:**

- 16.1.10.1 The Santam Board requires the firm and objective leadership of a Chair who ensures that all directors, executives and non-executive directors alike, are enabled to contribute and play their full part in the Board's activities.
- 16.1.10.2 The Chair's role is to lead the Board in the objective and effective discharge of its governance role and responsibilities and the Chair shall function primarily to preside over meetings of directors and to ensure the smooth running of the Board, in the interests of good governance.
- 16.1.10.3 While performing the functions set out above, the Chair should also be expected to play a role in supporting the Group CEO in:
  - 16.1.10.3.1 The process of forming the Company's vision and goals before it is presented to the Board;
  - 16.1.10.3.2 The Company's strategic direction and planning process before its presentation to the Board
  - 16.1.10.3.3 Ensuring adherence by the Company to both the letter and the spirit of the law.

**16.2 LEAD INDEPENDENT DIRECTOR ("LID")**

- 16.2.1 Subject to the JSE LR and the requirements outlined in King IV™, the Board must appoint a senior independent non-executive director as the Lead Independent Director ("LID"), to lead the Board in the following circumstances:
  - 16.2.1.1 Where the Chair has a conflict and/or absent.
  - 16.2.1.2 Serve as a sounding board for the Chair;
  - 16.2.1.3 Act as an intermediary between the Chair and other members of the Board, if and when necessary;
  - 16.2.1.4 Deal with shareholders' concerns where contact through the normal channels have failed to resolve concerns, or where such contact is inappropriate;
  - 16.2.1.5 Strengthen the independence on the Board, if the Chair is not an independent non-executive member of the Board;
  - 16.2.1.6 Preside over discussions and decision-making by the Board on matters where the Chair has a conflict of interest; and
  - 16.2.1.7 Lead the annual performance appraisal of the Chair.

**16.3 GROUP CHIEF EXECUTIVE OFFICER ("GROUP CEO")**

**16.3.1 Appointment**

The Group CEO shall be appointed (and/or removed) by the Board.

**16.3.2 Responsibilities**

- 16.3.2.1 The task of the Group CEO is to run the business, implement and execute approved policies, strategies and operational plans as approved by the Board and to act as the primary link between management and the Board. All Board authority conferred on management is delegated through the Group CEO, so that the authority and accountability of management is regarded as the authority and accountability of the Group CEO insofar as the Board is concerned.
- 16.3.2.2 The Chair, in consultation with the Board, shall set specific performance targets directed at achieving Santam's goals and business objectives (and an appropriate delegation of authority to the Group CEO) to ensure that the targets are achieved over time.
- 16.3.2.3 The Group CEO shall act within the specific authorities delegated to him/her by the Board in terms of the Board Approval Framework.
- 16.3.2.4 The Board shall annually via the Human Resources and Remuneration Committee evaluate the Group CEO's performance as it relates to achieving specific targets identified by the Board.
- 16.3.2.5 Without in any way limiting the obligations of the Group CEO as determined in his/her contract of employment, the Group CEO shall, in particular, be responsible for:

- 16.3.2.5.1 Ensuring the growth and profitability of Santam in alignment with the vision, goals and strategic direction of the Company that the Board approved;
- 16.3.2.5.2 Making sure that the assets of Santam are adequately maintained and safeguarded, and not unnecessarily placed at risk;
- 16.3.2.5.3 Ensuring that the comprehensive and appropriate internal control mechanisms are recommended to (and adopted by) the Board in order to mitigate key risks;
- 16.3.2.5.4 Not causing or permitting any practice, activity or decision by or within Santam that is contrary to commonly accepted good business practices, good corporate governance or professional ethics;
- 16.3.2.5.5 Communicating to the Board, at least annually, regarding Santam's senior management succession plans and management development initiatives, including details of the Company's compliance with employment equity and human capital development imperatives;
- 16.3.2.5.6 Developing and growing Santam's human capital.
- 16.3.2.5.7 The Group CEO should maintain a positive and ethical work climate that is conducive to attracting, retaining and motivating a diverse group of high caliber employees at all levels of the organisation; and
- 16.3.2.5.8 It is the Group CEO's responsibility to be accountable to, and report to, the Board (and not only to the Chair) for his/her performance.

### **16.3.3 Group CEO's Appraisal**

- 16.3.3.1 The Chair, with the assistance of the Human Resources and Remuneration Committee, appraises the performance of the Group CEO at least on an annual basis in order to ensure that the Group CEO is providing the best leadership for the Company over the short- to long term.
- 16.3.3.2 The Board, as a collective, will work with the Human Resources and Remuneration Committee and the Nominations Committee, to nominate and evaluate potential successors to the Group CEO.

### **16.3.4 The role between the Chair and the Group CEO**

- 16.3.4.1 The Group CEO has a critical and strategic role to play in the operational success of Santam's business.
- 16.3.4.2 The close relationship between the Chair, the Company and its industry makes it absolutely essential that there be a clear understanding and role clarity in respect of the Group CEO.
- 16.3.4.3 There should accordingly be a clear division of responsibilities between the Chair and the Group CEO's roles to ensure a balance of power and authority, such that no individual has unfettered powers of decision-making.
- 16.3.4.4 Subject to the provisions of King IV™, the Group CEO should not become the Chair of the Board, and the retired Group CEO should preferably not become the Chair of the Board until 3 (three) complete years have passed after the end of the Group CEO's tenure ("cooling off period);
- 16.3.4.5 The Group CEO and the Board should agree on whether the Group CEO takes up additional professional positions, including membership of other boards outside of the Santam Group. This furthermore includes consideration of the potential for those appointments to introduce time constraints and/or potential conflicts of interest for performance of the Group CEO role for Santam.

## **16.4 EXECUTIVE AND NON-EXECUTIVE DIRECTORS**

- 16.4.1 Every Director has a legal duty to act independently, in good faith, with due care and skill, and without fetter or instruction.
- 16.4.2 Non-executive directors may be categorised as "independent" if the Board is satisfied and concludes that there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making in Santam's best interests.
- 16.4.3 The Board should consider the following and other indicators holistically, and on a "substance over form" basis, when assessing the independence of a Director for the purpose of categorisation – i.e. whether the director:
  - 16.4.3.1 Is a significant provider of financial capital, or ongoing funding to Santam; or is an officer, employee or a representative of such provider of financial capital or funding;
  - 16.4.3.2 Owns securities in Santam, the value of which is material to the personal wealth of the director;
  - 16.4.3.3 Has been in the employ of Santam as an executive manager during the preceding 3 (three) financial years, or is a related party to such an executive manager;
  - 16.4.3.4 Has been the designated external auditor responsible for performing the statutory audit for Santam, or is a key member of the audit team of the external audit firms, during the preceding 3 (three) financial years;

- 16.4.3.5 Is a representative of a shareholder who has the ability to control or significantly influence management;
  - 16.4.3.6 Has a direct or indirect interest in Santam which exceeds 5% of the Group's total number of shares in issue;
  - 16.4.3.7 Has a direct or indirect interest in Santam, which is less than 5% of the Group's total number of shares in issue but is material to his personal wealth;
  - 16.4.3.8 Is a member of the immediate family of an individual who is, or has been in any of the past 3 (three) financial years, employed by Santam or the Group in an executive capacity;
  - 16.4.3.9 Is a professional advisor to Santam or the Group, other than in a director capacity and has no significant contractual relationship with Santam or the Group;
  - 16.4.3.10 Is in any business or other relationship that could be seen by an objective outsider to materially interfere with the individual's capacity to act in an independent and objective manner such as being a director of a supplier to, or customer of Santam or the Group;
  - 16.4.3.11 Receives remuneration contingent upon the performance of Santam and participate in any of Santam's incentive schemes;
  - 16.4.3.12 Whose independence of character and judgment is in any way affected or impaired by the length of his/her service as a director of Santam.
- 16.4.4 All directors, both executive and non-executive, are bound by his/her fiduciary duties of care and always need to act with diligence.
- 16.4.5 Non-executive directors perform such duties intermittently and have less regular access to the books and records than executive directors. executive directors, on the other hand, must always manage the conflict between their management responsibilities and their fiduciary duties as the directors, in the best interest of Santam. Non-executive directors play a particularly important role in providing independent judgment in such circumstances.
- 16.4.6 Executive directors could take up other non-executive directorships, provided that these are not detrimental to their immediate responsibilities as an executive director of Santam and that it is pre-approved by the Nominations Committee from a conflict of interest perspective.
- 16.4.7 Director remuneration paid by such other directorships taken on, accrues to and must be paid directly to Santam.
- 16.4.8 Deviations from this principle (if any) must be approved by the Human Resources and Remuneration Committee. On the other hand, non-executive directors should be judicious in the number of directorships that they accept, in order to ensure that they do full justice to their onerous and demanding responsibilities. The Nominations Committee is available to provide guidance and assist in this regard.
- 16.4.9 Executive directors are in the full-time employment of Santam with executive functions and hence do not earn any Board fees;
- 16.4.10 The non-executive directors, on the other hand, are not employed by Santam and are free from any major business relationship with Santam. They should fulfil their duties at Board meetings and any other meetings of Santam that they are required to attend. They bring an external judgment on issues of strategy, performance, resources and standards of conduct as well as the evaluation of performance to the Board. Courage, wisdom and independence should be the hallmark of any non-executive director acting in the best interest of Santam.

## 16.5 GROUP COMPANY SECRETARY

### 16.5.1 General

- 16.5.1.1 The appointment of a Group Company Secretary in public companies with a share capital is mandatory under the Companies Act and is also mandatory under the JSE LR and King IV™. Furthermore, the Companies Act empowers the Board to appoint and/or remove the Group Company Secretary as well as outlining his/her duties.
- 16.5.1.2 In addition to extensive statutory duties and regulatory requirements, the Group Company Secretary fulfils a pivotal role in the induction of new or inexperienced directors and in assisting the Chair and Group CEO in determining the Board's Annual Plan. This includes the administration of other issues of a strategic nature at Board level.
- 16.5.1.3 The Board should be cognisant of the duties imposed upon the Group Company Secretary and should empower the Group Company Secretary accordingly, to enable him/her to properly fulfil those duties.
- 16.5.1.4 The Board should ensure that the performance, effectiveness, and independence of the Group Company Secretary are evaluated annually.
- 16.5.1.5 The Board should disclose what Santam's arrangements are concerning the availability/accessibility of Group Company Secretarial services and whether it believes that those arrangements are effective.

## **16.5.2 Appointment**

- 16.5.2.1 The Group Company Secretary is a statutory appointment and is required to be appointed (or removed) by the Board as a collective.
- 16.5.2.2 The Board should be satisfied that the Group Company Secretary has the requisite attributes, knowledge, experience, and qualifications to properly discharge his/her duties.
- 16.5.2.3 The Group Company Secretary must be a permanent resident of the Republic of South Africa and remain so while serving in that capacity.
- 16.5.2.4 The Group Company Secretary should have unfettered access to the Board but for reasons of independence and objectivity, he/she should maintain an arm's length relationship with the Board and the Directors.
- 16.5.2.5 The Group Company Secretary should, accordingly, not be a member of the Board.

## **16.5.3 Responsibilities**

- 16.5.3.1 He/she must guide the Board, collectively, and each Director individually, as to their duties and responsibilities and make them aware of all legislation and regulations relevant to the Company on which Board the directors serve;
- 16.5.3.2 He/she must ensure that the procedure for the appointment of directors is properly carried out and he/she should assist in the proper induction and orientation of directors, including assessing the specific training needs of directors (and the Group Executive management team) in regard to their fiduciary and other responsibilities;
- 16.5.3.3 The Group Company Secretary reports functionally to the Board via the Chair of the Board, on all statutory duties and functions performed in connection with the Board. In regard to other duties, the Group Company Secretary reports administratively to the Group CEO and/or alternatively the Group Finance Director, as is appropriate for Santam;
- 16.5.3.4 He/she should be available to provide comprehensive practical support and guidance to the Directors, with particular emphasis on supporting the non-executive directors and the Chair;
- 16.5.3.5 He/she must ensure unhindered access to information by all Board and Board Committee members so that they can contribute effectively to Board meetings and other discussions;
- 16.5.3.6 Is responsible for the compilation of Board papers and for filtering them to ensure compliance with the required standards of good governance.
- 16.5.3.7 The Group Company Secretary's role should also be to raise matters that may warrant the attention of the Board;
- 16.5.3.8 He/she must ensure compliance with all relevant statutory and regulatory requirements, having due regard to the specific business interests of Santam.
- 16.5.3.9 In particular, the Group Company Secretary must also be aware of the duties set out in Section 88 of the Companies Act;
- 16.5.3.10 He/she must assist with carrying out corporate strategies by ensuring that the Board's decisions and instructions are clearly documented and communicated to the relevant persons;
- 16.5.3.11 He/she needs to communicate with the shareholders as appropriate and ensure that due regard is paid to their interests;
- 16.5.3.12 He/she should provide a central source of guidance and advice to the Board and within Santam on matters of ethics and good governance;
- 16.5.3.13 The Group Company Secretary needs to ensure that there are appropriate arrangements in place for the proper induction of new directors.

## **17 AUTHORITY**

- 17.1 In terms of the Company's MOI, the Board has the authority to exercise all the powers and perform any of the functions of the Company, except to the extent that the Companies Act, the JSE LR, the MOI or other prevailing legislation provides otherwise.
- 17.2 Take independent advice in connection with their duties following an agreed-upon procedure.

## **18 STAKEHOLDER RELATIONS**

- 18.1 The Board should assume the responsibility for the governance of stakeholder management and stakeholder relationships by setting the direction for how it should be approached and conducted in Santam;
- 18.2 The Board should approve policies that articulates and gives effect to its direction on stakeholder relationships.
- 18.3 The Board should delegate to management the responsibility for the implementation and execution of effective stakeholder relationship management.
- 18.4 The Board should exercise ongoing oversight of stakeholder relationship management and, in particular,

oversee that it results in the following:

- 18.4.1 Methodologies for identifying individual stakeholders and stakeholder groups;
- 18.4.2 The determination of material stakeholders based on the extent to which they affect, or are affected by the activities, outputs and outcomes of Santam;
- 18.4.3 The management of stakeholder management related risks as an integral part of Santam's enterprise risk management framework;
- 18.4.4 The formal mechanisms for engagement and communication with stakeholders, including the use of alternative dispute resolution mechanisms and associated processes; and
- 18.4.5 The measurement of the quality of material stakeholder relationships, and appropriate responses to the outcomes.

## **19 MEMORANDUM OF INCORPORATION ("MOI")**

- 19.1 This Charter is not intended to replace or amend the MOI in any way. In the event of a conflict between the MOI and the Charter, the provisions of the MOI would take precedence.
- 19.2 The Charter is also not intended to provide a comprehensive summary of the applicable legal principles that are applicable to the Board, its role and/or responsibilities.
- 19.3 Board members requiring advice on any matter referred to in this Charter, are encouraged to consult the Group Company Secretary.

## **20 APPROVAL AND ANNUAL REVIEW**

- 20.1 This Terms of Reference was approved by the Santam Limited Board, as a collective, and will be due for a review annually thereafter.
- 20.2 A précised version of the Terms of Reference shall be published on Santam's website, or such other platforms as is appropriate.