

# **SANTAM LIMITED**

## **BOARD OF DIRECTORS CHARTER**

APPROVED BY THE BOARD ON 27 NOVEMBER 2019

## 1. INTRODUCTION & PURPOSE OF CHARTER

The Board of Directors (“the Board”) of Santam Limited (“Santam” or “the Company”) acknowledges the need for a Board Charter as recommended in the King IV Code on Corporate Governance for South Africa 2016 (“King IV”). 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 Johannesburg Stock Exchange Listings Requirements, the Insurance Act of 2017, Prudential Standards and any other applicable law or regulatory provisions.

This Charter has been adopted by the Board of Santam to assist the Board and its committees in exercising their 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. The Board will review this Charter at least annually and, if appropriate, revise it from time to time.

The purpose of this Charter is to set out the Board’s role, ethical responsibilities, membership requirements and procedural conduct, which are regularly reviewed to give guidance on the effective functioning of the Board as well as setting out the requirements for its composition and meeting procedures.

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 Limited, including its employees, customers, and the community.

## 2. GENERAL RESPONSIBILITIES OF THE BOARD

- 2.1** In terms of the company’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 of the powers and perform any of the functions of the Company, except to the extent that the Companies Act, MOI or other prevailing legislation provides otherwise.
- 2.2** The responsibility of the directors is to ensure Santam's prosperity by collectively directing the Company's affairs, set the tone for an ethical organisational culture and to exercise their business judgement to act in what they reasonably believe to be in the best interests of Santam. The Board should perform its duties in the best interests of the Company.
- 2.3** For this purpose, the Board will:
- 2.3.1 establish and maintain the responsibility for the effective governance and risk management within Santam;
  - 2.3.2 act as the focal point for, and custodian of corporate governance by managing its relationship with management, the shareholders and other stakeholders of the company in line with sound corporate governance principles;
  - 2.3.3 determine, review and oversee that Santam’s vision and values are congruent with the Company being a responsible corporate citizenship;
  - 2.3.4 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;

- 2.3.5. consider, challenge and approve Santam's strategy as formulated and developed by management.
- 2.3.6. oversee and appreciate that Santam's core purpose, strategy, risk and opportunity, 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:
- a) that Santam's strategy and conduct are congruent to it being a responsible corporate citizen;
  - b) the timelines and parameters which determine the meaning of short, medium and long term respectively;
  - c) the risks, opportunities and other significant matters connected to the triple context in which Santam operates;
  - d) the extent to which the proposed strategy depends on the resources and relationships connected to the various forms of capital as applicable to Santam;
  - e) the increase, decrease or transformation of the various forms of capitals that may result from the execution of the Santam strategy;
  - f) satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management;
  - g) identifying key performance and risk areas;
  - h) regularly reviewing the business objectives and strategy, and ensuring that the strategy will result in sustainable outcomes, and remain consistent with the long term interests and sustainability of Santam and the interests of its stakeholders; and
  - i) considering sustainability as a business opportunity that guides strategy formulation;
- 2.3.7. provide effective leadership on an ethical foundation;
- 2.3.8. ensure that it acts ethically beyond mere compliance;
- 2.3.9. 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;
- 2.3.10. be responsible for Information and Technology (IT) governance;
- 2.3.11. ensure that the company has an effective and independent Audit committee;
- 2.3.12. ensure that there is an effective risk-based internal audit;
- 2.3.13. appreciate that stakeholder's perceptions affect the company's reputation;
- 2.3.14. ensure that the roles and responsibilities allocated by it are clearly defined so as to promote an appropriate separation of oversight function from management responsibilities.
- 2.4** The Board shall oversee that reports such as the annual integrated reports, annual financial statements, sustainability reports, social and ethics committee reports, or other

online or printed information or reports are issued, as is necessary, to comply with legal requirements, and/or to meet the legitimate and reasonable information needs of material stakeholders.

- 2.5** The Board must ensure that it recognises its responsibility to be transparent in the manner in which it exercises its governance role and responsibilities.
- 2.6** The Board must act in the best interests of Santam by ensuring that individual directors:
- a) adhere to legal standards of conduct;
  - b) are permitted to take independent advice in connection with their duties following an agreed-upon procedure;
  - c) avoid conflict of interest, and if the conflict cannot be avoided, members must fully disclose their real or perceived conflicts to the Board at the earliest opportunity and then proactively manage them as determined by the Board and subject to legal provisions;
  - d) continuously develop the competence to lead effectively;
  - e) deal in securities only in accordance with the policy adopted by the Board, the Companies Act and the JSE Listings Requirements.
- 2.7** The Board will consider business rescue proceedings as soon as the company becomes financially distressed as defined in the Companies Act, read with other prevailing legislation.
- 2.8** The Board will elect an independent non-executive member as chair to lead it in the objective and effective discharge of its governance role and responsibilities. The board may also appoint a lead independent director if it deems that such appointment is required.
- 2.9** The Board will adopt and implement a procedure to, at least annually, assess its performance and effectiveness as a whole, and that of individual directors, including the Chief Executive Officer (CEO) of Santam and the Chair of the Board.
- 2.10** The Board will embrace the Code of Practices and Corporate Conduct in the King IV Report. The members of the Board will ensure that they are fully informed regarding Santam's MOI, the JSE Listings Requirements and relevant prevailing legislation as amended from time to time.
- 2.11** The Board will ensure that:
- a) policies, procedures and practices are in place that protect Santam's assets and reputation;
  - b) Santam complies with all relevant laws, regulations and codes of best business practice as well as adherence to the Company's Code of Ethics;
  - c) technology and information systems used in Santam are adequate to run the business properly;
  - d) Santam has appointment, dismissal, development and succession policies, procedures and plans for its executive directors and senior management;

- e) An effective governance framework has been agreed upon between the company and its subsidiaries and will monitor the adequacy thereof on an annual basis;
- f) disputes are resolved effectively, efficiently and as expeditiously as possible.
- g) that it exercises courage in taking risks and capturing opportunities that are in the best interest of the Company;
- h) it approves the protocol to be followed by its non-executive members for requisitioning documentation from, and setting up meetings with management.

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

- 3.1** The Santam Board's collective responsibility is to ensure its oversight of Santam's strategy and related risks and opportunities, its business model and its performance and sustainable development.
- 3.2** 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 and its outside advisors and auditors.
- 3.3** 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 of 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.
- 3.4** The Board must 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.
- 3.5** The Board shall provide oversight in respect of the design and implementation of sound risk management and internal control systems and functions.
- 3.6** The Board will adopt and oversee the effective implementation of all material policies of the company.
- 3.7** The Board is responsible for effective claims management and must approve and oversee the effectiveness of the implementation of the Santam's claims management framework.
- 3.8** The Board is responsible for effective complaints management and must approve and oversee the effectiveness of the implementation of Santam's complaints management framework.

### **4. THE BOARD SHALL REVIEW, EVALUATE AND APPROVE:**

- 4.1** 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 required return on capital;
- 4.2** the levels of risk tolerance acceptable to the Group;

- 4.3 major resource allocations and capital investments;
- 4.4 the financial and operating results of Santam, as well as its going concern status;
- 4.5 identified key risk and opportunity areas and key performance indicators in order for Santam to generate economic profit, so as to enhance shareowner value in the long term, and at the same time recognise the wider interests of society;
- 4.6 the overall corporate organisational structure and the assignment of senior management responsibilities;
- 4.7 Santam's BEE/transformation targets and objectives;
- 4.8 The remuneration strategy as it relates to senior employees, having due regard to the prevailing legislation;
- 4.9 approve management's determination of the reporting frameworks (including reporting standards) to be used, taking into account legal requirements and the intended audience and purpose of each annual integrated report;
- 4.10 Santam's corporate objectives and policies relating to social, ethical and sustainability responsibilities;
- 4.11 approve managements' bases for determining materiality for the purpose of deciding which information should be included in the annual integrated report;
- 4.12 the process to ensure the integrity and effectiveness of Santam's risk management and the establishment and maintenance of an adequate and effective internal control system;
- 4.13 the role and effectiveness of the Board Committees, Board Plan and Board Committee charters, annually; and
- 4.14 adequate policies and procedures relating to the appointment, dismissal and succession of managing executives and heads of control functions
- 4.15 the company secretary annually;
- 4.16 the scope of the Santam Delegation of Authority (Board Authorisation Framework) annually.

## **5. ADDITIONAL RESPONSIBILITIES OF INDIVIDUAL DIRECTORS**

Directors must at all times meet the "fit and proper test" requirements. The directors serving on the Santam board will ensure that they:

- 5.1 have the time to devote to properly carry out their responsibilities and duties to Santam;
- 5.2 exercise leadership, enterprise, integrity and judgment and act in the utmost good faith and honesty in all their dealings with or on behalf of the Company and act independently of any outside fetter or instruction;
- 5.3 not only exhibit the degree of skill and due care and diligence and take reasonable diligent steps as may be reasonably expected from persons of their skill and experience, but also exercise both the care and skill any reasonable person would be expected to show in looking after their own affairs;
- 5.4 qualify 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 social milieu in which the company operates;

- 5.5** never permit a conflict of duties and interests and disclose potential conflicts of interest to the Board at the earliest possible opportunity;
- 5.6** treat any confidential matters relating to Santam, learned in their capacity as directors, as strictly confidential and to not divulge them to anyone without the express written authority of the Company;
- 5.7** regularly attend meetings and review the Board papers and other relevant information in time for them to make informed decisions;
- 5.8** exercise independent judgment and objectivity in decision-making, taking into account the interests of Santam and its stakeholders;
- 5.9** act with enterprise for and on behalf of Santam and always strive to increase shareholders' value, while having regard for the interests of all stakeholders relevant to the Company;
- 5.10** take due cognisance (from a holistic perspective) of environmental protection codes and practices during their deliberations; and
- 5.11** obtain independent professional advice at the earliest opportunity, if in doubt about any aspect of their duties.

## **6. POWERS OF THE BOARD**

- 6.1** The powers of the Board are set out in the MOI of the Company, and the exercise of these powers is governed by the Companies Act, the common law as enforced in the courts, prevailing legislation relating to listed companies and the approved Santam Board Delegation of Authority document.
- 6.2** The Board of Santam has adequate power and resources to discharge its duties in terms of prevailing legislation fully and effectively.
- 6.3** The reserved powers of the board are as follows:

### **6.3.1 Approval of:**

- The company's vision, mission and values;
- The Company's strategic objectives, business plans, annual budget, dividend policy and the monitoring of the Company's performance against set objectives;
- All dividends;
- The Annual Integrated Report;
- Circulars to shareowners, including notices of shareholders meetings;
- Financial risk management and capital policies, including funding and the issue of ordinary shares and loan capital;

- Capital expenditure, acquisitions, joint ventures and disposals in excess of the limits set out in the Delegation of Authority document and the Memorandum of Incorporation;
- Significant changes in accounting policy.

#### 6.3.2 Recommendation to shareholders on:

- Any changes to the Memorandum of Incorporation of the company;
- Proposals relating to the appointment of the firm of auditors and the individual and designated auditors as well as the approval of the audit fee;
- Remuneration of directors;
- Remuneration Policy of the company.

#### 6.3.3 Personnel matters:

- Approval of the appointment and removal of the chief executive, executive directors, and the company secretary.
- Composition of the board committees.
- Occupation Health and Safety policies.

#### 6.3.4 General:

- Electing a chairman of the board that is an independent non-executive director;
- Delegation of the board's powers and authority to committees of the board.
- Ensuring that the company has an effective and independent audit committee;
- Ensuring that the company has appointed a Social and Ethics Committee, as required by the Companies Act, 2008;
- Considering business rescue proceedings other turnaround mechanisms as soon as the company is financially distressed as defined in the Companies Act, 2008;
- Approval of contracts not in the ordinary course of the company's business;
- The Board is 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 responsibilities.

## 7 BOARD MEETINGS AND BOARD COMMITTEES

**7.1** Regular Board meetings will be held, approximately four to six times per year, and 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 Chairperson or the Company Secretary.

**7.2** A schedule of dates and of the scheduled meetings will be provided to the Directors well in advance of the meetings. Directors are expected to attend Board meetings and meetings of the committees on which they serve. All meetings shall be held at the company's registered office or via video conferencing, unless otherwise arranged.

- 7.3** At the beginning of each meeting of the Board or its committees, all members would be required to declare whether any of them has any conflict of interest in respect of a matter on the agenda. Any such conflicts should be proactively managed as determined by the Board and subject to legal provisions.
- 7.4** The Company Secretary will take minutes of all Board meetings.
- 7.5** The Board must assess whether, and to what extent, the establishment of committees of the Board is necessary and appropriate. The following standing committees are committees of the Board:
- a) Audit Committee
  - b) Risk Committee
  - c) Human Resources and Remuneration Committee
  - d) Nominations Committee.
  - e) Social, Ethics & Sustainability Committee
  - f) Investment Committee
- 7.6** Other special *ad hoc* committees may be appointed 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, some of the activities or tasks associated with the roles and responsibilities of the Board may be delegated to a managing executive, a committee or at least two other persons within Santam. The committees are an aid to assist the Board in discharging its duties and responsibilities.
- 7.7** The responsibilities and activities of the committees, their terms of reference, membership and number of meetings to be held, are contained in their respective Charters, which are reviewed and approved annually by the Board. The Committees must:
- a) Be structured to ensure that they have the necessary authority, independence, resources and expertise;
  - b) Have a clearly defined and documented mandate and functions; and
  - c) Have access to all relevant persons and information to perform their mandate and functions.
  - d) Report to the board regarding matters discussed during committee deliberations.
  - e) The Chair, CEO or committee chairs may from time to time invite other employees and advisors to attend Board or committee meetings whenever deemed appropriate.
  - f) Unless varied by these terms of reference, meetings and proceedings of the Board will be governed by the relevant clauses of the company's MOI.
  - g) The ultimate responsibility for all delegated functions vests with the Board and as such, the Board cannot abdicate its accountability to the committees.

## **8 AGENDA ITEMS FOR BOARD MEETINGS**

- 8.1** The agenda for each Board meeting will be determined in consultation with the Chair of the Board. At the beginning of the year a schedule of agenda items to be discussed during the year (to the degree this can be foreseen) will be established.
- 8.2** Each director may suggest the inclusion of items on the agenda and may also raise at any Board meeting subjects that are not on the agenda for a particular meeting. 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. Directors to have items to suggest for inclusion on the agenda for future Board meetings should advise the Company Secretary timeously in advance of such meetings. The number, timing and length of meetings, and the agenda are to be determined in accordance with the annual Board plan.
- 8.3** Board members should be fully prepared for Board meetings to be able to provide appropriate and constructive input on matters for discussion.
- 8.4** The minutes of a board meeting must be tabled for approval by the Board at its next scheduled meeting.

## **9 REMUNERATION**

- 9.1** Non-executive directors shall receive reasonable remuneration for their services. Directors who are employees of the company or any of its subsidiaries shall receive no additional remuneration for serving as directors.
- 9.2** The form and amount of non-executive director remuneration will be determined 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 Human Resources and Remuneration Committee's Charter. The Human Resources and Remuneration Committee will conduct an annual review of such director remuneration.
- 9.3** The board will ensure that a Remuneration Policy and implementation report should be tabled every year for separate non-binding advisory votes by shareholders at the AGM. Such disclosures will be presented to the Board before publication.

## **10 DIRECTORS' INDUCTION AND ONGOING EDUCATION**

- 10.1** The Board will from time to time evaluate the training 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. All new 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, Code of Ethics, senior management, context in which the Company operates and its internal and external auditors. The directors will also ensure that they remain informed.

- 10.2 Continuing professional development programmes ensure that directors receive regular briefings on changes in risks, laws and the environment.
- 10.3 The Company Secretary will co-ordinate the induction and training needs of the directors.

## **11 DIRECTORS' ACCESS TO OFFICERS AND EMPLOYEES**

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 CEO or the Company Secretary. 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 appropriate, copy the CEO or the Company Secretary on any written communications between a director and an officer or employee of Santam.

## **12 INDEPENDENT ADVISORS**

The Board and each committee shall have the power to, after having discussed it with the Chair and CEO, and in coordination with the 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. Santam will provide for appropriate and reasonable funding, as determined by the Board or committee, for payment of fees to any such counsel, experts or advisors.

## **13 BOARD STRUCTURE**

### **13.1 Composition and size of the Board**

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 whole Board, shall not be less than 6 (six) nor more than 15 (fifteen). The exact number of directors within such range shall be determined from time to time by the shareholders at the AGM on the recommendation of the Board, taking into consideration of the need to achieve a balanced composition of its membership with the appropriate balance of knowledge, skills, experience, diversity in demographics and independence to objectively and effectively discharge its role and responsibilities.

The board recognises that its effectiveness depends very much on its composition. There will be an appropriate balance of power and authority in the board. The majority of the board will be non-executive directors, most of whom are independent in order to promote objectivity in decision making. 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 the company's best interests.

### **13.2 Quorum**

A representative quorum for meetings is as provided for in clause 33.6 of the company's MOI, and shall be the majority of the appointed directors.

Individuals in attendance at Board meetings by invitation may participate in discussions but do not form part of the quorum for Board meetings nor shall they have a vote on issues under discussion.

### **13.3 Selection of directors**

Shareholders are ultimately responsible for electing or removing Board members. The Board through its Nominations Committee however, will accordingly plan for its own continuity and succession, through inter alia, identification, mentorship and development of future candidates. Board members are appointed through a formal process and the Nominations Committee assists with the process of identifying suitable candidates to be proposed for appointment to the board in terms of the policy annexed to this charter.

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.

All directors must, at all times, have satisfactory educational qualification, experience or expertise, and relevant skills and knowledge in respect of the duties that they must perform.

The chief executive officer and the chief financial officer are *ex officio* members of the board.

The shareholders will elect and appoint, and the Board will induct, develop and remove Board members as and when required. Incompetent or unsuitable directors (including those who fail to attend meetings without proper explanation) could be removed from office, taking relevant legal, regulatory and other matters into consideration.

### **13.4 Director Qualifications**

The Company's Nominations Committee will on an annual basis review the requisite skills and characteristics of Board members as well as the composition of the Board as a whole. A Non-Executive Director member of the Board may continue to serve, in an independent capacity, for longer than nine years if, upon an assessment by the Board conducted every year after nine years, it is concluded that the member exercises objective judgment and 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.

This review shall include assessment of members' independence with reference to various factors relevant to assessing a member's independence on a substance-over-form basis, and 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, is likely to influence unduly or cause bias in decision-making in the best interests of Santam. As well as consideration of 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 risks of Santam.

### **13.5 Director retirement**

The Board's retirement age policy in terms of Santam's MOI is that directors will cease to hold office at the annual general meeting following his/her 70th (seventieth) birthday,

unless prior to this date the majority of the board agree that the term be extended for one year and the director concerned agrees thereto.

In terms of the MOI, at least one third of non-executive directors shall retire by rotation at the Annual General Meeting held each year. An executive director shall retire at the Annual General Meeting after he has held office for three years following his last re- election. These retiring board members may be re-elected, provided they are eligible. The board, through the Nominations Committee should recommend eligibility, considering past performance and contribution.

### **13.6 Resignation from the Board**

Any director may resign at any time by giving notice in writing to the Company.

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

Except where directed by the Chair, CEO or the Financial 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 representatives of Santam. 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 call Santam's Chair, CEO, Financial Director or the Communications Department.

### **13.8 Board and director appraisal**

Formal evaluations of directors are to be conducted annually, with the assistance of the Nominations Committee. The Chair's own evaluation is conducted by the Nominations Committee, with the assistance of the Lead Independent Director, if appointed. A consolidated summary of the results of the process must be reported to the Board.

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. This process will also form the basis for the Board to identify key objectives for the effective functioning of the Board for the subsequent 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.

A board evaluation should be conducted at least every two years and may be conducted by an external service provider.

### **13.9 Disqualification of directors**

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.

### **13.10 Indemnities and insurance**

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

## **14 BOARD FUNCTIONARIES**

### **14.1 CHAIR**

### 14.1.1 Responsibilities

- a) To lead the Board objectively and to ensure that it effectively discharge its governance role and responsibility. The Chair's central responsibility is to lead the Board in the objective and effective discharge of the Board's governance role and responsibilities
- b) To provide overall leadership to the Board, without limiting the principle of collective responsibility for steering and setting the direction of Santam.
- c) Actively participating in the Nominations Committee of the Board and ensuring, subject to Board and shareholder approval, that the membership of the Board is properly balanced.
- d) To lead the Board's establishment of a succession plan for the members of the Board
- e) To assist the Board in applying its collective mind to the information, opinions, recommendations, reports and statements presented by the committee or the member of the Board.
- f) In conjunction with the CEO and Company Secretary, setting the agenda for Board meetings. The Chair shall ensure that adequate time is allocated for discussion of board matters, especially discussions of a strategic or policy nature. The Chair must also ensure that the appropriate information on every issue is placed before the Board so that members can make informed decisions.
- g) The Chair will preside over the meetings of the Board, and in doing so should ensure that no director, whether executive or non- executive, dominates the discussion, that relevant discussion takes 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 decisions. 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. The Chair will manage conflict of interest situations, which may include asking affected directors to recuse themselves. The Lead Independent Director (if one is appointed) will manage situations where conflicts of interest arise for the Chair for which the Chair needs to recuse him/herself.
- h) Reviewing the minutes of the meetings of the Board, before the meeting at which they will be presented for confirmation, to ensure that:

- they accurately reflect the Board's deliberations; and
  - matters arising from the minutes and on which further action is required, have been addressed.
- i) Taking 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 Lead Independent Director (where appointed). The CEO shall provide input to the Chair's evaluation.
  - j) In conjunction with the CEO and Company Secretary, initiating the formulation of a 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 this will be carried out.
  - k) Initiating the establishment of Board committees after considering the advice of the Nominations Committee.

#### 14.1.2 Appointment and Appraisal

Every year the Board will confirm the appointment of the Chair. 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 (if one has been appointed), the board shall consider the outside board commitments of the individuals.

The Chair:

- a) Should preferably not be a member of the audit committee, and shall not chair the audit committee.
- b) May be a member of the remuneration committee but not its chair.
- c) Should be a member of the nominations committee and may be its chair.
- d) May be a member of the committee responsible for risk governance.
- e) May be a member of the social and ethics committee.

#### 14.1.3 Relationship with management

The Chair will have no executive functions. He or she will act as the main link between the Board and management and particularly between the Board and the CEO.

The Chair, along with all other directors, should recognise that the CEO is responsible for leading the implementation and execution of approved strategy, policy and operational planning and should not expect to become involved in the Company's day-to-day operations. It is the CEO's responsibility to report to the Board and not just to the Chair.

Because of their particular relationship, the Chair should nevertheless:

- a) Expect to be kept informed by the CEO of all such important matters as emerging problems, risks, potentially good or bad publicity, investment and divestment proposals, funding issues and current performance. Especially issues of concern to the CEO or Chair should be freely discussed.
- b) Make him or herself available at all reasonable times to the CEO to act as a sounding board in ensuring that the CEO's decisions are properly considered and soundly based; and
- c) give assistance and advice when needed, especially on sensitive matters which the CEO feels unable to discuss with other executives.
- d) Ensure that the CEO understands and properly performs his or her role in the relationship.
- e) In addition to having an effective working relationship with the CEO, the Chair should have free access to discuss financial funding and performance issues directly with the Financial Director. The CEO should, however, be aware of such discussions.
- f) Ensure that he or she is sufficiently familiar with company activities, and senior management so that he or she is in a position to provide the Board with independent comment on the CEO's reports.
- g) Keep himself fully informed of trends and changes in the finance and insurance industries and Santam's operating environment. He or she should generally also stay more informed of the company's business and strategy than other directors.

#### 14.1.4 Relationship with stakeholders

The Chair should preside over all the 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 governance duties.

However, the responsibility of reporting on the detail of the business to shareholders is mostly that of the CEO, assisted by the Financial Director. The Chair should be invited to all shareholder presentations, especially presentations to institutional investors as well as presentations to investment analysts. The Board should ensure that shareholders are equitably treated, and that the interests of minority shareholders are adequately protected.

#### 14.1.5 Other relationships

The Chair can be called upon to visit, meet or entertain clients, employees, regulators or other people who are important to Santam. He or she may have to make speeches or negotiate on occasions on behalf of the company.

Santam is affiliated to a number of business organisations, and the CEO is its first choice as representative at these organisations. However, the Chair may from time to time represent the company at these organisations where he or she and the CEO agree on such representation.

#### 14.1.6 General

The Santam Board requires the firm and objective leadership of a Chair who ensures that all directors, executive and non-executive alike, are enabled to play their full part in the Board's activities. 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.

While performing the functions set out above, the Chair should also be expected to play a role in supporting the CEO in:

- (a) the process of forming the company's vision and goals before their presentation to the Board;
- (b) the company's strategic direction and planning process before its presentation to the Board;
- (c) ensuring adherence by the company to both the letter and the spirit of the law.

### **14.2 LEAD INDEPENDENT DIRECTOR ("LID")**

The board may elect to appoint a LID. The LID will deputise for the Chair at meetings during the Chair's absence. The LID will also chair discussions and decision making by the Board where the Chair has a conflict of interest. The LID shall also assist with the evaluation of the Chair.

The above is subject to the exception of any instances where the LID is not able to do so on account of there being a conflict of interest.

The LID shall also serve as a sounding board for the Chair and shall act as an intermediary between the Chair and other members of the board, if required.

### **14.3 CHIEF EXECUTIVE OFFICER (CEO)**

14.3.1 The CEO shall be appointed (or removed) by the Board. The board should ensure there is a succession plan for the CEO position in place to provide continuity of executive leadership. The succession planning should be reviewed periodically.

#### 14.3.2 Responsibilities

The task of the CEO is to run the business and implement and execute approved policies, strategies and operational plans as adopted by the Board and act as a chief link between management and the Board. All Board authority conferred on management is delegated through the CEO, so that the authority and accountability of management is regarded as the authority and accountability of the CEO insofar as the Board is concerned.

The Chair, in consultation with the Board, shall set certain specific targets directed at achieving Santam's goals and business objectives and an appropriate delegation of authority to the CEO to ensure that the targets are achieved. The CEO shall act within the specific authorities delegated to him or her by the Board in terms of the Board Delegation of Authority.

The Board shall annually via the Human Resources and Remuneration Committee measure the CEO's performance as it relates to achieving the specific targets.

Without in any way limiting the obligations of the CEO as determined in his or her contract, the CEO shall, in particular, be responsible for:

- (a) ensuring the growth and profitability of Santam within the vision, goals and strategic direction approved by the Board;
- (b) making sure that the assets of Santam are adequately maintained and protected, and not unnecessarily placed at risk;
- (c) ensuring that the comprehensive and appropriate internal control mechanisms are recommended to and adopted by the Board in order to mitigate against key risks;
- (d) not causing or permitting any practice, activity or decision by or within Santam that is contrary to commonly accepted good business practice, good corporate governance or professional ethics;
- (e) communicating to the Board, at least annually, Santam's senior management succession planning and management development initiatives, including details of the company's compliance with employment equity and human capital development imperatives; and
- (f) developing and growing Santam's human capital. The CEO should maintain a positive and ethical work climate that is conducive to attracting, retaining and motivating a diverse group of top-quality employees at all levels of Santam, and
- (g) serve as the chief spokesperson for the Santam Group.

14.3.3 The Chair, with the Santam Human Resources and Remuneration Committee, appraises the performance of the CEO in order to ensure that the CEO is providing the best leadership for the Company in the short – long term. The Human Resources and Remuneration Committee should report annually to the Board on succession planning. The entire Board will work with the Committee to nominate and evaluate potential successors to the CEO.

14.3.4 The CEO has a critical and strategic role to play in the operational success of Santam's business. There is a clear division of responsibilities between the roles of Chair and CEO to ensure a balance of power and authority, such that no individual has unfettered powers of decision-making. Therefore, the roles of Chair and CEO should be separate, with responsibilities divided between them. Subject to the provisions of King IV, the CEO should not also become the Chair of the Board, and the retired CEO should not become the Chair of the Board until three complete years have passed after the end of the CEO's tenure.

The Board should ensure the following information is disclosed in relation to the CEO as part of Santam's corporate governance disclosures:

- a) Notice period stipulated in the CEO's employment contract and the contractual conditions related to termination;
- b) Other professional commitments of the CEO, including membership of other boards;
- c) Whether succession planning is in place for the CEO position.

#### **14.4 EXECUTIVE AND NON-EXECUTIVE DIRECTORS**

- 14.4.1 Every director has a legal duty to act independently, in good faith, with due care and skill, and without fetter or instruction. All directors, both executive and non-executive, are bound by fiduciary duties and duties of care and skill. Non-executive directors perform such duties intermittently and have less regular access to the books and records of Santam than do executive directors. Executive directors, on the other hand, must always manage the conflict between their management responsibilities and their fiduciary duties as a director in the best interests of Santam. Non-executive directors play a particularly important role in providing independent judgment in such circumstances.
- 14.4.2 Subject to legal provisions, each member of the board should submit to the Board a declaration of all financial, economic and other interests held by the member and related parties at least annually, or whenever there are significant changes.
- 14.4.3 At the beginning of each meeting of the board or its committees, all members should be required to declare whether any of them has any conflict of interest in respect of a matter on the agenda. Any such conflicts should be proactively managed as determined by the Board and subject to legal provisions.
- 14.4.4 Non-executive members of the Board may be categorised by the Board as independent if it 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 the best interests of Santam. The Board should consider the indicators holistically, and on a substance-over-form basis, when assessing the independence of a member for categorisation.
- 14.4.5 Executive directors could take other non-executive directorships, provided these are not detrimental to their immediate responsibilities as an executive director of Santam and that it is approved by the Human Resources and Remuneration Committee from a conflict of interest perspective.
- 14.4.6 Non-executive directors should be judicious in the number of directorships they accept, in order to ensure that they do full justice to their responsibilities as a member of the Santam Board.

## 14.5 COMPANY SECRETARY

### 14.5.1 General

- a) The company secretary shall provide professional corporate governance services to the Board. The appointment of a Company Secretary in public companies with a share capital is mandatory under the Companies Act and is also mandatory under the JSE Listings Requirements.
- b) The Company Secretary facilitates the induction of new directors and assists with the training of directors. The company secretary shall assist the Chair and CEO in determining the Annual Board Plan.
- c) The Board should ensure that the office of the company secretary is empowered and that the position carries the necessary authority in order to enable him/her to fulfil their duties.
- d) The Board should approve the appointment (or removal) of the company secretary and should oversee that the person appointed has the requisite attributes, competence, knowledge, experience and qualification to properly discharge his/her duties and to provide independent guidance and support to the Board. The Company Secretary must be a permanent resident of the Republic, remain so while serving in that capacity.
- e) The company secretary should have unfettered access to the Board but, for reasons of independence, should maintain an arms-length relationship with its members, and accordingly, the company secretary should not be a member of the Board.
- f) The Board should ensure that the performance and independence of the Company Secretary function is evaluated annually. The Board should disclose what Santam's arrangements are concerning availability of company secretarial services, and whether it believes that those arrangements are effective.

### 14.5.2 Responsibilities

The Company Secretary:

- a) 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;
- b) must ensure that the procedure for the appointment of directors is properly carried out and he or she should assist in the proper induction and orientation of directors, including assessing the specific training needs of directors and executive management in regard to their fiduciary and other responsibilities;
- c) should be available to provide comprehensive practical support and guidance to directors, with particular emphasis on supporting the non- executive directors and Chair;
- d) must ensure unhindered access to information by all Board and committee members so that they can contribute to Board meetings and other discussions;
- e) is responsible for the compilation of Board papers and for filtering them to ensure compliance with the required standards of good governance. The Company Secretary's role should also be to raise matters that may warrant the attention of the Board;

- f) must ensure compliance with all relevant statutory and regulatory requirements, having due regard to the specific business interests of Santam. In particular, the Company Secretary must also be aware of the duties set out in section 88 of the Companies Act;
- g) must ensure that the Board's decisions and instructions are clearly communicated to the relevant persons;
- h) needs to communicate with the shareholders as appropriate, and to ensure that due regard is paid to their interests;
- i) should provide a central source of guidance and advice to the Board on matters of ethics and good governance; and
- j) should ensure that there are appropriate arrangements in place for proper induction of new directors.

## **15 STAKEHOLDER RELATIONS**

The Board must assume responsibility for the governance of stakeholder relationships by setting the direction for how stakeholder relationships should be approached and conducted in Santam;

- 15.1** The Board should approve policy that articulates and gives effect to its direction on stakeholder relationships.
- 15.2** The Board should delegate to management the responsibility for implementation and execution of effective stakeholder relationship management.
- 15.3** The Board should exercise ongoing oversight of stakeholder relationship management and, in particular, oversee that it results in the following:
  - a) Methodologies for identifying individual stakeholders and stakeholder groupings;
  - b) Determination of material stakeholders based on the extent to which they affect, or are affected by the activities, outputs and outcomes of Santam;
  - c) Management of stakeholder risk as an integral part of Santam-wide risk management;
  - d) Formal mechanisms for engagement and communication with stakeholders, including the use of dispute resolution mechanisms and associated processes; and
  - e) Measurement of the quality of material stakeholder relationships, and appropriate responses to the outcomes.

**16 MEMORANDUM OF INCORPORATION**

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 take precedence. The Charter is also not intended to provide a comprehensive summary of the applicable legal principles. Board members requiring advice on any matter referred to in this Charter, are encouraged to contact the Company Secretary.

**17 APPROVAL OF THE CHARTER**

This Charter was approved by the Board on 27 November 2019 and will be reviewed annually.

ANNEXURE 1**SANTAM LIMITED**  
**ANNUAL BOARD PLAN**

		<b>MEETINGS</b>			
		<b>Feb</b>	<b>May</b>	<b>Aug</b>	<b>Nov</b>
1.	Board strategy meeting			✓	
2.	Group Financial Results / Management Accounts	✓	✓	✓	✓
3.	Declaration regarding going concern	✓		✓	
4.	Valuation of Unlisted Investments	✓		✓	
5.	Review of Related Party Transactions	✓			
7.	Board approval for Share Repurchases	✓	✓	✓	✓
8.	Presentation re Strategies and Budgets			✓	✓
9.	Annual Financial Statements / Interim Results	✓		✓	
10.	Integrated Report and Notice of AGM	✓			
11.	Sustainability Report (if separate from Integrated Report)	✓			
12.	AGM		✓		
13.	Operational Update (ad hoc updates made when required)		✓		
14.	Dividend Declaration	✓		✓	
16.	HRRC Committee feedback	✓	✓	✓	✓
17.	Nomination Committee feedback	✓		✓	✓
18.	SES Committee feedback	✓		✓	
19.	Audit Committee feedback	✓	✓	✓	✓
20.	Risk Committee feedback	✓	✓	✓	✓
21.	Executive Committee Report	✓	✓	✓	✓
22.	Group Risk Appetite	✓	✓	✓	✓
23.	Santam Top Risks / Risk Thermometer		✓		
24.	Santam Own Risk and Solvency Report (ORSA)		✓		
25.	Santam Reserve Review			✓	
26.	Draft Board and Committee meeting dates for next year			✓	✓
27.	Review of Board Charter				✓
28.	Group IT Governance Report		✓		✓
29.	Annual JSE Compliance Certificate (directors)	✓			
30.	Annual King Compliance Register	✓			
31.	Review Charters, Board Plan & effectiveness of Committees				✓
32.	Review effectiveness of Board, Directors & Chairperson	✓			
33.	Non-exec Directors – Remuneration	✓			
34.	Policy on Director dealing in Santam Securities				✓
35.	Directors' Declaration of Interest and holding Santam Securities				✓
36.	Review of Board Delegation of Authority			✓	
37.	Annual assessment of Board, directors and Company Secretary				✓

