

## **Santam welcomes Tavaziva Madzinga**

Dear Shareholders,

As previously communicated, Santam welcomed Tavaziva Madzinga as CEO designate on 1 April 2022. Mr. Madzinga will assume the role of CEO on 1 July 2022.

The purpose of this letter is to summarise Mr. Madzinga's remuneration structure for shareholders.

### **Sign-on arrangements**

Santam has provided sign-on arrangements to compensate Mr. Madzinga for compensation forgone at his previous employer as a direct result of his decision to join Santam.

Mr. Madzinga will receive a 12-month retention sign-on, payable in cash, amounting to R3.8m to compensate for contractual clawbacks upon exiting his prior role. Mr. Madzinga will also be awarded R7.5m in restricted Santam shares upon appointment, based on the volume weighted average share price over the five trading days prior to his employment date of 1 April 2022 of R281.61 per share. These shares will vest over 12, 24 and 36 months after award date (in equal tranches), to compensate for remuneration forfeited upon joining Santam. The restricted shares awarded will directly align the new CEO with the shareholder's interests from the outset.

### **Forward-looking remuneration structure**

Mr. Madzinga's total guaranteed pay (TGP) comprises R7.5m per year and is benchmarked to companies of similar size and complexity. Chosen company benefits such as medical aid, retirement and risk benefits are funded from the TGP and are not additional.

In terms of variable pay the role has an annual performance bonus potential of 100% of TGP (if annual performance targets are met at an on-target level) and is capped at 200% of TGP for stretch company and strategic performance. This is aligned with market benchmarks. 30% of the performance bonus is automatically deferred every year into restricted Santam shares (vesting 3 years after award date), which allows for malus and clawback principles and risk alignment. 70% of the performance bonus is settled in cash.

Long-term incentive awards (LTI), i.e., deferred share awards subject to company financial performance and strategic conditions will be awarded in line with Santam's LTI policy up to 275% of TGP in total (awarded over 2 years and not as an annual award). These LTIs vest, only if company performance conditions are met, 3 years (40% of the award), 4 years (30% of the award) and 5 years (30% of the award) after the award date. Currently share vesting conditions are based on Return on Capital (ROC), and ranges of ROC need to be achieved for LTIs to vest.

The Santam Board may agree an out-performance plan with Mr. Madzinga in due course. Such a plan requires Board approval and would be based on outperformance against a Board approved business strategy and financial plan. Details of such an arrangement, the relevant company financial performance conditions and strategic targets set will be explained and disclosed to shareholders upon conclusion of such agreement.

We welcome any engagement on this matter and trust you will join us in welcoming Mr. Madzinga to Santam.

**Dawn Marole**  
**Chair of Santam HRRC**

**Pinky (Nombulelo) Moholi**  
**Chair of Santam Board**