



**Sanlam Investments UK  
MIFIDPRU Disclosures**

**May 2023**



## Background Information

This document sets out Sanlam Investments UK Limited (hereafter known, as SIUK) disclosure requirements set out under MIFIDPRU 8. The disclosure requirements within MIFIDPRU 8 have replaced the previous Pillar 3 requirements under the ICAAP process.

The firm's ICARA and disclosures are produced on a solo entity basis. The primary aim of the ICARA process is to identify whether SIUK complies with the overall financial adequacy rule. The focus of the ICARA process is on identifying and managing risks that may result in material harms to the firm, client or market.

The Overall Financial Adequacy rule:

1. Requires that a firm must at all times maintain overall financial resources, including capital resources and liquidity resources, which are adequate, both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due.
2. Obligation for a MIFIDPRU investment firm to hold own funds and liquid assets which are adequate, both as to their amount and quality, to ensure that:
  1. It is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities; and
  2. Its business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

The latest iteration of the SIUK ICARA was approved by the SUK Board on 07 November 2022 with a base reporting date of 31 December 2021.

The disclosures within this document were approved by the SUK Board on 30<sup>th</sup> May 2023.

## Company Information

The Sanlam UK Group forms part of Sanlam Limited, an international financial services group headquartered in South Africa.

SIUK is an independent boutique asset management business based in the United Kingdom. SIUK is responsible for **£4.5 billion** Assets Under Management (as of December 2022) across a range of active strategies encompassing traditional and alternative asset classes.

SIUK was established in 2006 by four founding partners and was originally called FOUR Capital Partners. The Sanlam Group acquired a 29.9% stake in 2009, which has 100% ownership and changed its name to Sanlam Investments UK Limited.



# Risk Management Disclosures (MIFIDPRU 8.2)

## MIFIDPRU 8.2.1R

A firm must disclose its risk management objectives and policies for the categories of risk addressed by:

- (1) MIFIDPRU 4 (Own funds requirements);
- (2) MIFIDPRU 5 (Concentration risk); and
- (3) MIFIDPRU 6 (Liquidity).

SIUK aims to ensure that all risks are identified, assessed and monitored on an ongoing basis. This is achieved via core components of the risk framework including Risk Control Self Assessments, Incident Management, KRI monitoring and reporting.

## 1. Own Funds Risk Management

SIUK's own funds requirements have been reviewed under the firm's ICARA process and approved by the Board. On a day-to-day basis, the SIUK Finance team are responsible for monitoring the firm's own funds against the defined thresholds.

### Strategies and policies to monitor the risk and reduce harm

As part of the ICARA process the firm has established a series of recovery actions and notification procedures in the event a threshold is breached.

The Finance team provide formal reporting to the SIUK Executive Committee on a monthly basis and quarterly to the Audit and Risk Committee and the Board regarding compliance to the set thresholds.

## 2. Concentration Risk Management

SIUK does not deal on its own account or has a trading book. Exposure to concentration risk within the business is primarily in.

- The placement of the firm's own cash
- Earnings via management fee income.

### Strategies and policies to monitor the risk and reduce harm

SIUK monitor its cash held at UK credit institutions on an ongoing basis. Additionally, the firm's Risk Appetite Statement include credit risk requirements whereby minimum credit ratings must be maintained for cash held at UK credit institutions.

SIUK is appointed as Investment Manager and derives fee income mainly from a small number of Irish domiciled Management Companies and UK-based Authorised Corporate Directors. The SIUK Finance team manage a robust debtor's process and ensures the firm's strategy and distribution capabilities focus on the growth of Assets Under Management from both internal and external sources.



### 3. Liquidity Risk Management

Within the ICARA process, SIUK has performed an assessment of liquidity risk exposure, with reference to MIFIDPRI 7 Annex 1 (guidance on assessing potential harms that is potentially relevant to the firm). SIUK's liquidity profile is relatively simple with liabilities primarily relating to staff costs or vendor costs.

#### Strategies and policies to monitor the risk and reduce harm

Liquidity stress testing is undertaken annually and assesses a worst-case liquidity requirement under an extreme but plausible scenario. Stress testing has shown that SIUK maintains sufficient liquidity to comfortably meet our regulatory requirements even in an extreme stressed scenario.

SIUK Liquidity threshold requirements have been reviewed under the firm's ICARA process and approved by the Board. On a day-to-day basis, the SIUK finance team are responsible for monitoring the firm's liquid assets against the set thresholds.

As part of the ICARA process, the firm has established a series of recovery action and notification procedures in the event a threshold is breached.

The Finance team provide formal reporting to the SIUK Executive Committee on a monthly basis and quarterly to the Audit and Risk Committee and the Board regarding compliance with the set thresholds.

#### MIFIDPRU 8.2.2R

The risk management objectives and policies for each of the items listed in MIFIDPRU 8.2.1R must include:

(1) a concise statement approved by the firm's governing body describing the potential for harm associated with the business strategy; and

(2) a summary of the strategies and processes used to manage each of the categories of risk listed in MIFIDPRU 8.2.1R and how this helps to reduce the potential for harm.

### Strategy and Harms

SIUK is the UK investment engine for the Sanlam group. SIUK's strategic objectives are:

- To be a highly profitable asset management business with a broad range of funds
- Have a clear identity in the market and a strong investment-led culture,
- Viewed as an essential and successful part of the Sanlam Group

Following the restructuring of the Sanlam UK entities in early 2022, the business is in a positive position to grow the business both internally within the Sanlam group and externally.

Harms are assessed via the Risk Control Self Assessment Process and monitored by the Board. The business recognises a number of harms associated with the business strategy. Primarily, the business strategy should ensure that SIUK treats its customers fairly and aims to deliver against the investment objectives of our clients and the underlying funds.

The strategies and processes used to managed own funds, concentration risk and liquidity risk is outlined above.



#### [MIFIDPRU 8.2.3G](#)

In complying with MIFIDPRU 8.2.2R, a firm may consider that information drawn from the ICARA process is a relevant and useful way of disclosing:

- (1) the firm's approach to risk management by reference to its risk management policies;
- (2) details of the firm's risk management structure and operations, for example, the senior management responsible for each area of risk (where applicable), and any relevant committees and their responsibilities;
- (3) how the firm sets its risk appetite; and
- (4) a summary of how the firm assesses the effectiveness of its risk management processes.

The SIUK Risk Framework is set out within the Board-approved Enterprise Risk Framework Policy. The objective of the SIUK risk framework is to ensure that SIUK:

- Takes risks aligned with its strategy and risk appetite
- Proactively identifies, mitigates, manages and monitors harms to the client, market and firm
- Considers the impact of risk management decisions on clients' interests
- Maintains a controlled environment that is designed and operates effectively
- Manages operational errors in a consistent manner and ensures those errors remain within a tolerable level.
- Allocates risk capital effectively and efficiently

## Roles and responsibilities

**Risk management (the 1st Line of defence)** - Risk management is the responsibility of all staff within SIUK. All staff and particularly front-line managers are responsible for:

- Identifying and evaluating risks and harms posed to the business, clients and market within their areas of responsibility
- Designing and operating suitable controls and ensuring those controls are complied with and any control improvements are actioned.
- Front-line managers are responsible for escalating errors to the Risk and Compliance teams

**Risk oversight (the 2nd Line of defence)** – The Risk and Compliance team is independent of the business and is responsible for oversight of the risks. They achieve this by:

- Recommending policies and reviewing compliance with those policies
- Ensuring risk and control assessments are performed by the first line, including challenging the risk and control assessments
- Monitoring the systems and controls the 1st line has in place to manage the risks and challenging the 1st line on the effectiveness of controls
- Facilitation of the incident management process
- Monitoring and reporting risks to the governance bodies

Whilst Risk and Compliance are independent of the 1st line, they provide advice and support to the 1st line to help them develop effective controls. The 2nd line functions, however, are not involved in operating the controls, the first line remains the owner of the risks in question and designing and operating suitable controls.

**Risk assurance (the 3rd Line of defence)** – Independent risk assurance is provided by the Sanlam Group Internal Audit Function.

SIUK operates a robust governance framework (see governance section below) to ensure risks are identified, escalated, monitored and mitigated.



## Risk Control Self-Assessment

A key tool for identifying and assessing risks and controls within the business is the Risk and Control Self-Assessment (RCSA). The RCSA is owned by the 1<sup>st</sup> line of defence and maintained through frequent review (quarterly or when there are material changes to the business). The RCSA is intended to capture the key risks and controls of each business team. The RCSA will also identify harms to the clients, firm and markets. Risks will be assessed using the firms' risk assessment matrix for impact severity and likelihood.

The assessment will also consider the design and effectiveness of the control environment. Where areas of weakness are identified, appropriate action plans, owners and target dates are set. The aim is to ensure the identified risk is mitigated, avoided or reduced using the appropriate control type (e.g. Preventative, Detective, or Corrective).

Significant areas of weakness identified via the RCSA that impact the firm's risk profile of SIUK are escalated to Sanlam's governance bodies for assessment.

## Risk Appetite Statement

The Risk Appetite Statement is set against the risk universe outlined in the Sanlam Group risk taxonomy. The Board has defined a set of statements and tolerances which correspond to how the business monitors and manages risk on a day-to-day basis. Tolerances are set on a Red, Amber, and Green basis.

Breaches of tolerance (Red Ratings) require the business to set appropriate actions, owners and target dates to bring the metric back within tolerances. Breaches of the Risk Appetite Statement are escalated to the Audit and Risk Committee and Board.

The Board reviews the Risk Appetite Statement on at least an annual basis or when there are material changes to the business.

## Incident Management

The fundamental principle of incident management is to ensure all incidents are managed in a consistent manner, recorded accurately, control effectiveness evaluated, and improve processes and controls to reduce the re-occurrence and the impact of incidents.

Incidents cover a number of types including operational risk incidents, fund documentation breaches, information security incidents, regulatory breaches, issues or 'near-misses'.

All incidents are recorded within My Compliance Centre (MCC) which is the central depository for incidents within SIUK. All incidents are reviewed and approved by a department manager. In addition, the second line of defence (Risk and/or Compliance) will review and sign off all incidents to ensure root cause and appropriate preventative actions have been established

## Review of effectiveness of the Risk Framework

The effectiveness of the Risk Framework is reviewed and documented as part of the ICARA process. The assessment includes.

- Feedback from Senior Management and governance committees within the firm.
- Findings from Internal Audit
- Incident and breaches including financial impact history
- Findings from the Compliance Monitoring Programme



## Governance Disclosures (MIFIDPRU 8.3)

### MIFIDPRU 8.3.1R

A non-SNI MIFIDPRU investment firm must disclose the following information regarding internal governance arrangements:

- (1) an overview of how the firm complies with the requirement in SYSC 4.3A.1R to ensure the management body defines, oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent management of the firm, including the segregation of duties in the organisation and the prevention of conflicts of interest, and in a manner that promotes the integrity of the market and the interests of clients;
- (2) subject to MIFIDPRU 8.3.2R, the number of directorships (executive and non-executive) held by each member of the management body;
- (3) where relevant, whether the FCA has granted a modification or waiver of SYSC 4.3A.6R(1)(a) or (b) in order to allow a member of the management body to hold additional directorships;
- (4) a summary of the policy promoting diversity on the management body, including explanations of:
  - (a) the objectives of the policy and any target(s) set out in the policy; and
  - (b) the extent to which the objectives and any target(s) have been achieved; and
  - (c) where the objectives or target(s) have not been achieved:
    - (i) the reasons for the shortfall; and
    - (ii) the firm's proposed actions to address the shortfall; and
    - (iii) the proposed timeline for taking those actions;
- (5) whether the firm has a risk committee; and
- (6) whether the firm:
  - (a) is required by MIFIDPRU 7.3.1R to establish a risk committee; or
  - (b) would have been required by MIFIDPRU 7.3.1R to establish a risk committee, but that obligation has been removed as a result of a waiver or modification granted by the FCA.

### MIFIDPRU 8.3.3G

When deciding what information to disclose to satisfy the obligations in MIFIDPRU 8.3.1R(1), a firm may find it helpful to consider:

- (1) the requirements in SYSC 4.3A.1R(1) to (7) regarding the responsibilities of the management body; and
- (2) the requirements in SYSC 4.3A.3R regarding the necessary skills and attributes of members of the management body.

SIUK has established a structured approach to governance, ensuring an effective level of alignment between oversight and management responsibility for risk. The risk governance structure has clearly defined roles and responsibilities for Board and control committees, control functions and accountable executives.

The SUKH board ("The Board") is responsible for setting the overall corporate governance standards and framework which the Group is expected to comply with. The Board is responsible for monitoring the management and performance of the Sanlam UK entities.

### Board Membership

The composition of the Board structure for the Sanlam UK Group entities is outlined below

Members:		SIH	SUK	SIUK	SSUK	SPL	SHL	SPIH
Mr Haydn Franckeiss	Executive	√	√	√	√	√	√	√
Mr Carl Roothman	NED	√	√	√			√	
Mr Thomas van Heerden	NED	√	√	√	√		√	√
Mr Hugh Ward	INED			√	√			

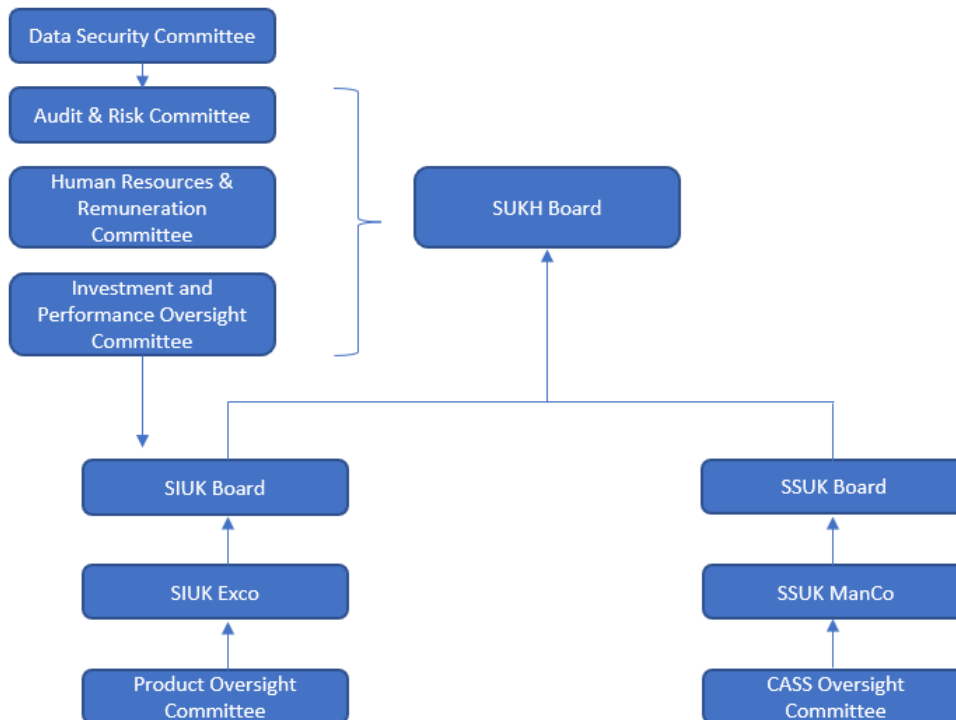
The SIH board retains authority except where delegated to relevant sub-committees. The role of the sub-committees is to support the Board. While the committees are accountable to the Board the committees do not relieve the board of its responsibilities.

SIUK meets the conditions under MIFIDPRU 7.1.4, therefore does not need to establish a Risk, Remuneration or Nomination Committee. However, to ensure good governance the firm has established a Risk and Remuneration Committee.



## Governance Structure

The chart below outlines the governance committees within SIUK.



Further details on the governance structure are outlined below.

### SUKH and SUK Board ('The Board')

The responsibilities of the committee include:

- Responsible for setting the Group's strategic aims and risk appetite, monitoring performance and for ensuring the SUKH Group is appropriately resourced and that effective controls are in place
- The Board also sets the values and supports the culture of the Group

### SUKH Audit and Risk Committee

The responsibilities of the committee include:

- Setting and overseeing the overall standard for financial reporting, risk management and internal controls within the Sanlam UK Group
- Monitoring the effectiveness of business risk management processes in the Sanlam UK Group
- Engaging in discussions with external and internal auditors on the quality and acceptability of the control environment and reporting structures

### SUKH Human Resource and Remuneration Committee (SHRC)

The responsibilities of the committee include:

- Recommending the approval of all Executive Director appointments





- Reviewing and making recommendations to the Board regarding the remuneration policy of the Sanlam UK Group, and for reviewing compliance with the policy in so far as it relates to Executive Directors, Sanlam UK Group's Senior Management Team and those deemed to be key talent
- Making recommendations for the remuneration packages of the Chief Executive of Sanlam Investments UK, the Executive Directors and members of the Management Committee and the remuneration approach for any such individuals who would be subject to regulatory obligations

### **SUKH Investment Performance Oversight Committee (IPOC)**

The responsibilities of the committee include:

- Providing oversight on the investment performance, risk and positioning of funds and segregated mandates
- Monitoring the investment activities undertaken to assist Sanlam Investments in achieving their investment objectives and to fulfil their qualitative and quantitative undertakings for Sanlam Life and Pensions insured funds and model portfolios
- Monitoring, reviewing and challenging the application and evidence of the delivery of fair outcomes to customers

### **SIUK Executive Committee**

The responsibilities of the committee include:

- Implementing the strategic direction of the Board
- Day to day oversight of SIUK including investment, operational, finance and risk and compliance oversight

### **Product Oversight Committee**

The responsibilities of the committee include:

- Review and approve new proposition strategy, products and services for SIUK
- Review and approve material amendments to the existing proposition
- Approve the distribution strategy
- Review the effectiveness, scope and performance of the dealing process and function
- Review and approve the annual Assessment of Value for products and services

### **Data Security Committee**

The responsibilities of the committee include:

- The primary purpose of the Data Security Committee (DSC) is to demonstrate management commitment and active support for the implementation of an effective Information Security Management System (ISMS).

#### **FIDPRU 8.3.2R**

The following directorships are not within the scope of MIFIDPRU 8.3.1R(2):

(1) executive and non-executive directorships held in organisations which do not pursue predominantly commercial objectives; and

(2) executive and non-executive directorships held within the same group or within an undertaking (including a non-financial sector entity) in which the firm holds a qualifying holding.



## Directorships

The below table outlines the number of directorships held for the Executive and Non-Executive members of the Board.

Members:	Position	Number of Directorships held
Mr Haydn Franckeiss	Executive	16
Mr Carl Roothman	NED	11
Mr Thomas van Heerden	NED	14
Mr Hugh Ward	INED	15

## Diversity Policy - Management Body

Sanlam maintains a policy for its approach to equality, diversity, and inclusion. Sanlam is committed to promoting equality and diversity and promoting a culture that actively values difference and recognises that people from different backgrounds and experiences can bring valuable insights to the workplace and enhance the way we work.

The aim is for our workforce to be truly representative of all sections of society and our customers, and for each employee to feel respected and able to give their best. We aim to be an inclusive organisation, committed to providing equal opportunities throughout employment including in the recruitment, training and development of employees, and to proactively tackle and eliminate discrimination. The policy's purpose is to:

- provide equality, fairness and respect for all in our employment, whether temporary, part-time or full-time
- not unlawfully discriminate because the Equality Act 2010 protected characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (including colour, nationality, and ethnic or national origin), religion or belief, sex and sexual orientation
- oppose and avoid all forms of unlawful discrimination. This includes in pay and benefits, terms and conditions of employment, dealing with grievances and discipline, dismissal, redundancy, leave for parents, requests for flexible working, and selection for employment, promotion, training or other developmental opportunities.

## Conflicts of Interest Policy

The Sanlam UK Group Conflicts of Interest Policy sets out the principles and guidance on how to handle conflicts of interest. The Conflicts of Interest Policy is publicly available on the SIUK website.

Conflicts of Interest are monitored within the SIUK governance structure. On an individual basis, all Executive and Non-executive directors of the Board disclose any conflicts of interest formally at the Board meetings.



## Own funds (MIFIDPRU 8.4 and MIFID PRU 8.5)

### MIFIDPRU 8.4.1R

(1) Subject to (2), a firm must disclose the following information regarding its own funds:

- (a) a reconciliation of common equity tier 1 items, additional tier 1 items, tier 2 items, and the applicable filters and deductions applied in order to calculate the own funds of the firm;
- (b) a reconciliation of (a) with the capital in the balance sheet in the audited financial statements of the firm; and
- (c) a description of the main features of the common equity tier 1 instruments, additional tier 1 instruments and tier 2 instruments issued by the firm.

(2) A firm that is not required to publish annual financial statements is only required to disclose the information specified at (1)(a) and (c).

The below table outlines SIUK's own funds requirements as per MIFIDPRU 8 Annex 1R Disclosure template.

<b>Composition of regulatory own funds</b>			
	<b>Item</b>	<b>Amount (GBP thousands)</b>	<b>Source based on reference numbers/letters of the balance sheet in the audited financial statements</b>
<b>1</b>	<b>OWN FUNDS</b>	10,477	
<b>2</b>	<b>TIER 1 CAPITAL</b>	10,477	
<b>3</b>	<b>COMMON EQUITY TIER 1 CAPITAL</b>	-	
4	Fully paid up capital instruments	11,313	
5	Share premium	4	
6	Retained earnings	4,485	
7	Accumulated other comprehensive income	-	
8	Other reserves	-	
9	Adjustments to CET1 due to prudential filters	-	
10	Other funds	-	
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	5,325	
19	CET1: Other capital elements, deductions and adjustments	-	
<b>20</b>	<b>ADDITIONAL TIER 1 CAPITAL</b>	-	
21	Fully paid up, directly issued capital instruments	-	
22	Share premium	-	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
24	Additional Tier 1: Other capital elements, deductions and adjustments	-	
<b>25</b>	<b>TIER 2 CAPITAL</b>	-	
26	Fully paid up, directly issued capital instruments	-	
27	Share premium	-	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	-	
29	Tier 2: Other capital elements, deductions and adjustments	-	



<b>Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements</b>				
		a	b	c
		<b>Balance sheet as in published/audited financial statements</b>	<b>Under the regulatory scope of consolidation</b>	<b>Cross-reference to template OF1</b>
		<b>As at the period end</b>	<b>As at the period end</b>	
<b>Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements</b>				
1	Tangible assets	30		
2	Intangible assets	5,262		
3	Investment in subsidiaries	63		
4	Debtors	8,092		
5	Cash at bank	10,655		
	<b>Total Assets</b>	<b>24,102</b>		
<b>Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements</b>				
1	Creditors	8,300		
	<b>Total Liabilities</b>	<b>8,300</b>		
<b>Shareholders' Equity</b>				
1	Share capital	11,313		
2	Share premium account	4		
3	Retained earnings	4,485		
	<b>Total Shareholders' equity</b>	<b>15,802</b>		

#### MIFIDPRU 8.5.1R

A firm must disclose the following information regarding its compliance with the requirements set out in MIFIDPRU 4.3 (Own funds requirement):

(1) the K-factor requirement, broken down as follows:

- (a) the sum of the K-AUM requirement, the K-CMH requirement and the K-ASA requirement;
- (b) the sum of the K-COH requirement and the K-DTF requirement; and
- (c) the sum of the K-NPR requirement, the K-CMG requirement, the K-TCO requirement and the K-CON requirement; and

(2) the fixed overheads requirement.

## K-Factor and Fixed Overhead Requirement

SIUK assessment for K-factors and Fixed Overhead Requirement is outlined in the below table.

	Capital Assessment
K-Assets Under Management	<b>288,670</b>
K-Client Orders Handled	<b>9,709</b>
K- Factor Total <b>(Total)</b>	<b>298,379</b>
FOR	<b>£3,299,000</b>

#### MIFIDPRU 8.5.2R

A firm must disclose its approach to assessing the adequacy of its own funds in accordance with the overall financial adequacy rule in MIFIDPRU 7.4.7R.

## Approach to assessing the adequacy of its own funds in accordance with the overall financial adequacy rule



The Risk and Compliance function is responsible for coordinating the internal ICARA processes. The review process includes a number of working group meetings with key stakeholders to discuss key inputs into the ICARA process including risks, harms and recovery actions.

The SIUK Executive Committee are responsible for the oversight and approval of data inputs, ICARA document and for providing a recommendation to the Board. The ultimate approval of the ICARA sits with the SIUK Board via the SH Audit and Risk Committee (sub-committee). The ICARA is reviewed at least annually or when there are material changes to the business or business strategy.

On a BAU basis, the Finance team monitor and report on the Own Funds Threshold Requirement and Liquid Asset Threshold Requirement. These thresholds are also captured within the SIUK Risk Appetite Statement.

## Remuneration (MIFIDPRU 8.6)

### MIFIDPRU 8.6.1R

The rules in this section apply to all MIFIDPRU investment firms, unless otherwise specified.

### MIFIDPRU 8.6.2R

A MIFIDPRU investment firm must disclose a summary of:

- (1) its approach to remuneration for all staff ("staff" interpreted according to SYSC 19G.1.24G);
- (2) the objectives of its financial incentives;
- (3) the decision-making procedures and governance surrounding the development of the remuneration policies and practices the firm is required to adopt in accordance with the MIFIDPRU Remuneration Code, to include, where applicable:
  - (a) the composition of and mandate given to the remuneration committee; and
  - (b) details of any external consultants used in the development of the remuneration policies and practices.

In complying with MIFIDPRU 8.6.2R(1), a firm may consider it appropriate to disclose:

- (1) the principles or philosophy guiding the firm's remuneration policies and practices;
- (2) how the firm links variable remuneration and performance;
- (3) the firm's main performance objectives; and
- (4) the categories of staff eligible to receive variable remuneration.

### MIFIDPRU 8.6.3G

In complying with MIFIDPRU 8.6.2R(1), a firm may consider it appropriate to disclose:

- (1) the principles or philosophy guiding the firm's remuneration policies and practices;
- (2) how the firm links variable remuneration and performance;
- (3) the firm's main performance objectives; and
- (4) the categories of staff eligible to receive variable remuneration.

### MIFIDPRU 8.6.5R

A MIFIDPRU investment firm must disclose the key characteristics of its remuneration policies and practices in sufficient detail to provide the reader with:

- (1) an understanding of the risk profile of the firm and/or the assets it manages; and
- (2) an overview of the incentives created by the remuneration policies and practices.

### MIFIDPRU 8.6.6R

For the purpose of MIFIDPRU 8.6.5R, a firm must disclose at least the following information:

- (1) the different components of remuneration, together with the categorisation of those remuneration components as fixed or variable;
- (2) a summary of the financial and non-financial performance criteria used across the firm, broken down into the criteria for the assessment of the performance of:
  - (a) the firm;
  - (b) business units; and
  - (c) individuals.
- (3) for a non-SNI MIFIDPRU investment firm:
  - (a) the framework and criteria used for ex-ante and ex-post risk adjustment of remuneration, including a summary of:
    - (i) current and future risks identified by the firm;
    - (ii) how the firm takes into account current and future risks when adjusting remuneration; and
    - (iii) how malus (where relevant) and clawback are applied;
  - (b) the policies and criteria applied for the award of guaranteed variable remuneration; and
  - (c) the policies and criteria applied for the award of severance pay.
- (4) for a non-SNI MIFIDPRU investment firm not falling within SYSC 19G.1.1R(2):
  - (a) details of the firm's deferral and vesting policy, including as a minimum:
    - (i) the proportion of variable remuneration that is deferred;
    - (ii) the deferral period;
    - (iii) the retention period;
    - (iv) the vesting schedule; and
    - (v) an explanation of the rationale behind each of the policies referred to in (i) to (iv).

Where the firm's deferral and vesting policy differs for different categories of material risk takers, the information should be presented and sub-divided accordingly.

- (b) a description of the different forms in which fixed and variable remuneration are paid, for example, whether paid in:
  - (i) cash;
  - (ii) share-linked instruments;
  - (iii) equivalent non-cash instruments;
  - (iv) options; or
  - (v) short or long-term incentive plans.

### MIFIDPRU 8.6.7G

In complying with MIFIDPRU 8.6.6R(1), a firm is reminded of the rules and guidance in SYSC 19G.4 on categorising fixed and variable remuneration.



## Remuneration Policy Summary

The Remuneration Policy is designed to appropriately reward performance and align remuneration with prudent risk management. The policy is aligned to the business strategy, objectives, values and cultural ethos and long-term success of SIUK and the interests of clients and various stakeholders. The policy applies to all staff within SIUK.

The policy ensures that the SIUK maintains

- A sound performance management structure for setting goals and objectives which are aligned to individual business functions as well as the broader SIUK business strategy.
- The performance framework is measured against the achievement of objectives in line with the expected Sanlam behaviours.
- Compliance with the firm's regulatory obligations.

The below sets out Sanlam's overarching remuneration policies.

- Remuneration is awarded in line with the Firm's business strategy, objectives, values and long-term interests of the various stakeholders
- Remuneration market benchmark measures, remuneration trends and all regulatory obligations will be taken into account during annual reviews.
- Our incentive schemes are consistent with and promotes sound and effective risk management and do not encourage excessive risk-taking
- In assessing performance, personal performance and business performance are taken into account, along with the risk framework and appetite, as well as other relevant factors.
- Sharp differentiation between individuals variable pay within each remuneration category is applied. When an individual has performed poorly and is not seen to be adding significant value, or has not adhered to the Company's risk framework, variable pay should be zero. When the individual has performed exceptionally well and the business function is above budget, then the individual bonus should be commensurate with both outcomes.
- Severance pay is typically calculated under statutory requirements.
- Remuneration arrangement include measures to avoid conflicts of interest

## Components of remuneration

- Remuneration components awarded include:
  - a. Basic fixed salary
  - b. Short-term variable pay
  - c. Long-term variable pay

## Variable Remuneration

All staff within SIUK are in scope for variable remuneration. In determining the annual variable component of salary the overall total remuneration of the individual is taken into account

Individuals are rewarded based on their contribution to the overall strategy of the business.

- Investment Generation



- Investment Trading
- Sales & Marketing
- Operations

Factors such as performance, reliability, effectiveness of controls, business development and contribution to the business are taken into account when assessing the performance of the senior staff responsible for the infrastructure of the firm.

Individuals are also measured on behavioural metrics and living the firms' values

Annual variable remuneration is linked to profit and financial performance and adherence to compliance regulations and legislative rules. The awarding of variable pay will be limited in circumstances where a baseline profit level is not achieved. In these circumstances, bonuses will be reduced significantly, and in extreme cases, not paid at all.

The awarding of bonuses and LTIPs will be limited in circumstances where a baseline profit level is not achieved. In these circumstances, bonuses will be reduced significantly, and in extreme cases, not paid at all.

## Malus and Clawback

To assist in their assessment of variable pay, the SHRC considers the Risk Adjustment report on adherence to the Company's risk framework and appetite on ex-ante and ex-post risk adjustment on an individual and collective basis.

Categories of risk include

- Strategic risk including delivery of strategic objectives and performance
- Market risks
- Operational risk including conduct risk, financial crime risk, people risk and information security risk

If a material risk event is identified the Human Resources and Remuneration Committee will determine whether a remuneration adjustment is appropriate. Criteria include materiality, proximity, financial impact and previous actions

Risk events that are likely to lead to a collective ex-post risk adjustment include:

- Significant failure in risk management or reporting requirements
- Regulatory-enforced action
- Significant financial loss

Risk events that are likely to lead to individual ex-post risk adjustment include

- Internal policy breach
- Behaviour against company values
- Formal disciplinary and performance management processes

## Governance and Decision-Making Process

The Firm's policy has been agreed by the Board in line with the Remuneration principles laid down by the FCA.

The Firm has appointed an independent Remuneration Committee.



The Firm's policy will be reviewed as part of annual process and procedures or following a significant change to the business requiring an update to its internal capital adequacy assessment.

The Firm's ability to pay variable remuneration is based on the Firm's audited profits as well as the meeting of other business metrics, unless otherwise agreed by the Board.

The SHRC provides independent oversight, challenge and review of all remuneration policies and decisions for Sanlam in the UK.

The SHRC review and approve the remuneration policy annually. Sanlam's remuneration policy outlines the key standards and principles to which all remuneration arrangements within the group must adhere, including alignment with the Group's strategy and sound and effective risk management.

The main bonus schemes incorporate balanced scorecards that ensure remuneration outcomes are based on a combination of financial and non-financial performance. Non-financial performance can override financial performance where appropriate.

The Remuneration Policy outlines the criteria for severance packages.

## Material Risk Takers

The Compliance and HR team are responsible for the identification of Material Risk Takers (MRT) within the firm. An MRT is a staff member whose professional activities have a material impact on the risk profile of the firm or the assets the firm manages. The criteria outlined in SYSC 19.5G is used to identify MRT. SIUK have used additional internal criteria regarding the percentage of assets under management (i.e. >20%) within the firm to determine whether Portfolio Managers will be captured as an MRT.

### MIFIDPRU 8.6.8R

- (1) Subject to (7), a MIFIDPRU investment firm must disclose the quantitative information required by (2) to (6) for the financial year to which the disclosure relates.
- (2) An SNI-MIFIDPRU investment firm must disclose the total amount of remuneration awarded to all staff, split into:
- (a) fixed remuneration; and
  - (b) variable remuneration.
- (3) A non-SNI MIFIDPRU investment firm must disclose the total number of material risk takers identified by the firm under SYSC 19G.5.
- (4) A non-SNI MIFIDPRU investment firm must disclose the following information, split into categories for senior management, other material risk takers, and other staff:
- (a) the total amount of remuneration awarded;
  - (b) the fixed remuneration awarded; and
  - (c) the variable remuneration awarded.
- (5) A non-SNI MIFIDPRU investment firm must disclose the following information, split into categories for senior management and other material risk takers:
- (a) the total amount of guaranteed variable remuneration awards made during the financial year and the number of material risk takers receiving those awards;
  - (b) the total amount of the severance payments awarded during the financial year and the number of material risk takers receiving those payments; and
  - (c) the amount of the highest severance payment awarded to an individual material risk taker.
- (6) A non-SNI MIFIDPRU investment firm not meeting the conditions in SYSC 19G.1.1R(2) must disclose the following information, split into categories for senior management, and other material risk takers:
- (a) the amount and form of awarded variable remuneration, split into cash, shares, share-linked instruments and other forms of remuneration, with each form of remuneration also split into deferred and non-deferred;
  - (b) the amounts of deferred remuneration awarded for previous performance periods, split into the amount due to vest in the financial year in which the disclosure is made, and the amount due to vest in subsequent years;
  - (c) the amount of deferred remuneration due to vest in the financial year in respect of which the disclosure is made, split into that which is or will be paid out, and any amounts that were due to vest but have been withheld as a result of performance adjustment;
  - (d) information on whether the firm uses the exemption for individual material risk takers set out in SYSC 19G.5.9R, together with details of:
    - (i) the provisions in SYSC 19G.5.9R(2) in respect of which the firm relies on the exemption;
    - (ii) the total number of material risk takers who benefit from an exemption from each provision referred to in (i); and
    - (iii) the total remuneration of those material risk takers who benefit from an exemption, split into fixed and variable remuneration.
- (7)
- (a) For the purposes of (4), (5)(a), (5)(b) and (6), a non-SNI MIFIDPRU investment firm must aggregate the information to be disclosed for senior management and other material risk takers, where splitting the information between those two categories would lead to the disclosure of information about one or two people.
  - (b) Where aggregation in accordance with (a) would still lead to the disclosure of information about one or two people, a non-SNI MIFIDPRU investment firm is not required to comply with the obligation in (4), (5)(a), (5)(b) or (6).





## Quantitative Disclosures

The below table outlines the disclosure requirements per MIFIDPRU 8.6.8

Staff Category	Total number of individuals	Total amount of Fixed Remuneration	Total amount of Variable Remuneration	Total amount of Reward
Senior Management and Material Risk Takers	8	£1,287,626	£1,471,000	<b>£2,758,626</b>
All other Staff	60	£6,055,299	£4,660,194	<b>£10,715,493</b>

Compensation Type	Senior Managers and Material Risk Takers
The total amount of guaranteed variable remuneration awards made during the financial year	0
Number of Individuals receiving guaranteed variable remuneration	0
Total amount of the severance payments awarded during the financial year	£103,623
Amount of the highest severance payment awarded to an individual material risk taker.	n/a

### MIFIDPRU 8.6.9R

A non-SNI MIFIDPRU investment firm that relies on MIFIDPRU 8.6.8R(7) must include a statement in the main body of its remuneration disclosure that:

- (1) explains the obligations in relation to which it has relied on the exemption; and
- (2) confirms that the exemption is relied on to prevent individual identification of a material risk taker.

### MIFIDPRU 8.6.10G

The purpose of the exemption referred to in MIFIDPRU 8.6.8R(7) is to avoid firms having to disclose information:

- (1) that would enable a material risk taker to be identified; or
- (2) that could be associated with a particular material risk taker.

SIUK has relied on the exception under MIFIDPRU 8.6.8R(7) as only two staff members are categorised as senior management. SIUK has taken the approach to aggregate the data as this would enable the identification of information related to staff categorised as senior management.