Sanlam Investment (UK) Holdings Limited
Pillar III Disclosure

31st December 2019

CONTENTS

1. Overview

1.1 Regulatory framework

On 27th June 2013, the European Union established revised framework governing the amount and nature of capital that credit institutions and investment firms must maintain[1]. The directive is commonly known as the Capital Requirements Directive IV ("CRD IV") and is directly binding on firms in the UK. The applicable regulations are:

- The Capital Requirement Regulation – ("CRR")
- Prudential sourcebook for Banks, Building Societies and Investment Firms – ("BIPRU")
- The Interim Prudential Sourcebook for Investment Businesses ("IPRU (INV)")

The framework consists of three pillars:

- Pillar I sets out the minimum capital requirements for credit, market and operational risk;
- Pillar II is a capital adequacy assessment and complements the existing Pillar I requirements by assessing the need to hold additional capital under a more risk-based assessment;
- Pillar III focuses upon disclosure requirements which enables the market to assess information on a firm's risks, capital and management procedures.

1.2 Scope

This disclosure document meets the obligation of Sanlam Investments (UK) Limited ("SI") with respect to Pillar III. The Pillar III disclosure requirements are contained in BIPRU 11 of the FCA Handbook. The purpose is to provide information on the basis of calculating capital requirements, on the management of risks faced by SI.

The BIPRU rules, governing Pillar III disclosures, provide that Sanlam Investments may choose not to disclose any information which is not material (BIPRU 11.3.5 R). Sanlam Investments may also choose not to disclose information if it proprietary or confidential, though it must state if any such items have been omitted (BIPRU 11.3.6 R) with the exception of Risk Management Objectives and Policy (BIPRU 11.5.1 R), Capital Resources (BIPRU 11.5.3 R) and Remuneration Policy (BIPRU 11.5.18 R).

1.3 Group structure & composition

Sanlam Investments (UK) Limited is a subsidiary of Sanlam Investment Holdings UK Limited (SIH)[2]. SIH acts as the holding company for the Sanlam UK operating businesses (the "Group") and is responsible for providing entrepreneurial leadership of the companies across the Group within a framework of prudent and effective controls which enable risk to be assessed and managed.

During 2016 the companies owned and managed under SIH undertook an integration exercise to provide a co-ordinated operational, control and governance structure for the SIH Group. This was implemented in line with a review performed by an external party, with the key strategic development and governance now taking place at the SIH level.

Operational structures have also been revised, with the business moving towards a divisional structure for the group supported by central service functions.

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[1] CRD IV was put before the UK parliament on 10th of December 2013 and came into force in the UK on 1st January 2014.

[2] A wholly owned Subsidiary of Sanlam Limited, which is incorporated in South Africa.

The core support functions of HR, Finance, IT and Operations were centralised in order to provide centres of excellence and consistency throughout the SIH Group. Revised operating models and operational platforms were introduced through 2017 to develop a single framework under which the business operates.

The assurance functions of Compliance, Risk and Internal Audit operate on a consistent basis through the SIH Group with clear implementation of the 3 lines of defence principles.

The accounting consolidation for annual financial statements are conducted on an individual entity basis. In line with the requirements of the UK regulator, the Financial Conduct Authority ("FCA"), Sanlam Investments (UK) Limited maintains its own regulatory capital.

Table 1: Entities included within the prudential consolidation (Sanlam Investments)

Company Name	Principle Activity	Regulation
Prudential Consolidation Group:		CRD IV
Sanlam Investments (UK) Limited	Asset management services.	CRD IV BIPRU 50K Limited Licence Firm

1.4 Frequency

Pillar III disclosures will be made on an annual basis following the completion of audited year-end annual statements.

1.5 Location

The Pillar III disclosure will be published in the legal and regulatory section of the Sanlam UK website (www.sanlam.co.uk/legal-and-regulatory).

1.6 Verification

Disclosures will only be subject to external verification to the extent that they are equivalent to those taken from audited financial statements. These disclosures explain how Sanlam Private Investments (UK) Holdings Limited Board (the "SWI Board") has calculated certain capital requirements and information about risk management generally. They do not constitute financial statements and should not be relied upon in making judgements about the Group.

2. Governance

2.1 Governance structure

The control and governance structure of the SIH Group was realigned in 2016 and 2017 as the business moved towards becoming an integrated UK financial services group. Sanlam UK Limited ("SUK") is the intermediate holding company in the SIH Group and is wholly owned by SIH. SUK was originally established to control the activities of Sanlam Group interests in the UK, however in 2017 SIH assumed responsibility for oversight of the SIH Group and in particular for corporate governance.

The Group believes a strong system of governance, is essential in ensuring the business runs smoothly, supporting effective decision making and delivering the Group's strategic objectives.

The Group 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 the accountable executives. The risk-based roles and responsibilities are organised in adherence to the 'three lines of defence' principal to ensure appropriate levels of segregation.

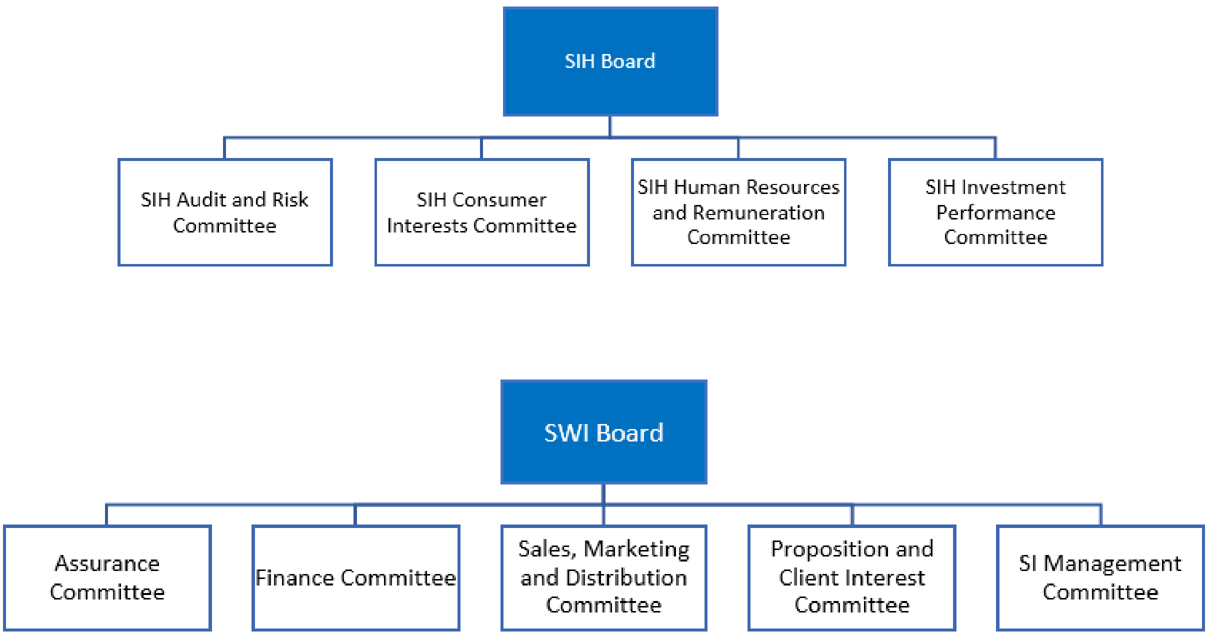
The SIH board is responsible for setting the overall corporate governance standards and framework which the Group is expected to comply with, and the SIH board is responsible for monitoring the management and performance of the Group.

SIH's governance is supported by the subsidiary boards, their committees, Group Exco, Management Committees and senior managers who are responsible for implementing the SIH Group's corporate governance standards, framework and associated processes and policies.

In order to simplify the SIH Group governance structure the Sanlam Wealth Planning, Sanlam Private Wealth, Sanlam Partnerships and Sanlam Investments board meetings were merged.

The subsidiary boards are executive boards, charged with the strategic delivery of group objectives and operational oversight.

Figure 1: Key Board and Executive Committees with delegated responsibility for SI



SIH Board

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

Oversight committees with independent non-executive directors ("NED") governance report directly to the SIH board. They include the Audit and Risk Committee, with an independent NED Chairperson.

Sanlam Wealth and Investments Board ("SWI Board")

The SWI Board is the primary governance committee of the Executive Directors of wealth and asset management operations. The SWI Board is chaired by the SIH Chief Executive Officer and is primarily responsible for developing the business and delivering against the SIH Board approved strategy.

Assurance Committee

The Assurance committee is focused on the consideration of risks managed by the business in relation to agreed risk appetite limits and the capital impacts on the Groups risk profile.

Finance Committee

The Finance committee is focused on supporting the SWI Board fulfilling its overall standard for capital efficiency and adequacy. The committee considers the approaches to financial reporting, business planning and internal controls and escalates issues to the SWI Board where appropriate.

Sales Marketing and Distribution Committee

The Sales, Marketing and Distribution committee identifies and reports on strategic initiatives, product development and current marketing performance. The committee considers current performance alongside forthcoming opportunities to ensure the delivery of strategic initiatives across the business.

Proposition and Client Interests Committee

The Propositions and Client Interests committee is focused on developing and enforcing robust governance of product development and marketing processes to ensure the Groups propositions fit within agreed risk appetites, deliver fair customer outcomes, meet regulatory standards and are profitable.

The committee reviews proposition strategy for the Group and monitors on-going performance of existing propositions. Issues are escalated to the SWI Board.

SI Management Committee

The SI Management Committee comprises the senior management team of the SI business and is led by the Chief Executive Officer of SI. The committee is responsible for the businesses day to day activities and are responsible for ensuring the business operates within the Groups governance frameworks.

2.2 SI Management body

The Sanlam Investments management body is made up of the following individuals. Day-to-day management of SI is delegated to the Chief Executive Officer of SI.

Table 2: The number of directorships held by members of the Sanlam Investments management body as at 31st December 2019

Name	Position	Directorships held*	Principal group Board (s)
Jonathan Polin	Chief Executive Officer of Sanlam UK	20	SIH Board SWI Board Sanlam Life & Pensions Board ("SLP")
Haydn Franckeiss	Chief Executive Officer of Sanlam Investments (UK) Limited	11	SWI Board
Tom Carrol	Head of Asset Management	1	SWI Board
Justin Greeley	Head of Fund Solutions	2	SWI Board
David Mason	Chief Operating Officer	6	SWI Board
Alfio Tagiabue	Director	4	SWI Board
Nicola Fraser	Chief Financial Officer	12	SIH Board SWI Board SLP Board
Valerie Evans	Head of Operations	-	
Louise Laird	Head of Risk	-	
David Dixon	MLRO	-	

2.3 Governance of the ICAAP

SI has robust governance in place to provide sufficient review and challenge of the ICAAP. Executive ownership of the SI ICAAP is owned by the CEO of SI with day-to-day activity owned by the Group Head of Risk.

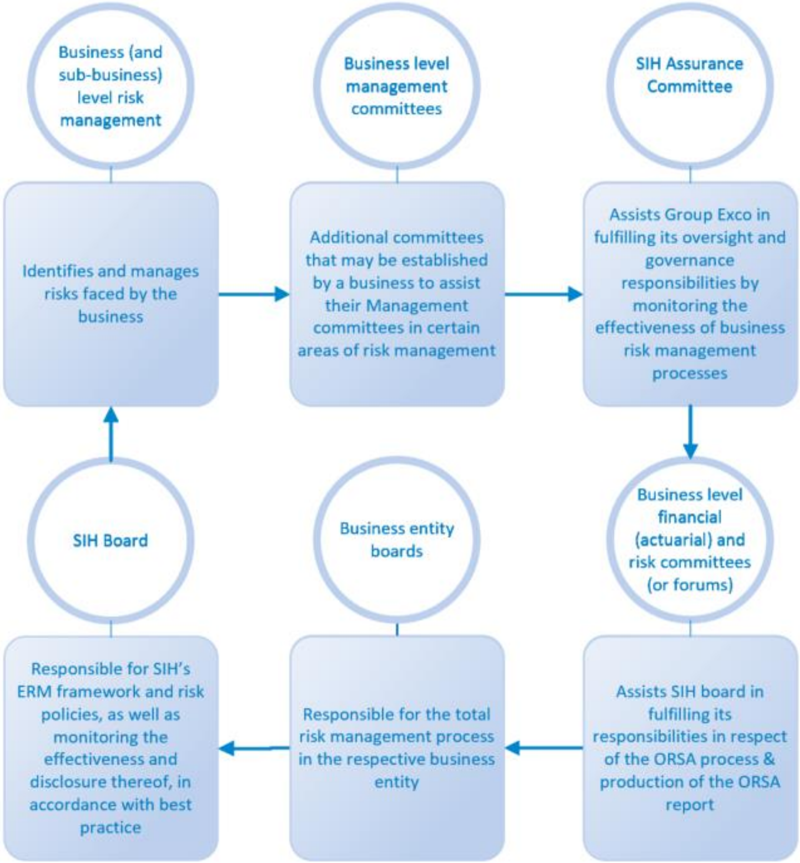
The end-to-end process is shaped by SI Management committee and subject matter experts from across the Group, through regular review and challenge. The final report is reviewed and signed off by the SWI Board.

3. Risk Management

Risk management is a core responsibility of all colleagues across the Group with oversight of risk and control management in SI provided by the SWI Board. The SWI Board has responsibility for embedding the Group's risk management framework, for maintaining SI's capital requirements and for escalating risks up to the SIH Board.

In terms of philosophy, the SIH board sets the Group enterprise risk management framework and policy and delegates responsibility for all operational and risk-related matters on a business level basis, within the limits set by these policies and frameworks. The following diagram generically depicts the flow of risk management information from the individual businesses to the SIH board.

Figure 2: The flow of risk management information



3.1 Group Enterprise Risk Management Framework

SI operates within the SIH Group's Enterprise Risk Management ("ERM") Framework. The framework is a high level over-arching framework aimed at ensuring that:

- All risks which could jeopardise/enhance achievement of the SIH Group's strategic goals will be identified;
- Appropriate structures, policies, procedures and practices are in place to manage these risks. ERM also requires the SIH Group to take a portfolio view of risk;
- Sufficient organisational resources are applied to, and corporate culture is fully supportive of, the effective implementation of these structures, policies, procedures and practices; and that
- The organisation's risks are indeed being managed in accordance with the foregoing.

The key objective of the Group's ERM approach is to support the Group in achieving its primary objective of optimising the return on Group Equity Value and maximising shareholder value.

Successful implementation of the approach will also achieve the following secondary objectives:

- Safeguarding the Group's assets (including information) and investments;
- Supporting strategic business goals;
- Supporting business sustainability under normal and adverse operating conditions;

- Responsible behaviour towards all stakeholders having a legitimate interest in the Group, including the fair treatment of customers and
- Reliability of reporting.

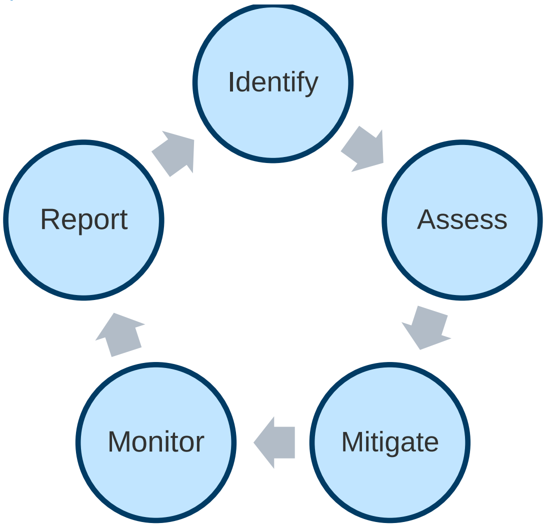
3.2 Group risk management process

Risk management is integral to Sanlam Investments operational processes and procedures. The risk management framework is a fundamental part of its business planning and decision making processes.

Integrating the Group's risk management framework into day to day processes supports the achievement of core business objectives in a controlled environment and the continued delivery of outstanding client service.

Risks are identified using top-down and bottom-up approaches and each risk is assigned to agreed owners. This ensures completeness and consistency in the Groups identification, assessment, mitigation and monitoring of risk.

Figure 3: The risk management process



The key risk register process is the foundation of the Group's risk management framework. The business regularly performs risk and controls self-assessments ("RCSA"). Risks are reviewed alongside key control performance assessments and Key Risk Indicators ("KRIs") to ensure risks are monitored and managed within an effective control environment. Risk owners give consideration to the relevant operational losses, process changes or system amendments that are required to appropriately manage risk. Where controls are insufficient management defines actions to bring risk exposures down to agreed tolerance levels.

Identified risks that have a sufficiently high likelihood of impact on SI or the Group are escalated by the SI Management committee to the SWI board and the SIH Board through monthly and quarterly risk management reporting. This ensures they receive a suitably high level of executive and Board member attention. The Board takes action where the risks are outside acceptable tolerance levels or may become so.

3.3 Categories of risk

The Group has a comprehensive risk framework capturing risks across an agreed risk universe. The Group has an agreed and documented risk universe, which sets out the high level risk categories to which the Group is exposed to and all risks are linked. These categories are defined in table 3.

Table 3: Categories of risk

Risk Category	Description
Operational risk	Operational risk is the risk that there is a loss as a result of inadequate or failed internal processes, people or systems and external events.
Brand & Reputational risk	Brand and reputational risk is the risk that adverse publicity regarding the Group's business practices, associations and market conduct, whether accurate or not, will cause a loss of confidence in the integrity of the institution. The risk of loss of confidence relates to stakeholders, which include, inter alia, potential and existing customers, investors, suppliers and supervisors.
Strategic risk	Strategic risk is the risk that the Group's strategy is inappropriate or that the Group is unable to implement its strategy.
Conduct risk	The risk that the behaviour, acts or omissions of Sanlam and its employees results in: • the unfair treatment of customers and/or delivery or poor customer outcomes; • damage to the integrity of the UK financial system; or • Unfair market competition.
Market risk	Market risk is the risk arising from the level or volatility of market prices of financial instruments which have an impact upon the value of assets and liabilities of the organisation.
Credit risk	Credit risk is the risk of default and deterioration in the credit quality of issuers of securities, counterparties, and intermediaries to whom the company has exposure.
Liquidity risk	Funding Liquidity risk is the risk relating to the difficulty / inability to accessing / raising funds to meet commitments associated with financial instruments or policy contracts.
Insurance risk (Life business)	Insurance risk (Life business) - relates to operations regulated under the Long-Term Insurance Act: risk arising from the underwriting of life insurance contracts, in relation to the perils covered and the processes used in the conduct of business.
Insurance risk (ST business)	Insurance risk (Short-term insurance business) - relates to operations regulated under the Short-Term Insurance Act: risk arising from the underwriting of non-life insurance contracts, in relation to the perils covered and the processes used in the conduct of business.

3.4 Risk Appetite

The SIH Board and the SI Board have agreed risk appetite statements and risk tolerance levels which cover all risk categories. The risk appetite statements and tolerance levels are reassessed and agreed at least annually.

Risk appetite and risk tolerances feed directly into the Groups risk management processes with target risk scores defined, by respective Boards and management committees, for every key risk. Where risks sit outside the SIH or SI risk appetites, actions are defined and monitored with the goal of reduce risk exposure to acceptable levels.

The Groups investment in change and development reflect its risk profile, attitude to risk and strategic aims.

4. Own Funds

4.1 Capital Management

Capital is defined as the total of permanent share capital, retained earnings and other reserves. Total capital as at 31st December 2019 was £5.06m and this capital is managed via the net assets to which it relates.

Regulatory capital is determined in accordance with the requirements of the CRR and BIPRU regulation to which it relates and SI's regulatory capital which is divided into two tiers:

Tier 1 Capital	The total of issued share capital, retained earnings and other reserves created by apportions of retained earnings, adjusted for the net of book value of goodwill, intangible assets and deferred tax assets that rely on future profitability if they represent greater than 10% of own funds; and
Tier 2 Capital	Is designed on supplementary capital and is composed of items such as revaluation reserves, hybrid instruments and subordinated debt.

The base of SI's resources can be regarded as Tier 1 Capital i.e. the most robust category of financial resources against which all requirements can be measured.

The SWI Board's objectives when managing capital are to:

i) Comply with the regulatory capital requirements as set out by the FCA and European Banking Authority("EBA"),

ii) Safeguard Sanlam Investment and its ability to continue as a going concern so that it can continue to provide returns for shareholders and deliver benefits for stakeholders,

iii) Maintain a strong capital base to support the development of its business.

4.2 Own funds capital calculation

SI has complied with the regulatory capital requirements set out by the FCA/EBA. Table 4 shows the breakdown of the total available regulatory capital for SI reconciled to the audited financial statements.

Table 4: Reconciliation of own funds as per audited financial statements as at (31st December 2019)

Sanlam Investments (UK) Limited	(£'000)
Own Funds (Balance Sheet)	5,064
Regulatory Adjustments:	
Profit Verification	
Fixed Assets	(25)
Intangible assets	(745)
Goodwill	
Regulatory Own Funds	4,293
Risk weighted assets	436
Tier 1 Ratio (X/Y)	18.5%

5. Capital Adequacy

5.1 Minimum regulatory capital requirement

SI qualifies for the BIPRU regulation and is required to meet a minimum regulatory capital requirement as set out by Pillar I within the FCA handbook.

The pillar 1 capital requirement for a BIPRU firm is set out in GENPRU 2.1.45 R of the FCA handbook. It is the higher of a) the sum of the credit, market risk capital requirements and b) the fixed overheads requirement.

SI is also required to meet further conditions of the regulation under the Pillar II assessment and assess the cost of following a plan that allows an orderly run-off following the decision to wind up the business.

Pillar II capital requirements are outside of scope of this disclosure document.

5.2 Capital adequacy ratios

Sanlam Investments is required to meet the general own funds requirement under Pillar I in accordance with the BIPRU rules in the FCA handbook. The institution shall at all times adhere to the following own funds requirements:

a) A Common Equity Tier 1 capital ratio of 4.5%,
b) A Tier 1 capital ratio of 6%
c) A total capital ratio of 8%

CRD IV requires the capital ratios to be calculated using the capital resources divided by the total exposure values, which are the Pillar I requirements multiplied by 12.5. As at 31st December 2019 the Tier 1 ratio was 18.5%.

5.3 Pillar I minimum capital requirement calculation

Table 5: Pillar I minimum capital requirement calculation

Sanlam Private Investments (UK) Holdings Limited	As at 31st December 2019 Own Funds Requirement (£'000)
Fixed Overhead Requirement	1,856
Credit Risk Requirement	394
Market Risk Requirement	42
Own Funds Requirement	
Regulatory Own Funds	4,293
Excess of Own Funds Over Pillar I Capital Requirement	2,438
Cover Relative to Capital Resources	231%

6. Credit Risk

6.1 Credit risk overview

Credit risk is the risk of loss if another counterparty fails to perform its obligations or fails to perform them in a timely fashion.

Primary credit risk exposures within Sanlam Investments (UK) Limited include intercompany group loans and other receivables. The intercompany loans are primarily between SI, the wider Sanlam UK Group and Sanlam Asset Management Ireland, with relatively small exposure to the ultimate parent in South Africa. All trade receivables are from regulated institutions/ fund platforms where there is an ongoing relationship between group and institution/ fund platform.

Credit risk is calculated in accordance. The exposure value of an asset is its accounting value after its credit risk adjustment.

6.2 Analysis of the credit risk capital requirement and risk weighted assets

SI has adopted the standardised approach to credit risk applying an 8% factor to the risk weighting of each asset class.

Table 6: Credit risk capital requirement and risk weighted assets by exposure class

Exposure Classes	Minimum 8% own funds requirement	Risk Weighted Assets
Cash at Bank (@1.6% RW)	21	1,328
Institutions	325	4,069
Other Items	48	596
Total Credit Risk Requirement	394	5,993

6.3 Client and market counterparty settlement risk

There is a risk that unexpected losses may arise as a result of clients and market counterparties used by the group failing to meet their obligations as they fall due. The Group carries out initial and ongoing due diligence on the market counterparties that it uses and regularly monitors the level of exposure.

This forms part of the Groups outsourcing frameworks with review frequency and completeness monitored by the Assurance Committee.

As SI acts as a principle and not an agent this risk is low. The business does not consider settlement risk to be material.

6.4 Concentration risk

Concentration risk is the risk that activities or exposures in a single area may lead to an unexpected loss. SI holds cash balances with approved banks and the risk of bank concentration risk is sufficiently mitigated.

7. Market Risk

7.1 Market risk overview

Market risk is the risk of loss arising from fluctuations in the values of, or income from, assets and liabilities as a result of movements in market prices. The effects of changes in interest rates are considered as interest rate risk in the non-trading book.

Market risk does affect the value and performance of SI's investment products, however SI does not operate its own trading book. Market risk impacts SI through lower than anticipated assets under management and subsequent reduction in fees and income.

The effects of market risk form a core part of the Pillar II (b) Stress testing analysis and supports the determination of appropriate levels of capital resources and the assessment of future business levels.

7.2 Interest rate risk in the non-trading book

SI is exposed to interest rate risk in relation to loss of revenue from adverse movements in its interest-bearing assets. Cash at the bank earns interest, at floating rates based on daily bank deposit rates.

7.3 Foreign exchange risk

Foreign currency risk is the risk that the Group will sustain losses through adverse movements in currency exchange rates. With substantially all of the Group's businesses currently operating within the UK, and therefore with minimal net assets and transactions of the Group denominated in foreign currencies, the Group is not exposed to significant foreign exchange translation or transaction risk and as such does not hedge any foreign current assets or liabilities.

The Group is exposed to foreign exchange risk through SI's US Dollar bank account. Balances within these accounts are maintained at low levels and are regularly converted to GBP, minimising the exposure to adverse currency movements. This risk is not considered as being material and management have made a decision to exclude foreign exchange risk from capital calculations.

7.4 Trading book position risk

SI acts as an agent and not a principle and does not run its own trading book therefore is not exposed to trading book position risk.

8. Operational Risk

Operational risk is the risk of loss arising from inadequate or failed processes, people and systems, or from external events. It includes legal and financial crime risks, but does not include strategic, reputation and business risks. SI seeks to mitigate operational risks in line with the processes outlined in Section 3.

As a Limited Licence Firm, SI is not required to hold capital, for operational risk, at Pillar I of the FCA's standardised approach to operational risk and SI has not chosen to do so.

For Pillar II purposes, SI's approach is to assess the actual level of operational risk not covered under Pillar I to determine whether any additional capital is requires. Given SI's business model a high number of risks have been categorised as operational risk within the Pillar II analysis.

SI seeks to mitigate these risks in line with the Groups risk management framework as outlined above. This includes the hiring of appropriately skilled staff in all areas of the business.

9. Reputational Risk

Reputational risk is the risk of adverse impact to SI's reputation following any given event or circumstance. The effects may lead to a loss of confidence by key stakeholders resulting in a turbulent or even perilous business environment for SI.

SI's reputation is a cornerstone to its business model and takes many years to build. It is a contributing factor to attracting and retaining clients. Reputational risk covers brand damage, negative media coverage or PR and is often closely tied to the materialisation of other categories of risks.

Reputational risk forms a core part of the Pillar II (b) Stress testing analysis and supports the determination of appropriate levels of capital resources and the assessment of future business levels.

10. Business Risk

Business risk is the risk of exposure to uncertainty in the macroeconomic environment. Business risk is managed with a long-term focus, assisted by appropriate management oversight and a strong corporate governance framework.

The most significant business risk exposure for SI is a reduction in internal assets due to poor performance. Business risk forms a part of SI's Pillar II (b) stress testing analysis to support the determination of appropriate levels of capital resources and management actions should the occasion arise.

11. Liquidity Risk

Liquidity risk is the risk that SI, although solvent, does not have enough available resources to meet its obligations as they fall due, or can only secure them at an excessive cost. SI maintains adequate liquidity to cover its needs daily and is self-sufficient in terms of its liquidity requirements.

SI's management are committed to the control and management of liquidity on a day-to-day basis to ensure all obligations can be met in a timely manner. The Group and SWI Board have set a conservative liquidity appetite and introduced appropriate governance and controls.
SI's approach to liquidity management is to:

- Determine the level of available cash resources by forecasting the month end cash position;
- Monitor cash balances together with other funding sources remain above with the Group's liquidity risk appetite;
- Perform stress tests by forecasting severe but plausible liquidity risks and assessing the strength of the Group's appetite positions.

12. Remuneration Code Disclosure

The Group is authorised and regulated by the Financial Conduct Authority as an IFPRU Firm and, so, it is subject to FCA Rules on remuneration. These are contained in the FCA's Remuneration Codes located in the SYSC Sourcebook of the FCA's Handbook.

The Remuneration Code covers an individual's total remuneration, fixed and variable. The Firm incentivises staff through a combination of the two.

The Firm's business is to provide portfolio management services to its clients and funds. Our policy is designed to ensure that we comply with the Rem Code and our compensation arrangements:

1. Are consistent with and promotes sound and effective risk management;
2. Do not encourage excessive risk-taking;
3. Include measures to avoid conflicts of interest; and
4. Are in line with the Firm's business strategy, objectives, values and long-term interests of the various stakeholders

12.1 Proportionality

Sanlam is a relatively small asset and wealth manager that also deals in a number of insurance products. The wealth and asset management business is an agency business and does not trade on its own account, reducing the level of risk. Sanlam operates a robust risk and control framework and has a positive track record in this area. Consequently, management have determined that it is appropriate to apply proportionality to disapply the pay-out process rules. The IFPRU entities are level 3 and the Solvency II entities are category 4 which support this assessment.

12.2 Application of the requirements

We are required to disclose certain information on at least an annual basis regarding our Remuneration policy and practices for those staff whose professional activities have a material impact on the risk profile of the firm. Our disclosure is made in accordance with our size, internal organization and the nature, scope and complexity of our activities.

12.3 Decision-making process used for determining remuneration policy (including use of external benchmarking consultants).

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 project metrics, unless otherwise agreed by the Board.

The Human Resource and Remuneration Committee ("HRC") provides independent oversight and challenge of all remuneration policies and decisions for Sanlam in the UK. The Committee has a formal terms of reference to define its duties. The Committee consists of 3 independent non executives, 2 Group non executives and the CEO of Sanlam UK. The Group Head of HR and CFO are regular attendees and the Heads of Risk and Compliance attend by invitation for relevant topics. All of the independent non executives also sit on the Risk and Audit Committee.

The HRC do not have a formal advisor, however PwC provide occasional input into remuneration regulatory matters.

The HRC review and approve the remuneration policy annually.

Internal audit conduct an annual review of compliance with the remuneration regulatory regime, the key findings of which are reported back to the HRC.

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.

Risk and Compliance monitor risk performance and any material events and will flag this to line managers/HR in advance of any awards being finalised.

Risk and Compliance input into the design of any new incentive plans or development of remuneration policies as well as the business scorecards used in the various incentive plans.

The Sanlam UK Head of Risk reports annually to the Human Resource Committee (HRC) on the overall risk performance of the business and whether any adjustments are required to pools or individual outcomes as a result.

Several members of the HRC also sit on the Audit and Risk Committee.

12.4 Summary of how the firm links between pay and performance (SEE REM CODE).

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

a. Investment Generation
b. Investment Trading
c. Sales & Marketing
d. 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 Group profit and financial performance. 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.

We may omit required disclosures where we believe that the information could be regarded as prejudicial to the UK or other national transposition of Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.

We have made no omissions on the grounds of data protection.