



# Sanlam Umbrella Fund TRUSTEE REPORT 2020

**BE INFORMED**  
REPORTING ON THE YEAR THAT WAS

**BE PREPARED**  
SHARING OUR VISION OF THE FUTURE



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# Principal Officer's Message



**Kobus Hanekom**  
*Principal Officer,  
Sanlam Umbrella Fund*

## FSCA inspection

Early in 2019 the Financial Services Conduct Authority (FSCA) inspected the top 100 funds as part of their risk-based supervision approach. Both the Sanlam Umbrella Pension and Provident Funds are included in the list of top 100 funds in South Africa in their own right. We are delighted to report that the investigation went well and that no concerns were identified in the report issued. The Fund has a very positive working relationship with the Authority and officers on both sides continually strive to find more effective ways to process, monitor and manage the volumes of data processed by a mega umbrella fund.

## External reports

The Sanlam Umbrella Fund monitors a number of indicators to ensure good governance, compliance and operational security, such as the safety of confidential information. One such indicator is the fact that the Fund's auditors have once again signed off on an unqualified financial audit which was submitted to the FSCA on time. Another report that the Board relies on to help ensure that its operations are secure and well protected against cyber criminals is the ISAE 3402 Type II report. Ernst & Young has once again conducted the audit on the Administrator during the period October 2018 to September 2019. We are pleased to report that, other than two identified instances that do not diminish the integrity of the control environment as a whole, the ISAE 3402 report was presented with no areas of concern.

## Transformation

The Sanlam Umbrella Fund prepared a balanced scorecard – a voluntary requirement of the top 100 retirement funds in South Africa. The Fund registered a very good score in terms of the diversity of its Board and the Fund secretariat and registered a pleasing score in respect of its procurement. This is primarily due to the fact that the Sponsor (Sanlam) is a Level 1 BEE contributor. The Fund is in the process of developing shortcomings in the current scorecard requirements in consultation with the authorities and are developing strategies to improve its score.

## Election of independent trustees

During the last quarter of 2019 the Sanlam Umbrella Fund embarked on the process to elect independent trustees to the Board for the next three-year term. The Fund received more than 60 applications after it published an invitation, via Batseta, to industry professionals that are independent of Sanlam to submit their credentials. Nine candidates were selected, based on their experience and qualifications as well as their transformation and other credentials. The election procedures and ballot papers were circulated to all participating employers and member representatives who serve on the Joint Forums were invited to elect three candidates – either electronically or by way of a paper-based system.

To properly represent the members of the Fund, 50 percent of the trustees of the Sanlam Umbrella Fund are therefore member elected individuals who are independent of Sanlam, are qualified industry professionals and have a proud track record in the industry. The Fund is one of very few commercial umbrella funds who still make use of the election of member representatives on the Board of trustees. Most other funds allow the sponsor to merely nominate the independent trustees.

## Directive 8 on independence of the Principal Officer

The FSCA is on a drive to enforce the provisions of Directive 8 that requires that the Principal Officer of an umbrella fund may not be employed by the sponsor and may not have other business dealings with the fund or sponsor. We are happy to report that the arrangement between the Sanlam Umbrella Fund and its Principal Officer ticked all those boxes and no adjustments are necessary.

## Covid-19

The Covid-19 pandemic had a massive effect on our employers and our members, and the Fund had to take urgent and far reaching measures to be able to deal with the operating conditions as well as the needs and requirement of its stakeholders during this time of extreme disruption.

## Impact on the administrator and services

The Board is very happy to report that with the assistance and support of the Administrator and Sponsor, the Fund was able to maintain operations at usual standards despite the lockdown and the fact that staff had to operate remotely from home.

## Contribution payments

One of the most significant implications for participating employers and members who were directly affected was the inability to continue to make contribution payments.

### 🕒 Lockdown

Participating employers and members affected by the lockdown was able to implement the “absence with consent” provisions which meant that during this period no contributions were payable other than the risk premiums and the related costs. Those with reduced salaries were able to reduce their pensionable salaries accordingly.

### 🕒 Participating employers in distress

A few hundred participating employers applied for a temporary suspension of contributions on account of being in financial distress. We are delighted to report that with minor exceptions, our employers agreed to maintain their members’ insured benefits. These employers will resume normal contributions as soon as they are no longer in distress or at the end of the National State of Disaster.

## Investments

The Board embarked on a communication campaign in March/April 2020 and was able to help stem a wave of investment transfer requests into portfolios that members perceived to be safe. Fortunately, the market thereafter bounced back.

## Impact investing

The Board is in discussion with the authorities and relevant industry bodies to help facilitate processes aimed at facilitating greater investment into appropriate infrastructure investment projects. These projects, if properly designed and managed, can facilitate growth and employment in the South African economy which is much needed and in the interests of all members and employers.

### **Kobus Hanekom**

*Principal Officer, Sanlam Umbrella Fund*



# Fund Governance and Management Structure

The Sanlam Umbrella Fund's sound and comprehensive governance structure ensure that members' best interests are maintained. The Fund was the first umbrella fund to implement a governance structure that includes:

- ④ a Board of Trustees with 50% member elected independent trustees
- ④ a formal structure that includes Committees
- ④ Joint Forum management Committees with member representatives
- ④ an Annual General Meeting held in more than one region (now called the Sanlam Umbrella Fund Symposium)
- ④ implementation of the King IV Code of Governance.

Members elect the **independent trustees** that serve on the Board. They are:

*Independent trustees*

*Alternate Independent trustee*



*Joelene Moodley*



*Jolly Mkorosi*



*Cheryl Mestern*



*Isgaak Jarodien*

Sanlam appoints **trustees** to serve on the Board. They are:

*Sanlam-appointed trustees*

*Alternate Sanlam-appointed trustee*



*David Gluckman*



*Marius Jónas*



*Mkuseli Mbomvu*



*Marius Saayman*

**Fund Officers** manage the day-to-day operations of the Fund. They are:

*Principal Officer*

*Deputy Principal Officer and  
Head of the Fund Secretariat*



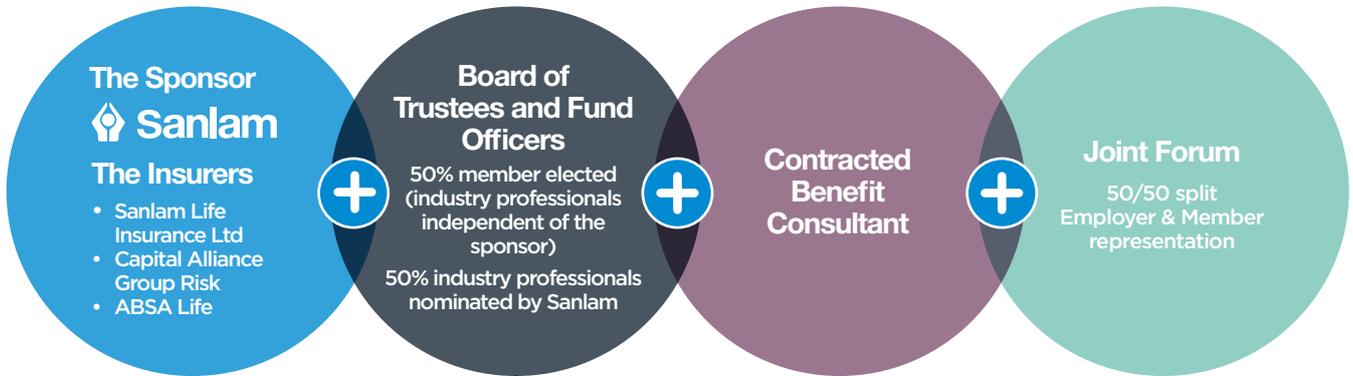
*Kobus Hanekom*



*Erina le Grange*

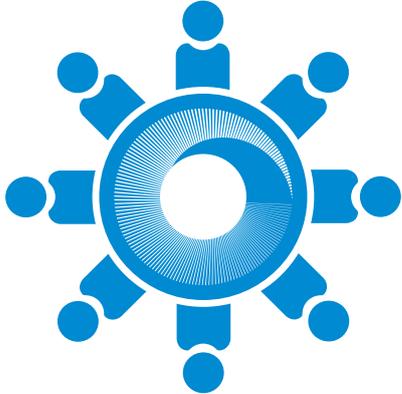
See  
annexure A  
for more details  
on the current  
Board of  
Trustees

# The Fund's formal structure



The Board of Trustees and Fund Officers are supported by ten Committees that:

- take care of specific day-to-day issues
- formally report to the full Board which remains responsible for taking final decisions



### The Committees are:

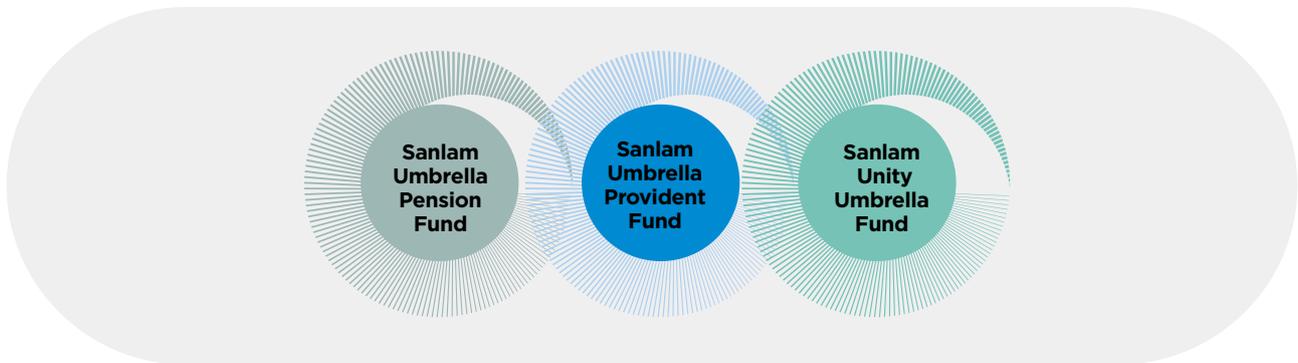


The individuals who chair and make up these Committees have a wealth of experience in the retirement fund industry and manage the Committees according to an agreed terms of reference for each Committee. Members of the Board of Trustees serve on each of these Committees.



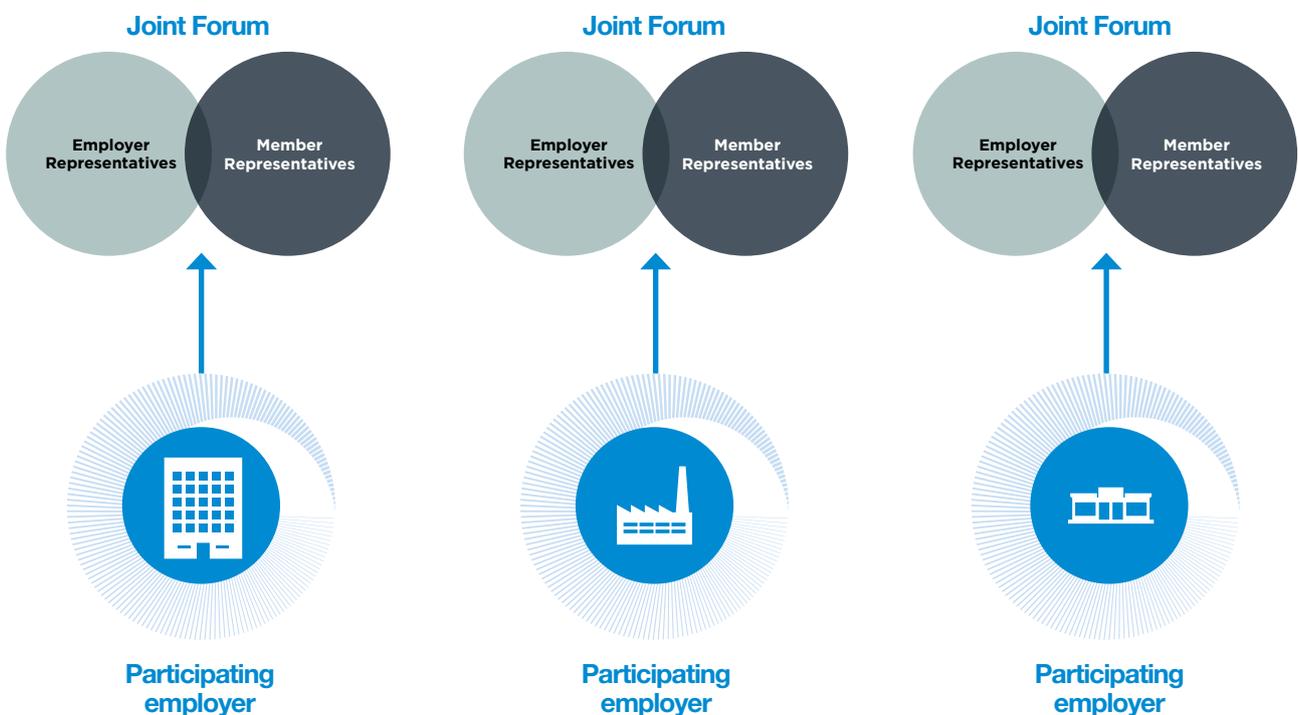
## Legal entities in the Sanlam Umbrella Fund

This reporting encompasses the three separate legal entities that make up the Sanlam Umbrella Fund:



## Joint Forums

Joint Forum Committees provide the platform for members and employers to consult (within the spirit of the Labour Relations Act, No. 66 of 1995) and make decisions regarding the appropriateness of their group retirement benefits. Every participating employer within the Sanlam Umbrella Fund is required to establish a Joint Forum and this forum should meet at least once a year.



For smaller sub-funds, it might be cost-effective to:

- meet every two years, or
- attend Centralised Joint Forum meetings organised by the Board of Trustees for multiple sub-funds.

# Reflections on the year that was



**David Gluckman**  
Chairman,  
Sanlam Umbrella Fund

## Covid-19 made this a year like no other in the history of the Sanlam Umbrella Fund or in any of our lives...

My predecessor as Chairman, Derek Smorenburg, could not have timed his own retirement on 29 February 2020 any better! Things have really been hectic since then!

Our Board is well aware how difficult a time this has been for our participating employers and members.

Our reaction to help our clients (supported by Contracted Benefit Consultants) has had to be multi-pronged:

- ② To be proactive to assist in the short term (operating within the constraints of the Law) via emergency steps such as contribution suspensions, retirement benefits counselling, extraordinary stakeholder communication and other interventions.

Covid-19 Contribution Suspension Applications as at 15 July 2020

	3 Umbrella Funds Combined	
	Employers	Members
Full suspension - no risk cover applicable	26	2,182
Full suspension - risk cover cancelled	29	662
Partial suspension - risk cover continues	612	59,719
<b>TOTAL</b>	<b>667</b>	<b>62,564</b>

- ② To engage proactively at industry and regulator level to try influence emergency regulation to assist our participating employers and members in these very difficult times.
- ② To recognise that our clients were concentrating on survival at these difficult times, and to continue with our ongoing focus over the long term to manage the Sanlam Umbrella Fund as best we can working towards optimising outcomes for our members over the long term.

I believe our very strong governance structure and 10 Committees greatly aided our ability to serve our clients well during these difficult times. Of course the support of a committed and well capitalised sponsor that has been in business in South Africa for more than a century also helps.

The 2020 Trustee Report summarises the vital work of these committees over the past year, and specifically during the Covid-19 pandemic. I think we can be proud of what has been achieved, and my sense is the ship has been steadied and the Sanlam Umbrella Fund remains strong and resilient and ready for the future.

2020 has also seen the Sanlam Umbrella Fund surpassing key milestones such as 250 000 members and R50 billion assets under management. That is an incredible achievement since the launch of this product offering to the market as recently as 2008.

Thank you to our entire Board of Trustees, Principal Officer and Fund Secretariat for all your hard work over the year. Thank you to our hard-working service providers not least our administrators. The support of consultants is also much appreciated. I know it has not been an easy time, and I hope and trust that our ongoing mission to serve our members as best we can makes all these efforts worthwhile and rewarding.

Let's all try play our part to make the year to come even better!

Yours sincerely,

**David Gluckman**  
*Chairman,  
Sanlam Umbrella Fund*



# Positioned for the future



**Avishal Seeth**  
*Head,  
Sanlam Umbrella Solutions*

## **The year 2020 will be remembered for many reasons – the main reason being the outbreak of the Covid-19 pandemic throughout the world.**

The arrival of this pandemic has accelerated the need to focus on our members now more than ever. Now is the time to decisively support our members to enable financial resilience. As the sponsor of the fastest growing umbrella fund in South Africa, we recognise that our responsibility as custodians of our members hard earned retirement savings goes well beyond the scope of assisting members to achieve good retirement outcomes. While this is the main purpose of any retirement fund – the current circumstances have clarified that as an industry that controls 100% of total savings for the vast majority of our members – we cannot ignore that we are part of a much larger ecosystem that encompasses total member wellness.

The Sanlam Umbrella Fund has had a recurring theme over the past few years of focusing on members and refining this to strive to change member behaviour.

The biggest success thus far has been the implementation of free benefit counselling for all members of the Sanlam Umbrella Fund. We have demonstrated that we are able to actually change member behaviour as a result of well implemented benefit counselling with the proof in levels of preservation that we have achieved that are far superior to industry experience. We will continue to leverage off this proven tool to ensure that our members are best empowered to make the best decisions for themselves and their families. Our benefit counselling benchmark (attached to this article) will give you an idea of what we believe to be a great solution for members.

Going forward we will roll out multiple member focused initiatives that we believe will add significant value to members in the current climate and even once the destruction of the pandemic has passed.

## **Free will drafting for members of the Sanlam Umbrella Fund**

- ⌄ The pandemic has forced many of us to think of the unpleasant possibility of the worst happening. Because of this we have partnered with will drafting specialists who will draft wills for our members for free.

## **Credit management app for members**

- ⌄ Sanlam has implemented credit management solutions aimed at informing individuals of their debt status and providing mechanisms including telephonic counselling to better manage their spend as well as their debt. In doing so, individuals now have access to expertise and support to address an issue that still carries a significant social stigma and is the leading cause of financial stress in South Africa. This aspect of our members' lives has a direct and material impact on their prospects to fund for retirement and affects decisions relating to contributions and preservation and therefore cannot be ignored.

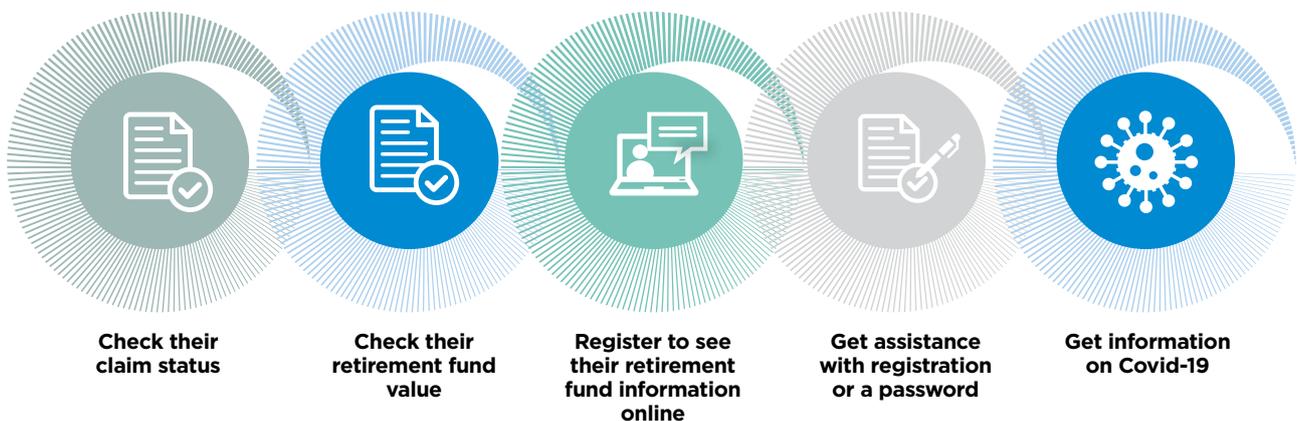
## Provision of virtual doctor consultations

- ⌚ The difficulty that many people face when faced with illness is that it is difficult to get access to a doctor. 60% of individuals polled in our benchmark survey indicated that they would be open to using telemedicine. This application serves as another case study of the potential for technology to disrupt long-standing processes and lends itself to further iterative disruption in the healthcare space, which is becoming unaffordable to many employees given their stretched personal finances.

## WhatsApp tool to get information

- ⌚ While our benefit counsellors are available to assist members with any information that they require regarding their retirement fund, we believe that many members still want to access their information through platforms that they are more familiar with. To this end we have launched a WhatsApp tool for members.

### Members can use WhatsApp to:



Link to the detailed brochure:

<https://seb-news.sanlam.co.za/wp-content/uploads/2020/09/WhatsApp-Service-channel.pdf>

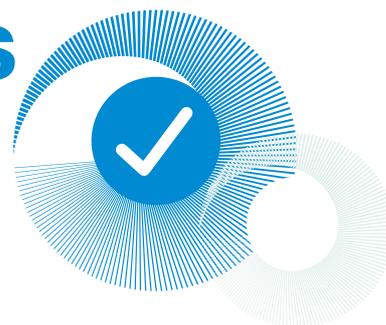
While I have highlighted some of the initiatives that we are working on, be on the look-out for many more that we believe will add value to our members' lives and in doing so will comfort employers and consultants alike that their employees/members are receiving the necessary assistance to achieve financial resilience.

Now, more than ever, is the time to help our members achieve their financial goals.

### **Avishal Seeth**

*Head,  
Sanlam Umbrella Solutions*

# Retirement Benefits Counselling Benchmarks



	Sanlam	Alternative
Omni-channel engagement including online portal, smartphone app, fund-specific dynamic video, sms and toll-free telephonic	✓	
Robust reporting and feedback provided on engagements and member decisions	✓	
Counselling available in most official languages	✓	
Multiple Counsellors available to ensure convenience of services	✓	
Proactive Counselling Capability to engage members according to pre-defined trigger events	✓	
Seamless transition to Fund appointed financial advisors when advice is required	✓	
Counselling calibrated to adhere to Fund specific default strategies	✓	
Adequately trained and qualified counsellors to convey complex financial topics	✓	
Risk and Quality Control to ensure compliance and peace of mind to all stakeholders	✓	
Paperless exit process for withdrawing members	✓	
Counsellors are not incentivised to influence members towards any particular option or product	✓	
Counselling provided free of charge	✓	



Trustee-approved  
**Investment Menu**  
at a glance

# Trustee-approved **Investment Menu** at a glance

The Sanlam Umbrella Fund continually enhances our product offering (taking opinions from our supporting intermediaries into account), with the aim of making our members more financially resilient.

The Fund's full range of investment portfolios and default strategies include the following:

Investment Strategy / Portfolio	Sanlam Unity	Standard Option	Optimal Option	Comprehensive Option	Individual membership
Sanlam Lifestage*		✓		✓	✓
Volatility Protection Strategy*		✓		✓	✓
Passive Lifestage Strategy*		✓		✓	✓
Sanlam Blue Lifestage Strategy*		✓	✓	✓	✓
Sanlam Unity Umbrella Fund Strategy*	✓				
Sanlam ACA Lifestage Strategy**				✓	✓
SIM Balanced Fund				✓	✓
SIM Moderate Absolute Fund				✓	✓
SIM Cash Fund				✓	✓
SIM Temperance Balanced Fund				✓	✓
SPW Balanced Fund				✓	✓
SMM 70 Portfolio				✓	✓
SMM 50 Portfolio				✓	✓
SMM 30 Portfolio				✓	✓
SMM Moderate Absolute Fund				✓	✓
SMM NUR Balanced Fund				✓	✓
SMM Select Balanced Fund				✓	✓
Sanlam Accumulation Portfolio				✓	✓
Sanlam The Most Aggressive Portfolio				✓	✓
Sanlam Monthly Bonus Fund			✓	✓	✓
Sanlam Stable Bonus Portfolio				✓	✓
Sanlam Progressive Smooth Bonus Fund				✓	✓
Satrix Enhanced Balanced Tracker Fund				✓	✓
Allan Gray Global Balanced Portfolio				✓	✓
Coronation Houseview Portfolio				✓	✓
Ninety One Balanced Fund				✓	✓
PSG Balanced Fund				✓	✓
Sanlam Foord Balanced Fund				✓	✓
Sanlam Prudential Balanced Fund				✓	✓
Sanlam Allan Gray Global Balanced Portfolio#				✓	
Sanlam Coronation Houseview Portfolio#				✓	
ACA Wealth Creation				✓	✓
Glacier+			✓	✓	

\* Trustee-approved and alternative default investment strategies

\*\* Only available to clients with previous exposure

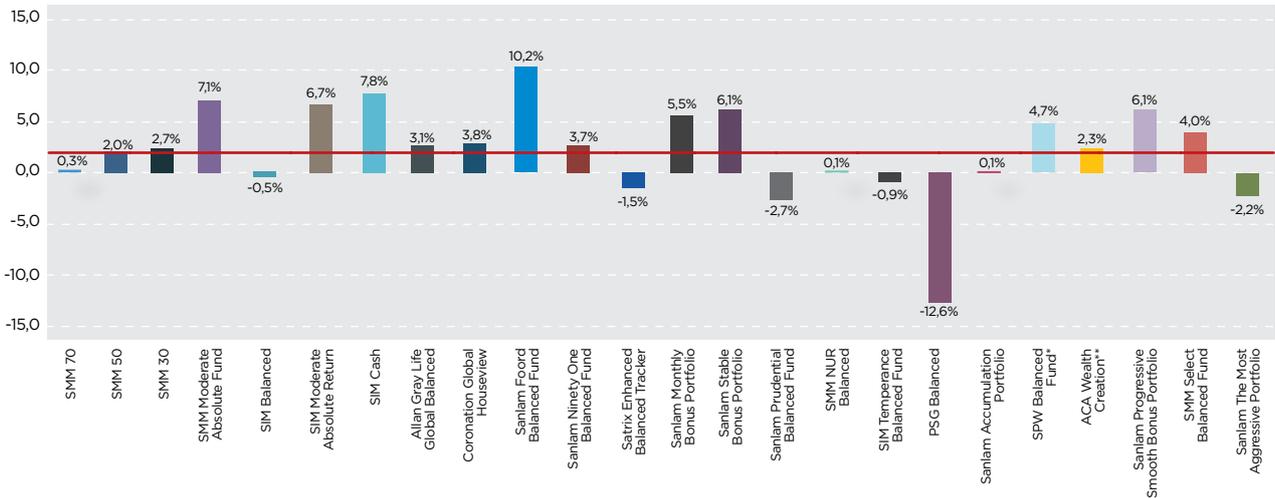
# Closed Portfolios - not available to new employers

+ Subject to Glacier product minima and participating employer agreement

# Performance on trustee-approved portfolios as at end June 2020

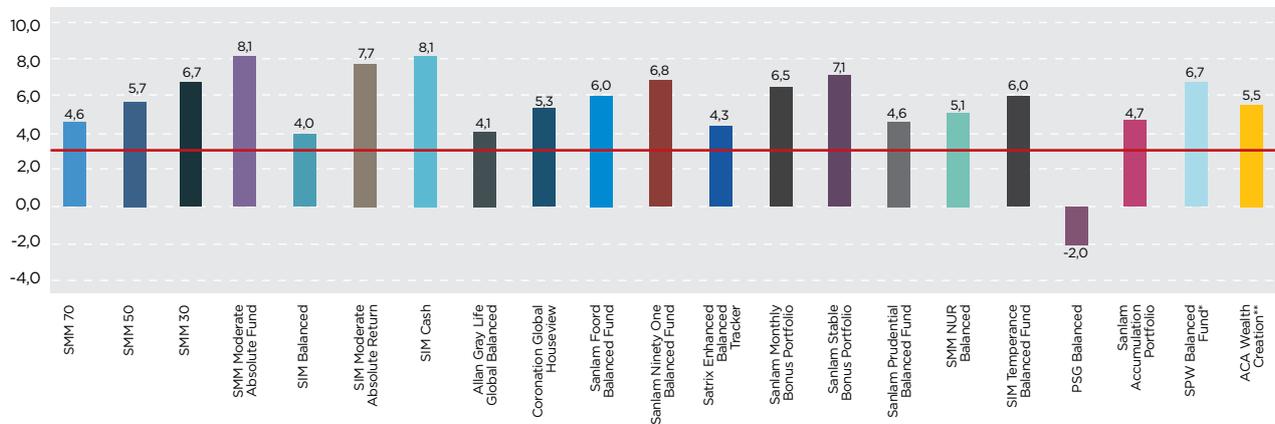
## 1 Year Returns

— CPI June 2020



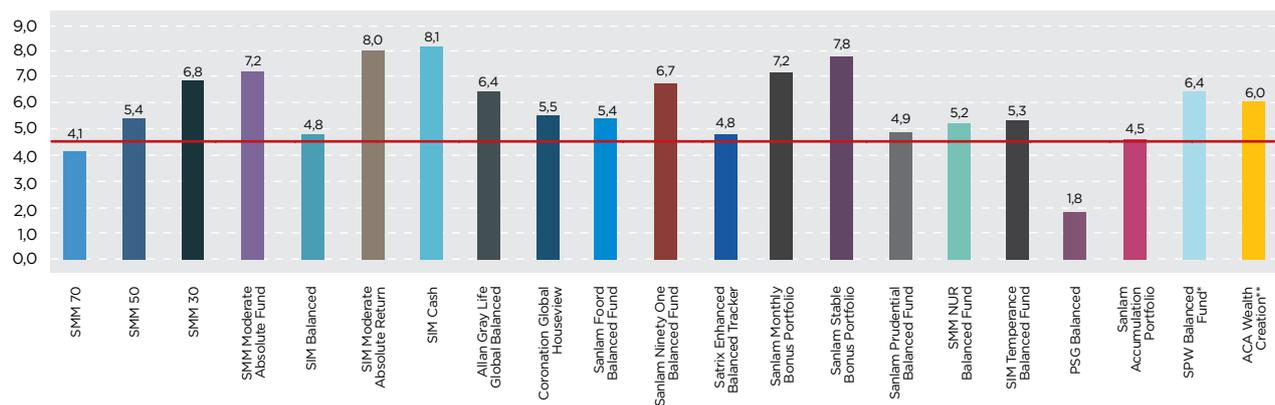
## 3 Year Returns

— CPI June 2020



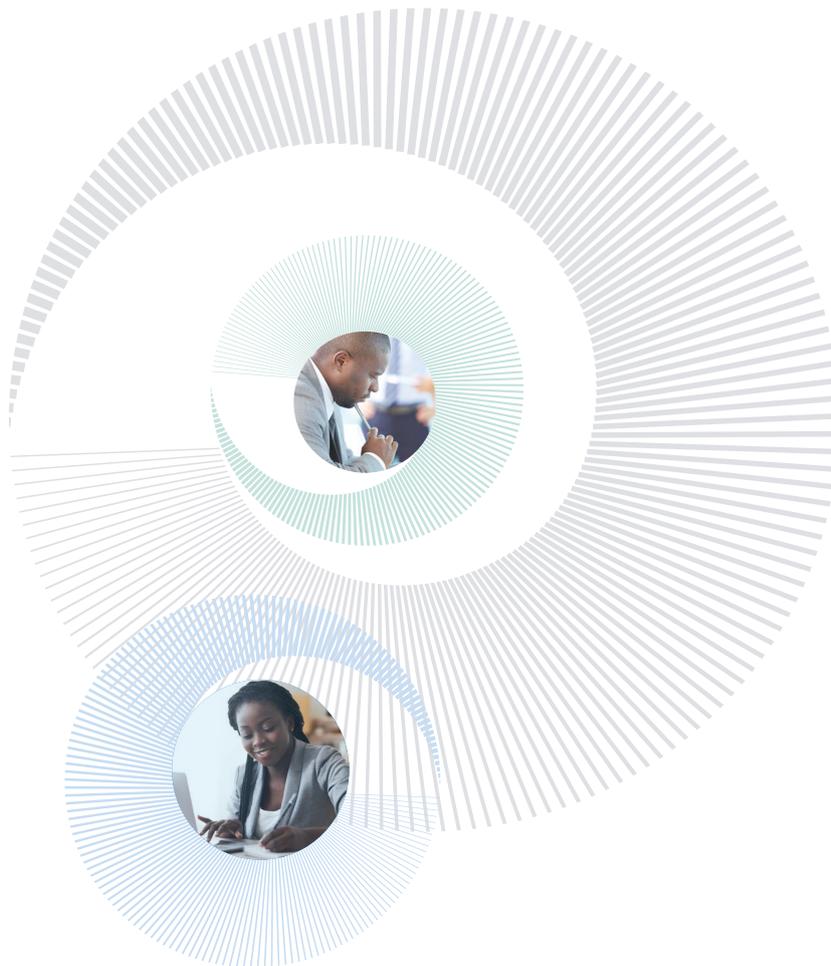
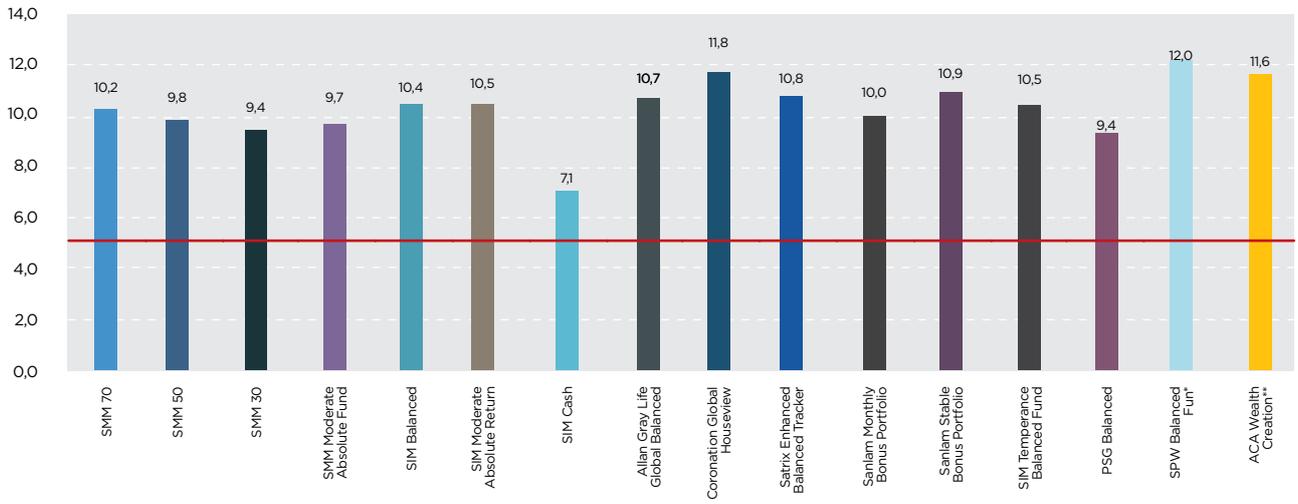
## 5 Year Returns

— CPI June 2020



### 10 Year Returns

— CPI June 2020



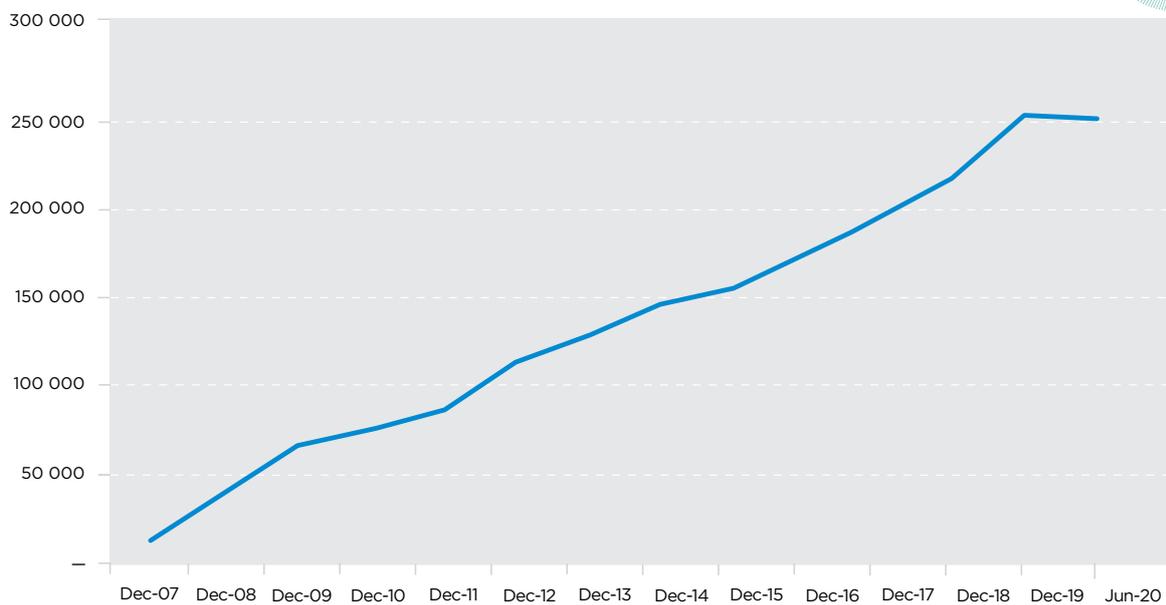
## Strong fund growth

The figures below represent the combined growth in membership numbers and assets under management for the three separate legal entities that make up the Sanlam Umbrella Fund.

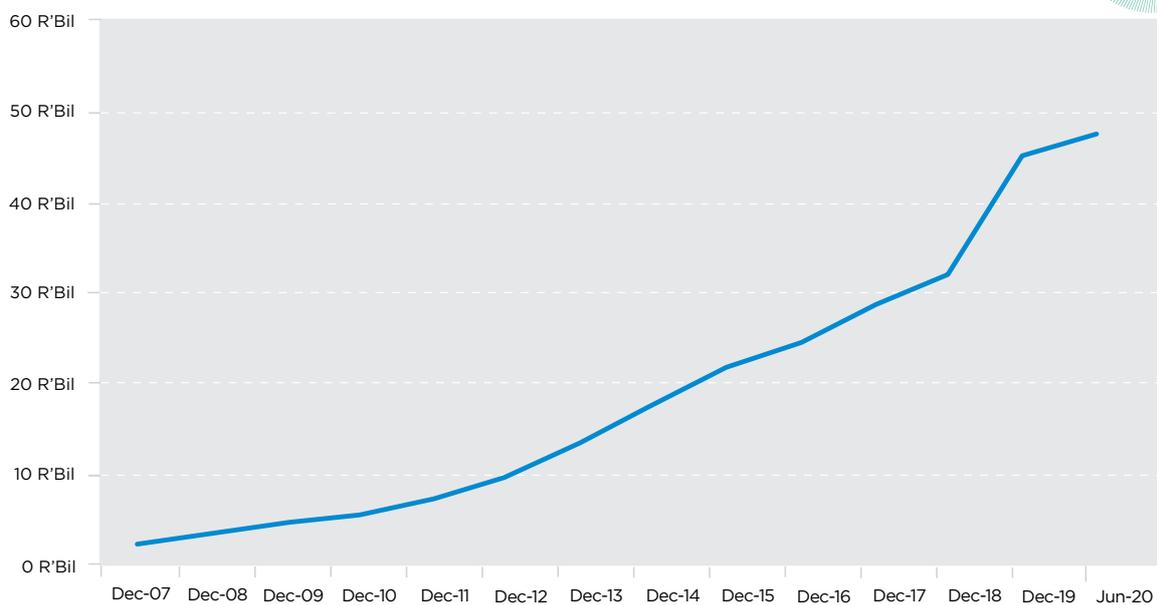
The Fund's growth remains on a strong path.

'The 'flattening of the curve' for membership growth experienced in the first half of 2020 was as a result of a large participating employer of over 10000 members being forced to close down and liquidate.

Sanlam Umbrella Fund combined membership numbers as at 30 June 2020



Sanlam Umbrella Fund combined assets under management as at 30 June 2020





# Annexures

and further information

# Trustees and Fund Officials for the Sanlam Umbrella Pension Fund and Sanlam Umbrella Provident Fund



## David Gluckman

*Chairman and  
Sponsor-appointed trustee  
(appointed 1 March 2020)*



David Gluckman is elected Chairman of the Board, and has also chaired the Investment Committee since the launch of the Sanlam Umbrella Fund in 2008. He also serves as Head: Special Projects at Sanlam Corporate. He previously served as CEO of Sanlam Umbrella Solutions from 2007 to 2011, and prior to that as MD of Simeka Consultants & Actuaries from 1998 to 2007. He is a qualified actuary, and has served as a member of the Actuarial Society's Retirement Matters, Surplus and Social Security Committees, as well as ASISA's Retirement Funds Costs Disclosure Committee. He has also presented papers and research to the Actuarial Society on retirement fund conversions, retirement fund reform, cost disclosures and living annuities. He also presented on the subject of retirement fund reform at ten of the annual Sanlam Benchmark Symposiums held between 2009 and 2019.

## Marius Jönas

*Sponsor-appointed trustee  
(re-appointed 1 January 2020)*



Marius Jönas is the chief executive officer of Futura SA Administrators and has more than 20 years' experience in the financial services industry (specifically as a financial adviser, fund trustee, principal officer and chairperson). Marius established the Futura Umbrella Retirement Fund in 1998. The name has since changed to Sanlam Unity Umbrella Fund in 2017. Under his management and leadership, and as a result of his keen understanding of this specific segment of the market, the fund membership has expanded and continues to grow.

## Mkuseli Mbomvu

*Sponsor-appointed trustee  
(appointed 1 March 2020)*



Mkuseli Mbomvu is the Managing Executive of Public Sector and Governance at Sanlam Corporate. He holds a Bachelor of Business Administration (BBA) degree and has completed a Masters in Business Administration with the Henley Business School in London. He was the CEO of Mineworkers Provident Fund and served as Executive: Corporate Service, Executive Head: Group Umbrella Funds and Head: Investment Operations at the Old Mutual Group. He was a Board member and Principal Officer of Mineworkers Beneficiary Trust and the Chairman of Mineworkers Charitable Trust Fund.

### Marius Saayman

*Alternate Sponsor-appointed trustee  
(re-appointed 1 January 2020)*



Marius Saayman is the Chairman of the Audit committee and the Allocation of Death Benefits committee. Marius retired from Sanlam at the end of 2014. Before retirement he was employed as CFO of a number of Sanlam's business units (including Sanlam Employee Benefits) and served on the boards of trustees of six Sanlam retirement funds. Since retirement he has served as a director of an insurance company registered in the Seychelles and has done some consulting in the rest of Africa and Malaysia. He is currently a trustee of four preservation funds. Marius holds a B. Com Accounting (Honours) degree and qualified as a CA (SA). He also holds a B. Com (Honours) degree in financial management and completed advanced management programs at the business schools of UNISA and Manchester.

### Jolly Mkorosi

*Independent trustee  
(re-elected 1 January 2020)*



Jolly Mkorosi was re-elected as an independent trustee for a second term. Jolly is the chairman of the Board of Trustees of Moriting Retirement Fund and a trustee of the Legal Provident Fund. She holds a BComm degree and has 17 years' experience in retirement funds, with various fiduciary positions held, including that of the principal executive officer of the Municipal Councillors Pension Fund, trustee of the Road Freight and Logistics Provident Fund, Chairman of Sasol Coal Provident Fund and South African Dental Technicians Employees Umbrella Fund.

### Joelene Moodley

*Independent trustee  
(re-elected 1 January 2020)*



Joelene Moodley was re-elected as an independent trustee for a second term. Joelene held various positions at the Government Employees Pension Fund (GEPF) and served as the acting principal executive officer for 18 months. Joelene holds a Masters degree in Law, BProc and an LLB degree. She was a director in the corporate and commercial division of Rooth and Wessels Attorneys and has extensive employee benefits industry experience. Joelene is currently the Executive Director at Vision Focus, a pension law, corporate governance and strategic financial management consulting company. Furthermore, she is an independent trustee on the Fairheads Unclaimed Preservation Pension and Provident Fund.

### Cheryl Mestern

*Independent trustee  
(elected 1 January 2020)*



Cheryl Mestern is a newly appointed independent trustee. She holds a B.Comm (Economics & Business Economics) degree and is a member of the Pensions Lawyers Association. She is currently the Chairperson of OUTvest Preservation & Retirement Annuity Funds and an Independent Trustee for Nedgroup Beneficiary Fund. She has 36 years' experience in the retirement fund industry, served as the Principal Officer of the Old Mutual SuperFund Umbrella Fund for 10 years.

### **Isgaak Jarodien**

*Alternate independent trustee  
(elected 1 January 2020)*



Isgaak Jarodien is a newly elected as an alternate independent Trustee. Isgaak enjoys 25 years of experience in the retirement, employee benefits, and tax industries. Isgaak is the Independent Principal Officer for the eJoburg Retirement Fund, an Independent Trustee of the NBC Umbrella Retirement Fund and Chairperson of its Section 37C and Finance and Investment Sub-Committees. Isgaak served as Illovo Sugar Africa (Pty) Ltd's Group Retirement Funds Manager and Principal Officer for ten years. Prior to that, Isgaak was the National Treasury's Director for the Individual and Retirement Taxes portfolio. As an Attorney, registered Master Tax Practitioner and CFP Charterholder, Isgaak holds the following qualifications: Bachelor of Jurisprudence, Bachelor of Laws, Postgraduate Diploma (Tax Law), Master's Degree of Laws, Bachelor of Commerce (Honours – Tax), Certificate in Islamic Finance, Postgraduate Diploma in Financial Planning (CFP) and a Postgraduate Diploma in Management of Retirement Funds Practice. Isgaak also serves as a Legal Consultant.

### **Kobus Hanekom**

*Principal Officer*



Kobus Hanekom is the executive principal officer of the Sanlam Umbrella Fund. He completed a B.lur. and LLB degrees and was admitted as an attorney, conveyancer and notary in 1983. He also successfully completed the Professional Principal Executive Officer qualification through Batseta. Kobus is a qualified Certified Financial Planner and was a founding member of the Pensions Lawyers Association of South Africa. Kobus is the editor and original author of The Manual on South African Retirement Funds (currently in its 25th edition) and is a regular speaker at industry conferences and workshops. He served as the head of strategy governance and compliance at Simeka Consultants and Actuaries for many years.

### **Erina le Grange**

*Deputy Principal Officer and  
Head of Fund Secretariat*



Erina le Grange is the deputy principal officer of the Sanlam Umbrella Fund and heads the fund secretariat based in the Sanlam Head Office in Bellville. Erina has been active in the retirement fund industry since 1985, with a specific emphasis on managing administration service delivery for some of Sanlam's largest retirement fund administration clients. She obtained her diploma in retirement fund management in 2004 and a certificate in business management in 2006 and she successfully completed the Professional Principal Executive Officer qualification through Batseta shortly after it was launched.

# Trustees and Fund Officials for the Sanlam Unity Umbrella Fund

## David Gluckman

*Chairman and  
Sponsor-appointed trustee  
(appointed 1 March 2020)*



David Gluckman is elected Chairman of the Board, and has also chaired the Investment Committee since the launch of the Sanlam Umbrella Fund in 2008. He also serves as Head: Special Projects at Sanlam Corporate. He previously served as CEO of Sanlam Umbrella Solutions from 2007 to 2011, and prior to that as MD of Simeka Consultants & Actuaries from 1998 to 2007. He is a qualified actuary, and has served as a member of the Actuarial Society's Retirement Matters, Surplus and Social Security Committees, as well as ASISA's Retirement Funds Costs Disclosure Committee. He has also presented papers and research to the Actuarial Society on retirement fund conversions, retirement fund reform, cost disclosures and living annuities. He also presented on the subject of retirement fund reform at ten of the annual Sanlam Benchmark Symposiums held between 2009 and 2019.

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(appointed 1 March 2020)*



Marius Saayman is the Chairman of the Audit committee and the Allocation of Death Benefits committee. Marius retired from Sanlam at the end of 2014. Before retirement he was employed as CFO of a number of Sanlam's business units (including Sanlam Employee Benefits) and served on the boards of trustees of six Sanlam retirement funds. Since retirement he has served as a director of an insurance company registered in the Seychelles and has done some consulting in the rest of Africa and Malaysia. He is currently a trustee of four preservation funds. Marius holds a B. Com Accounting (Honours) degree and qualified as a CA (SA). He also holds a B. Com (Honours) degree in financial management and completed advanced management programs at the business schools of UNISA and Manchester.

**Jolly Mkorosi**

*Independent trustee  
(re-elected 1 January 2020)*



Jolly Mkorosi was re-elected as an independent trustee for a second term. Jolly is the chairman of the Board of Trustees of Moriting Retirement Fund and a trustee of the Legal Provident Fund. She holds a BComm degree and has 17 years' experience in retirement funds, with various fiduciary positions held, including that of the principal executive officer of the Municipal Councillors Pension Fund, trustee of the Road Freight and Logistics Provident Fund, Chairman of Sasol Coal Provident Fund and South African Dental Technicians Employees Umbrella Fund.

**Joelene Moodley**

*Independent trustee  
(re-elected 1 January 2020)*



Joelene Moodley was re-elected as an independent trustee for a second term. Joelene held various positions at the Government Employees Pension Fund (GEPF) and served as the acting principal executive officer for 18 months. Joelene holds a Masters degree in Law, BProc and an LLB degree. She was a director in the corporate and commercial division of Rooth and Wessels Attorneys and has extensive employee benefits industry experience. Joelene is currently the Executive Director at Vision Focus, a pension law, corporate governance and strategic financial management consulting company. Furthermore, she is an independent trustee on the Fairheads Unclaimed Preservation Pension and Provident Fund.

**Cheryl Mestern**

*Independent trustee  
(elected 1 January 2020)*



Cheryl Mestern is a newly appointed independent trustee. She holds a B.Comm (Economics & Business Economics) degree and is a member of the Pensions Lawyers Association. She is currently the Chairperson of OUTvest Preservation & Retirement Annuity Funds and an Independent Trustee for Nedgroup Beneficiary Fund. She has 36 years' experience in the retirement fund industry, served as the Principal Officer of the Old Mutual SuperFund Umbrella Fund for 10 years.



### Isgaak Jarodien

*Alternate independent trustee  
(elected 1 January 2020)*



Isgaak Jarodien is a newly elected as an alternate independent Trustee. Isgaak enjoys 25 years of experience in the retirement, employee benefits, and tax industries. Isgaak is the Independent Principal Officer for the eJoburg Retirement Fund, an Independent Trustee of the NBC Umbrella Retirement Fund and Chairperson of its Section 37C and Finance and Investment Sub-Committees. Isgaak served as Illovo Sugar Africa (Pty) Ltd's Group Retirement Funds Manager and Principal Officer for ten years. Prior to that, Isgaak was the National Treasury's Director for the Individual and Retirement Taxes portfolio. As an Attorney, registered Master Tax Practitioner and CFP Charterholder, Isgaak holds the following qualifications: Bachelor of Jurisprudence, Bachelor of Laws, Postgraduate Diploma (Tax Law), Master's Degree of Laws, Bachelor of Commerce (Honours – Tax), Certificate in Islamic Finance, Postgraduate Diploma in Financial Planning (CFP) and a Postgraduate Diploma in Management of Retirement Funds Practice. Isgaak also serves as a Legal Consultant.

### Kobus Hanekom

*Principal Officer*



Kobus Hanekom is the executive principal officer of the Sanlam Umbrella Fund. He completed a B.lur. and LLB degrees and was admitted as an attorney, conveyancer and notary in 1983. He also successfully completed the Professional Principal Executive Officer qualification through Batseta. Kobus is a qualified Certified Financial Planner and was a founding member of the Pensions Lawyers Association of South Africa. Kobus is the editor and original author of The Manual on South African Retirement Funds (currently in its 25th edition) and is a regular speaker at industry conferences and workshops. He served as the head of strategy governance and compliance at Simeka Consultants and Actuaries for many years.

### Erina le Grange

*Deputy Principal Officer and  
Head of Fund Secretariat*



Erina le Grange is the deputy principal officer of the Sanlam Umbrella Fund and heads the fund secretariat based in the Sanlam Head Office in Bellville. Erina has been active in the retirement fund industry since 1985, with a specific emphasis on managing administration service delivery for some of Sanlam's largest retirement fund administration clients. She obtained her diploma in retirement fund management in 2004 and a certificate in business management in 2006 and she successfully completed the Professional Principal Executive Officer qualification through Batseta shortly after it was launched.

# Committees and their feedback reports



The following Committees are active for the Funds

COMMITTEE	FUND	CHAired BY	TITLE
Administration Committee	All funds	Mike O'Donovan	Chief Executive Officer Sanlam Corporate: Platform Solutions
Audit Committee	All funds	Marius Saayman	Retiree
Communications Committee	All funds	Avishal Seeth	Head: Sanlam Umbrella Solutions
Complaints Committee	All funds	Kobus Hanekom	Independent Principal Officer, Sanlam Umbrella Fund
Death Benefits Allocation Committee	All funds	Marius Saayman	Retiree
Governance & Risks Committee	All funds	Kobus Hanekom	Independent Principal Officer, Sanlam Umbrella Fund
Insured Benefits Management Committee	All funds	Elsie Swart	Quotations Manager: Sanlam Umbrella Solutions
Investments Committee	All funds	David Gluckman	Chairperson: Sanlam Umbrella Fund Board of Trustees
Individual Member Products and Servicing committee	All funds	Anna Siwiak	Head: Product Development Sanlam Umbrella Solutions
Remuneration Committee	All funds	Avishal Seeth	Head: Sanlam Umbrella Solutions

## Administration Committee feedback

The activities and responsibilities of the Administration Committee is governed by its Terms of Reference document. In addition to the nominated subject matter experts, the Committee has three trustees and fund secretariat appointed to it. In addition to the general governance responsibilities, the Committee monitors and reports on the performance of the Administrator against the formal service level agreement between the Fund and the Administrator, monitors the Fund's expenses and budget, ensures the appropriate implementation and application of regulatory changes affecting the administration of the Fund.

Most recently specific focus has been given to the Administrator's response to the National State of Disaster regulations implemented as response to the Covid-19 pandemic. A special Administration Committee meeting was held a week into the initial full lockdown, attended by the full Board of Trustees where the Administrator's business continuity response and operational response was assessed. The administration functions of the Fund were largely uninterrupted by the restrictions as the Administrator was able to respond quickly to the lockdown requirements and had 90% of its staff operational off-site by the time the restrictions were enforced. Within two weeks, 98% remote working operational capability was reached.

A key focus has been on the economic effect that the pandemic and resultant regulations has had on participating employers. A series of communications were rolled out, including webinars, video clips and emailed brochures, presenting the various options and responses available to employers struggling to maintain their retirement fund contributions. We have seen a significant number of financially distressed employers proactively responding and making use of the options available to them.

Overall the regulatory governance and compliance of the Fund is sound. This is evidenced not only by the measurement and monitoring of our service level agreements, but also from general feedback received from our participating employers and their consultants. The Administrator has continued with their annual ISAE Type II external audit, the latest being completed for the year ended September 2019 which has provided the Fund with the comfort of sound administration processes and governance. The Committee is also investigating whether extra actuarial investigations could further enhance the Fund's governance and risk management processes.

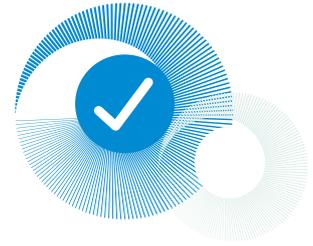
In March 2019 we saw the implementation of the Default Regulations, which required fairly significant administration process, system and reporting changes, not only to meet the minimum requirements of Regulation 38, but also to ensure the process is easy to use, maintains the high standard of service delivery and delivers of the spirit of the regulation with best member outcomes. This required embedding the direct member consent, benefit counselling and reporting requirements into a streamlined, automated and user-friendly process. The Committee has continued to monitor both the processes as well as outcomes and is comfortable that these are sound.

The Administrator has continued to invest in technology to further improve service delivery, governance, reporting and client experience. This has been positively received by participating employers, consultants and members alike. The digital portals specific to the needs of each of these three groups of stakeholders continue to be enhanced, allowing greater access to information, transparency, tools and functionality tailored to their needs - complementing the existing face-to-face and telephonic support provided.

The Committee has been working closely with the Administrator to explore ways the Fund can better meet the regulatory pressures to have greater direct member engagement. Recent draft regulation issued from the FSCA gives a strong indication that this will be formally regulated in the near future. While we have seen the provision of member contact details improving significantly, there is still a general apathy among participating employers to provide these details that enables members direct access to the Fund's various engagement channels. The number of members starting to use both Sanlam's digital and traditional channels to access information and engage with the Fund has improved significantly year on year, but this has been off a relatively low base and we would still like to see more improvement to this figure.

With the increased drive towards automation and digitisation, this Committee has also been monitoring the Administrator's proactive stance and preparedness in respect of cyber security, information governance, business continuity, crisis management and protection of personal information and has the requisite assurance that the Fund's and its member's interests are being met. The Cyber Resilience Benchmark extract on the following page, illustrates this point.

# Cyber Resilience Benchmark



		Sanlam	Administrator
<b>Governance</b>	Has your administrator established formal governance policies and processes for information security, information governance, cyber security, third party management, etc. ?	✓	
	Does your administrator have cyber insurance to enable financial stability for significant cyber events?	✓	
<b>Preventative</b>	Does your current administrator have dedicated information security staff who proactively identify and resolve cyber security vulnerabilities?	✓	
	Is your administrator's information security staff trained to respond to cyber security incidents?	✓	
	Does your administrator have processes in place to manage cyber security In terms of:	✓	
	④ Prevent data from being stolen from computers (USB port blocking and encrypted hard drives)?	✓	
	④ Continuous monitoring of antivirus and anti-malware software to ensure that they are up-to-date?	✓	
	If there are phishing attempts, is your administrator equipped to identify these events and mitigate the risks?	✓	
	Does your administrator have processes in place to restrict system accessiblility? (privileged account management and segregation of duties reviews, etc.)?	✓	
<b>Monitoring</b>	Does your administrator have a dedicated team to actively detect and respond to cyber-attack attempts?	✓	
<b>Response</b>	In the event of an incident, breach or hacking activity, does your administrator have a programme in place that actively:	✓	
	④ Responds to a crisis		
	④ Source experts to help forensically investigate		
	④ Recover data systems		



## Audit Committee feedback

The Audit Committee is responsible for the specific duties as per its Terms of Reference assigned to it by the Board of Fund. The members of the Committee have collectively sufficient and suitable qualifications, skills and experience to fulfil their duties. The Committee has an independent role with accountability to the Board. The Committee does not assume the functions of management, which remain the responsibility of the Board. The chairperson of the Governance and Risk Committee is an *ex officio* member of this Committee.

The key responsibilities of the Audit Committee are to:

- ④ lead the Board in the management of the relationship with the auditor. This includes the process to appoint the auditor, oversee the annual letters of engagement of the appointed auditors, monitoring audit quality, audit time and therefore fees.
- ④ ensure the fair presentation of the annual financial statements (AFS). This includes monitoring the effectiveness of the annual year-end procedures and audit process, to consider the draft audited AFS for fair presentation of all income, expenses, assets and liabilities and submission of the approved AFS to the FSCA.
- ④ ensure that accounting and internal control systems, designed to prevent and detect fraud and error, are effectively implemented and operated. This is done in collaboration with the Administration Committee and includes keeping of proper books and records of the Fund's activities, the employment of sufficient internal control procedures to ensure accurate accounting according to the accepted accounting policies as well as the prevention of fraudulent transactions, compliance to legislation, regulations and fund rules.

RSM Incorporated was the auditor for the Fund, but since their original appointment, the Fund went through an independent, external tender process and they emerged as the most suitable candidate. Change in lead partners takes place at least every five years which avoids familiarity risks. RSM provided exceptional service despite the lockdown limitations.

The Covid-19 pandemic had a significant impact on the year-end and audit process for the 31 December 2019 AFS. Both the accountants and the auditors work remotely without seeing each other face-to-face during this period. As a result of that it took about 8 weeks longer to complete the audited draft AFS. These challenges showcased the effectiveness of the finance function and the financial controls of the Fund. The audit reports for the AFS and Regulation 28 return are unqualified and no major non-compliance issues were identified on the Section 15 report by the auditors. The Board approved the AFS on 5 August 2020 and submitted it to the FSCA well within the extended submission time.

The Administration Committee confirmed to the Board that proper internal controls were employed and that was confirmed by the ISAE 3402 report issued by the external auditor of the Administrator and the Sanlam Trustee Information pack on Governance, Risk Management and Internal audit as prepared by the Chief Audit Executive of Sanlam.

## Sanlam Unity Umbrella Fund

The Audit Committee has the same responsibilities and follow the same process in terms of Sanlam Unity Umbrella Fund as described above.

The AFS for the financial year ended 31 May 2019 were unqualified and submitted to the FSCA within the prescribed period. The Fund's accountant and the external auditor (PWC) is currently busy with the preparation of the AFS for the year ending 31 May 2020 and the process is on track for completion within the prescribed time allowed.

## Communication Committee feedback

The Communication Committee is responsible for delivering suitable and relevant communication to all stakeholders of the Fund in terms of the adopted Terms of Reference. The Committee researches, recommends and implements solutions and regularly reviews and recommends changes to processes and procedures to ensure compliance with the Fund's duties and responsibilities in terms of its rules, the Pension Funds Act, the Income Tax Act, the Treating Customers Fairly principles and King IV. Most importantly, the focus of the Committee remains aligned with the common goal for the Fund – generating the best possible retirement outcomes for our members. The Committee is currently researching the feasibility of appointing a specialist communication consultant service provider for the Fund.

The Fund's communication strategy highlights the continual need to inform and educate our members on financial matters and the importance of providing them with relevant information on saving for retirement. The strategy supports a multi-pronged approach, with communication to members via digital platforms being a strong component. Lockdown measures to contain the spread of Covid-19, have also highlighted the importance of direct member engagement via digital communication and has accelerated our efforts in this regard.

The Committee furthermore continues to supplement the Administrator's efforts of gathering and maintaining members' personal contact details. The authority has issued a draft conduct standard recently which may make the provision of electronic contact details for members compulsory. We encourage participating employers to take such measures to comply with this requirement as soon as possible to ensure that we may reach many more members with digital communication. Once members' contact details are on record, members have direct access to all their personal Fund information, a number of digital tools and relevant information. The following are examples of electronic communication initiatives delivered during this reporting period:

- ④ A knowledge base website solution was developed, with the purpose of educating members and improving their financial resilience (and ultimately their retirement outcomes). The knowledge base website operates by means of a search functionality that allows members to obtain answers to many questions they may have on a variety of topics related to saving for retirement and life events experienced. By monitoring the questions posed by members, this solution will assist the Committee to understand what questions are front of members' minds and afford us the opportunity to tailor content to answer members' real questions. Readers may access the knowledge base website via the following link:  
<https://www.sanlamknowledgebase.co.za/>
- ④ The process of distributing Fund members' benefit statements to them directly via digital means will commence in September 2020. We believe that not only will this process relieve consultants and participating employers of the burden of distributing statements to members, but it will push members to take notice of their retirement savings position and take the appropriate action. Client Relations Managers will be contacting participating employers to discuss the roll-out of this functionality in detail.
- ④ Where participating employers in financial distress as a result of the COVID-19 national state of disaster, implemented one of the Fund's solutions, members of those employers have been kept updated on this matter via SMS.
- ④ Another example relates to challenges with the payment of contributions on the part of participating employers. In the last three to four months members were kept abreast of all instances where contribution payments were altered and/or reduced, by way of an SMS communication with a link to the relevant documentation.
- ④ The Fund's 2020 Annual General Meeting/Symposium will be presented in a virtual format for the first time and we trust that many more stakeholders will be able to "attend" the event in this format.

With specific focus on the Fund's response to the Covid-19 pandemic, the Committee supported several communication initiatives aimed at keeping Fund stakeholders updated and informed.

- ④ The Fund issued a series of three videos that outlined the steps the Board has taken to protect the Sanlam Umbrella Fund and members' interests therein, considering the pandemic.
  - Video communication number 3, deals with the role each of the Fund's nine Committees plays in ensuring the Fund's entire operation runs smoothly. The video is divided into 11 chapters that may be viewed individually.
  - Video communication number 2, gave viewers an overview of the responses to the pandemic on 7 April 2020 in Sanlam, the Industry and Sanlam Umbrella Fund specifically.
  - Video communication number 1, was issued at the onset of the pandemic (20 March 2020) and gave a short overview and reassurance to stakeholders on what the trustees were doing to protect the Fund.
- ④ In response to the uncertainty, the following initiatives have been delivered in an attempt to keep members informed.
  - Specific member communication addressed the matter of how members' retirement fund values may have been affected by the pandemic and cautions members against taking hasty decisions related to their investments during tough times.
  - Further information made available attempts to explain the concept of "Real loss" vs "Paper loss" to members (extract below).

A series of recorded webinars is also available to stakeholders as a means to inform them on a range of topics related to the Fund's workings and administration such as:

**Sanlam**

### Explaining "Real loss" vs "Paper Loss"

During times of crises (like we are experiencing now), investment market performance and investment markets are highly volatile, and your retirement fund savings are likely to be lower than before.

The losses that you see are however simply what is called "paper losses" and you should not become spooked by it.

**What is meant with "paper losses"?**

It is a term used to refer to unrealised profits or losses. Paper profits or losses only become real or actual money profits/losses when an investment is sold. Therefore you should not be tempted to make hasty changes to your investment portfolios. The risk is that you will miss out on any market recovery, which will have a devastating effect on your savings over the long term.

"REAL LOSS"	"PAPER LOSS"
Markets are volatile and prices drop - this is only a "paper loss" - not a "real loss" yet.	Markets are volatile and prices drop - this is only a "paper loss" - not a "real loss" yet.
<p>FOR SALE CLOSING DOWN</p>	<p>BUSINESS OPEN FOR BUSINESS</p>
<p>INVESTOR A</p>	<p>INVESTOR B</p>
<p>Panics - and immediately sells off all his assets and business at reduced prices:</p> <p>He makes this "paper loss" a "real loss" and actually lose real money.</p>	<p>Waits a year - until markets and prices recover:</p> <p>He retains his business assets and can now sell his business at the recovered price. The "paper loss" of last year never became a "real loss" for him.</p>

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- ④ How to manage group risk through the Covid-19 pandemic
- ④ Investing through the pandemic
- ④ Digital capabilities available to members
- ④ Retirement Benefit Counselling service
- ④ How to register for Sanlam's digital services

A website is maintained where stakeholders may find relevant information on the Fund and the Administrator's response to the Covid-19 pandemic as well as many of the communication initiatives mentioned in this feedback. Link to the site:

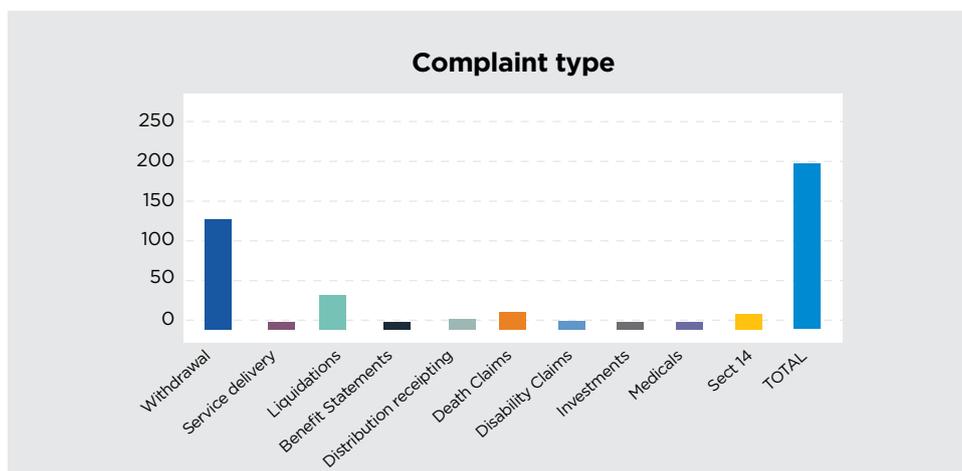
<https://www.sanlam.co.za/corporate/Pages/covid-19.aspx>

## Complaints Committee feedback

The Fund has a formal complaints procedure in terms of which each administrative enquiry, formal complaint and each “client relationship management exercise” is logged and managed.

During the reporting period, 79% of the complaints received were administrative enquiries that were explained and resolved by our administration enquiry procedures. The balance that qualified as complaints in terms of the Pension Funds Act were attended to in terms of the Fund’s complaints procedures. It is important for the Fund that each and every enquiry and concern is dealt with at the appropriate level and that we use this information to detect shortcomings in our documentation and procedures and make adjustments where necessary.

The Pension Funds Adjudicator recently requested the Fund’s permission to be part of a pilot study in terms of which complaints will only be considered once the complaint has gone through the Fund’s internal dispute resolution procedures. We are excited about this initiative as it will ensure greater efficiencies and will allow the Fund to help resolve concerns at grass route level.



Most enquiries and concerns we receive from members are in respect of withdrawal benefits (around 65%). These include situations where the withdrawal documentation was not submitted timeously or were incomplete (106 of 133), where members question the amount of their benefit (25 of 133) and where members question benefits being withheld in terms of Section 37D (discussed below) (4 of 133). The second largest group of complaints are in respect of liquidation benefits (around 18%), third largest are death benefits (around 8%) and fourth largest is in respect of transfers (around 5%). These percentages roughly align with the national statistics of the Pension Funds Adjudicator. One statistic that we do not share with the industry is that 70% of complaints are determined in favour of the complainant. In our case 97% are determined in favour of the Fund – just the other way around. This supports the Fund’s commitment to treating customers fairly and operational efficiency and confirms that we are working off a good base.

The Sanlam Unity Umbrella Fund received no more than a handful of formal complaints during the review period, all of which were resolved with little to no impact on the Fund or its members. Almost all of them were related to the late payment of contributions in terms of Section 13A of the Pension Funds Act.

The Fund has and will continue to take special measures to improve its communication and its procedures in those areas where we have received more enquiries. Here are a few examples:

- The Fund’s Administrator has in recent years implemented sophisticated new IT programmes that track, and process withdrawal claims efficiently on a monthly basis.

These measures significantly reduced enquiries but unfortunately a sizable number of our participating employers still have not yet implemented the electronic data capturing procedures. The Fund has also developed and is rolling out improved information and training material to make sure that employers and members understand the benefit procedures and that their expectations are properly managed.

- ④ We remain satisfied with the results achieved after we reviewed and adjusted our allocation of death benefit procedures early in 2018. The revised documentation enables us to gather more detailed information on the circumstances of the deceased member and his/her dependants and to identify and determine the dependency needs of the deceased's beneficiaries. The revised format assists both the potential dependants as well as the adjudicator to see and understand the bigger picture. We also desensitised the information we share with all the dependants to a greater extent to protect their personal information in compliance with POPI. During early 2020 the adjudicator made a number of determinations in which she placed a novel interpretation on the definition of dependant. One such determination was made against the Fund. We appealed the determination to the Financial Service Tribunal who agreed with the generally accepted interpretation of Section 37C and set the determination aside. The adjudicator is required to review and make a fresh assessment.
- ④ Another initiative that has had pleasing results is the revised protocol issued relating to requests to withhold benefits in terms of Section 37D. This section of the Pension Funds Act allows funds to withhold member benefits if there is prima facie evidence that the employer suffered a loss as a result of theft, fraud dishonesty and (dishonest) misconduct on the part of the member. The revised protocol lays down strict but clear guidelines to both employers and members and outlines the limited circumstances under which the Fund will deduct such losses from a member's benefit.



## Death Benefits Allocation Committee feedback

The Allocation of Death Claims Committee is responsible for the specific duties as per its Terms of Reference assigned to it by the Board of Fund. The members of the Committee have collectively sufficient and suitable qualifications, skills and experience to fulfil their duties. The Committee has an independent role with accountability to the Board.

The key responsibilities of the Committee are to:

- ④ ensure that the related stakeholder communication, forms, procedures and masters (templates) and service level agreements are aligned and will give effect to Section 37C of the Pension Funds Act and the allocation of death benefits protocol.
- ④ ensure that the service level agreement with the Administrator in relation to the allocation of death benefits is aligned with the processes required for proper allocation of death benefits and that it is properly implemented and complied with.
- ④ investigate and allocate death benefits in terms of Section 37C in terms of the processes and procedures set out in the Allocation of Death Benefits Protocol.

The Committee meets twice a month to firstly ensure that the allocation takes place as soon as possible after all possible beneficiaries are tracked and their relevant information was obtained and secondly that the allocation is fair and reasonable in terms of the challenging provisions of Section 37C of the Pension Funds Act. The Administrator and the HR department of the relevant participating employer assist the dedicated 37C-specialist team with the collection of the information. They interact directly with the deceased member's family to ensure that all potential beneficiaries are identified and that all the information that may influence the allocation is gathered.

At the meetings the Committee only proceeds with the approval of the proposed allocation if it is satisfied that the information looks to be complete, reliable and credible. The first responsibility placed on the Board by the Act, is to identify all dependents and the extent of their dependence. One of the biggest challenges is determining how complete and reliable the information is that the potential beneficiaries provide us with, as proof of dependency is not always possible (e.g. where the deceased provided monthly financial support in cash). In some cases, the information received from the potential beneficiaries is conflicting and needs to be investigated by an independent investigator.

This information is then used to quantify the maintenance needs of and amount of the benefit to be allocated to each dependent. A reality is, that in most of the cases the amount available (the member share plus the in-fund death cover, if applicable) is not sufficient to cover the conservatively calculated maintenance needs of the dependent beneficiaries. Therefore, the allocation to each dependent will be a pro-rated amount of the calculated maintenance needs.

Only after that is done, is the deceased's wishes as expressed in a nomination form considered. Only about 25% of the members that died have completed nomination forms and many of them are fairly old with circumstances that have changed since it was completed (e.g. a child is born, divorce, etc.). Before any payments are made, all potential beneficiaries are informed of the proposed allocation for their comment within 30 days.

The Committee aims to do the allocation as soon as possible following the death of the member, but sometimes the death is only reported several weeks or even months after death. In many instances it takes a long time to gather the information due to clearly incorrect and incomplete facts as well as changes, or no contact details of the potential beneficiaries.

We are constantly reviewing our procedures to ensure that we maintain the very high standards

we set for ourselves. Several improvements during the past year ensure a better service to our members and their families. The Corvid-19 pandemic has had a significant impact on the death claims process. Not only is the Administrator's staff working remotely but also the staff of participating employers. However, some participating employers have already returned to office. The human resource department of an employer is the main source of information and contact with the potential beneficiaries. During levels 5 and 4, obtaining documents (e.g. certified death certificate, IDs and affidavits) from potential beneficiaries was particularly challenging. We are of the view that not all deaths that occurred during lockdown have yet been reported to the Fund. The Committee and the specialist team have met remotely since the beginning of lockdown to attend to the allocation of benefits. Initially, we faced a number of challenges but quickly adapted our processes, presentation templates and the way we record decisions in the minutes of the meetings. The improved processes and adapted documentation have proven to be very effective and serve us well and should do so even after the lockdown. The Committee is pleased to report that the allocation process is working well, and we continue to deliver service of the same standard as in the past.



# Governance and Risk Committee feedback

The **Integrated Governance Assurance Approach** implemented by the Fund to govern and manage compliance consists of the following elements:

## A Fund Governance and Risk Management plan

This plan identifies all the duties and responsibilities of the Board of Trustees, tracks the progress made and identifies any outstanding matters. It also identifies the risks and helps manage the measures introduced to deal with those risks. It not only ensures compliance with the Act but also the good governance principles set out in PF 130 and the King IV Code of Corporate Governance. In addition, the Fund adopted a range of protocols to formulate important procedures relating to matters such as the non-payment of contributions and the election of independent trustees. These procedures are managed by the Principal Officer supported by the Head of the Fund Secretariat and the Governance and Risk Committee.

## A governance assurance approach

In terms of King IV the Board of Trustees should receive assurance of the effectiveness of the Fund's controls around compliance with laws, rules, codes and standards. In terms of this approach a dashboard report is prepared by each one of the 10 Committees in which they highlight any concerns and express a view on effectiveness of the Fund's relevant systems and processes. The Governance and Risk Committee monitors the dashboard report as well as the integrity of the data they receive, and prepares and presents the Board of Trustees with an integrated governance assurance.

## Fund Delegation Framework

In 2017 the Fund developed and implemented a delegation framework. On studying the King IV report and its recommendations on effective delegation, the Board of Trustees was comfortable that the affairs of the Fund received the priority attention of the specialist Committees populated with industry professionals. The Board of Trustees had to find more effective ways to align the operational efficiency of the Committees with the duties and responsibilities (and the potential personal liability) of each one of the trustees. The delegation framework implemented by the Fund consists of the following important building blocks:

### ④ **Authorisation Protocol**

All the persons or Committees who were authorised to take decisions on behalf of the Fund are identified. The terms and thresholds of each authorisation are aligned with the operational needs of the Fund.

### ④ **Terms of Reference of Committees**

The terms of reference of each Committees requires it to take charge, manage the risks, and provide the Board of Trustees with an assurance that the relevant practices and procedures of the Fund are effective. It also requires the Committee to make sure that the information they provide to the Board of Trustees is of such a nature that they are able to monitor and manage the outcomes efficiently in the context of the standard meeting procedures.

**Observation:** What the Fund gained in operational efficiency did not directly translate into reduced liability for individual Board members. The Board of Trustees can never abdicate its responsibility and every trustee is required to study and act on the reports provided by the Committees. However, with appropriate reporting on the key issues (in various layers of complexity and depth), the biggest gain is the level of comfort with which the "green flagged items" in the dashboard report can be accepted as taken care of and the "yellow and orange flagged items" can be investigated in more detail.

### ④ **Dashboard report**

When the Board of Trustees sit down to prepare for a trustee meeting, they will as a first order of business, consider the integrated dashboard report. This report contains the key management information as well as the governance assurances provided by each Committee.

The Committee is happy to report that the Fund is in compliance with its duties and responsibilities and have not received any penalties or fines during the reporting period. The FSCA conducted a routine supervisory on-site inspection of the Sanlam Umbrella Pension and Provident Funds on 14 February 2019. No significant concerns were identified or raised during or after the meeting. The dashboard report below does not reflect reports from the Remuneration and Individual Member Products and Servicing Committees that were established very recently.

# Sanlam Umbrella Fund: Governance Assurance Dashboard June 2020

## 01 Audit committee



Processes and procedures in place and effective.

- Composition of Audit committee complies with King IV
- Periodic selection, appointment and rotation of lead partner/auditor - Register outstanding
- Annual Financial Statements unqualified.
- Annual Financial Statements submitted in time.
- Queries received from the SFC regarding the Financial Statements - just for clarification
- Assurance on internal controls
  - Follow up on management's response to identified audit issues - process not in place
  - Annual assurance from the administrator's external and internal auditor (ISAE 3402 and Governance reports) 2019 Governance report outstanding
- Assurance by committee: Systems and procedures are effective
  - But for: Work on procedures and internal controls



## 05 Insured risk benefits management committee



- All policies, stakeholder and procedures fully operational.
- 2020 Review process on track.
- Risk products are appropriate and competitively priced.
- Take up as per expectation.
- Latest claims experienced monitored and within acceptable parameters.
- Assurance by committee: Systems and procedures are effective



## 02 Administration committee



Administration licence, administration agreement and service level agreement in place.

- Reviewing existing SLA's
- Covid-19 challenges
- Administration system: Secure and reliable and unqualified ISAE 3402 type II certificate.
- Compliance with Service level agreement:
  - Receiving of contributions
  - Payment of benefits
  - Investment switches
- Assurance by committee: Systems and procedures are effective.
  - But for: Finalisation of SLAs and Covid-19 challenges.



## 06 Allocation of death benefits committee



- All policies, procedures fully operational.
- Working remotely - Sec 37C team has more challenges than the Committee members
- Backlog of cases - Work in Progress
- Beneficiary concerns and complaints within acceptable parameters.
- Employer concerns and complaints within acceptable parameters.
- Adjudicator concerns and complaints within acceptable parameters.
- Assurance by committee: Systems and procedures are effective
  - Fairly inexperienced Sec 37C are coping with the challenges
  - Recommendation documents is effective
  - Claims forms does not always provide full information relating the potential beneficiary and the Benefit Calculator is not efficient in certain scenarios.
- Assurance by committee: Systems and procedures are effective



## 03 Communication committee



Strategy and protocol under review.

- Service level agreements under review
- Intermediary portal operational
- Member self-help portal operational
- Employer self-help portal operational
- Individual Member Support operational. (Now rolled out to all PE's)
- Content of portals updated and maintained.
- Survey: effectiveness of portal: they do not read it / get the info / understand it / act on it (analytics provides some info, but more investigation required).
- Intermediary
  - Employer, Employee, Individual Member Support, Counselors
- Web analytics: shows the extent to which members, employers and intermediaries use the website.
- Assurance by committee: Systems and procedures are effective.
  - But for: Review of TOR and service levels.



## 07 Complaints committee



- All processes, procedures and masters operational
- PFA determinations especially in the allocation of death benefits remain unpredictable and inconsistent
- Admin related enquiries - no new problematic trends or risks
- Special member education to be rolled out to deal with top 12 complainants - especially withdrawals and death benefit allocations
- Special measures implemented to deal with withdrawals and 37D requests
- Complaints Committee - low activity / no significant new trends
- Client relationship management: Section 14 transfers can take up to 24 months, because of the tax requirements and are causing tensions and frustrations
- Assurance by committee: Systems and procedures are effective



## 04 Investment committee



All PF 150 etc. documents in place, all parties contracted and procedures fully operational.

- GN V19 (King IV Principle 17) Asset managers are engaged to help develop appropriate reporting and other ESG practices.
- Default regulators: Allowing implementation of default portfolios to settle in Appropriateness of default under consideration.
- Black Swan concerns: Special investigation launched to ensure management of all risks starting with comprehensive plus portfolios.
- Returns under pressure in bear market.
  - Naspers Concentration risk: Although risk is generally well managed, certain portfolios will be encouraged to review their exposure.
  - MBF under underd
- Default strategies with paid up and feeder portfolios and annuity strategies in place.
- Costs relating to investments competitive for members:
  - Costs considered high by NT
  - Concern that the higher costs relating to special portfolios may not be properly communicated to those members.
- Assurance by committee: Systems and procedures are effective.
  - But for: Ongoing monitoring of the performance of the default portfolios in a bear market, communicating the costs of special portfolios, the ongoing work done to develop appropriate sustainable investing practices and managing special risks of comprehensive plus portfolios.



## 08 Governance and risk committee



- Fund Governance and Risk Management Plan: Plan reviewed in January 2020. All clear or in progress.
- Investment exception procedures are being reviewed
- Transformation strategy being developed
- Risk Management Schedule: Within acceptable parameters.
- Formal appraisal of the Board, the trustees, committees and service providers. Very pleasing results.
- Compliance with King IV. Significant compliance - time to do a fresh review.
- Compliance with CRISA and GN1/9. Developing solutions in consultation with asset managers.
- Compliance with TCF. Significant Compliance.
- Complaints: No high risk new trends or developments.
- Assurance by committee: Systems and procedures are effective
  - But for: Investment exception and GN1/9 compliance procedures being rolled out.



## External reports: Governance Assurance

In addition to the governance assurance reports, the audit report by the independent external auditor, the annual audit report on the Administrator's systems in terms of Section 13B, the results of the Treating Customers Fairly assessment, the following significant external reports were prepared:

### **ISAE 3402 Type II report: IT system: Access controls and Disaster recovery**

Ernst & Young has once again conducted an ISAE 3402 type II audit on the Administrator during the period October 2018 to September 2019. Included in this audit was the following information technology control objectives:

- Control Objective 11 - Physical access control
- Control Objective 12 - FUNDAMENTAL logical access
- Control Objective 13 - MIP logical access
- Control Objective 14 - Change Control
- Control Objective 15 - Backups

We are pleased to report that, other than two objectives, the ISAE 3402 report was presented with no areas of concern. The concerns were investigated by the administration committee and we can confirm that they were no more than minor process gremlins that did not diminish the integrity of the control environment as a whole.

The Committee is also investigating whether extra actuarial investigations could further enhance the Fund's governance and risk management processes.

## Principal Executive Officer

The Fund appointed Kobus Hanekom as the Principal Executive Officer for a two-year term with effect 1 April 2020. Kobus works for his own account, is contracted only to the Fund and is fully compliant with the requirements of Directive 8. The Fund appointed Erina le Grange as the deputy Principal Executive Officer. Erina heads up the Fund Secretariat function. Both Kobus and Erina successfully completed the Professional Principal Executive Officer qualification offered by Batseta during 2018 shortly after the qualification became available. Given the rich resources within the Sanlam Group the Board of Trustees has a number of succession options. The current Principal Executive Officer provides the Fund with professional independent governance services. He has over several years developed, implemented and maintained a very effective governance framework that has stood the test of time.

## Risk management

The Fund governs and manages risks on the basis that each one of the 10 Committees are required to identify the risks faced by the Fund and rate them and prioritise them in terms of the Fund's governance and risk management plan read with the risk schedule. The Board of Trustees review the top risks on a regular basis and ensures that appropriate action is taken to manage or contain these risks within the set risk tolerance levels. The nature and extent of the risks and opportunities the Board of Trustees are willing to take is set out in the Fund's risk schedule. Special care is taken to consider undue, unexpected or unusual risks. The Fund also has a particular future focus on risks that has disaster potential in an uncertain socio-economic environment.

During the past year all the top risks identified were within the tolerance levels and the Board of Trustees were satisfied that the measures taken to manage them were effective.

## Ethical leadership

The Fund (in terms of its rules) offers membership of an umbrella retirement fund where the Fund management, governance and compliance duties are undertaken by a professional representative Board of Trustees, comprising a balance of power as required by King IV. The benefit structures/offering align with the needs of (various groups of) members and employers, are easy to understand, convenient to use, offer outstanding value, are transparent and cost-effective. All the offerings are reviewed on a regular basis to help ensure good retirement outcomes for our members.

The energies of the Board of Trustees, the Committees, the Sponsor and its service providers are aligned behind one common goal or reason for doing business – good retirement outcomes for our members. This business ethical objective is measured on the actual outcomes for members. The Fund has launched a number of digital calculators, tools and a counselling service to assist members in this regard.

The planned future focus is to measure progress and use these success stories to inspire and encourage financial resilience amongst our members.



# Insured Benefits Management Committee feedback

The Insured Benefits Management Committee is responsible for performing all functions as is necessary to provide participating employers with the most competitive insurance products as set out in the Fund in Detail document for the Sanlam Umbrella Fund and the Product Guide for the Sanlam Unity Umbrella Fund, while actively and continually reviewing all aspects relating to risk management, underwriting, pricing and product enhancements. The activities and responsibilities of the Committee is governed by the Fund's Terms of Reference document.

## Sanlam Umbrella Pension and Provident Funds

Being part of the Sanlam Umbrella Pension and Provident Funds, provides participating employers a broad risk pool that largely determines the insurance premium rates for the next year. In this way the size of the pool provides stability to premiums over time as well as credibility to emerging claim patterns and changes in risk behaviour. However, the Sanlam Umbrella Fund's pricing also includes elements of each participating employer's own experience and unique circumstances. In this way, premium rates remain fair and commensurate with the risks involved by giving some credit to employers with healthy risk management and recruitment practices.

At the 2019 premium review it was noted how experience in the group insurance market is deteriorating with a forecast that 2019 can expect a continuation of this trend given the legacy of state capture, certain political risks and other economic pressures. This expectation indeed materialised in 2019 with the risk pool seeing a continuation of the trends forewarned last year and continuing to echo the experience of the broader market. In addition to the factors identified above, the year has seen additional adverse economic pressures from rising unemployment, credit rating risk, and the economic millstone of load shedding. These factors continue to weigh down the South African economy.

Economic troubles significantly impact on disability income benefits and, in fact, key measures like unemployment are linked to increases in disability claim rates. However, in recent times, evidence is emerging that the persistent economic and social pressures in South Africa are also adversely affecting other illnesses as well as death benefits. This is reflected in increasing claim numbers resulting from stress-related causes such as heart attacks and strokes.

The Insured Benefits Management Committee continues to look at ways to improve the experience, through prudent management of pricing and risks to protect against anti-selection and by engaging with the trustees' appointed insurers in order to optimise the insurance spend on behalf of our members.

## Sanlam Unity Umbrella Fund

Insurance premium rates are revised annually based on the claims experience of the risk pool for the Sanlam Unity Umbrella Fund. The overall claims experience remains stable. The Insured Benefits Management Committee continues to look at ways to contain the costs and improve the experience.

## Response to Covid-19 pandemic

With the declaration of the National State of Disaster in March, the Committee made urgent contact with the three trustee-approved Insurers, being Sanlam Life Insurance Ltd, Capital Alliance Group Risk and ABSA Life to confirm that all valid claims received as a result of the disease will be honoured. The Insurers confirmed that the Fund policies do not contain any exclusion for the Covid-19 or any other epidemic or pandemic disease or virus and that all valid claims will be met. However, all standard policy terms and conditions continue to apply.

While we note that the Insurers anticipate large underwriting losses, it seems unlikely that they will be unable to meet their financial commitments. In addition, ASISA the industry body issued a statement confirming that SA insurance companies have more than sufficient reserves to meet expected increases in claims. On 30 March 2020, the Sanlam JSE sense announcement confirmed that Sanlam, specifically, has significant pandemic reserves that can be utilised to settle expected future increases in claims.

The Fund is very aware of the fact that many participating employers face cash flow or business survival challenges as a result of the National State of Disaster and communicated options available to such employers that include reduction in salaries that will result in reduced benefits and premiums payable, reduction in benefits, etc. Many employers opted to make use of these options.

This Committee has also identified the need for an extra actuarial resource for 2020 to investigate and consider new initiatives to help manage the Fund's risk pool.

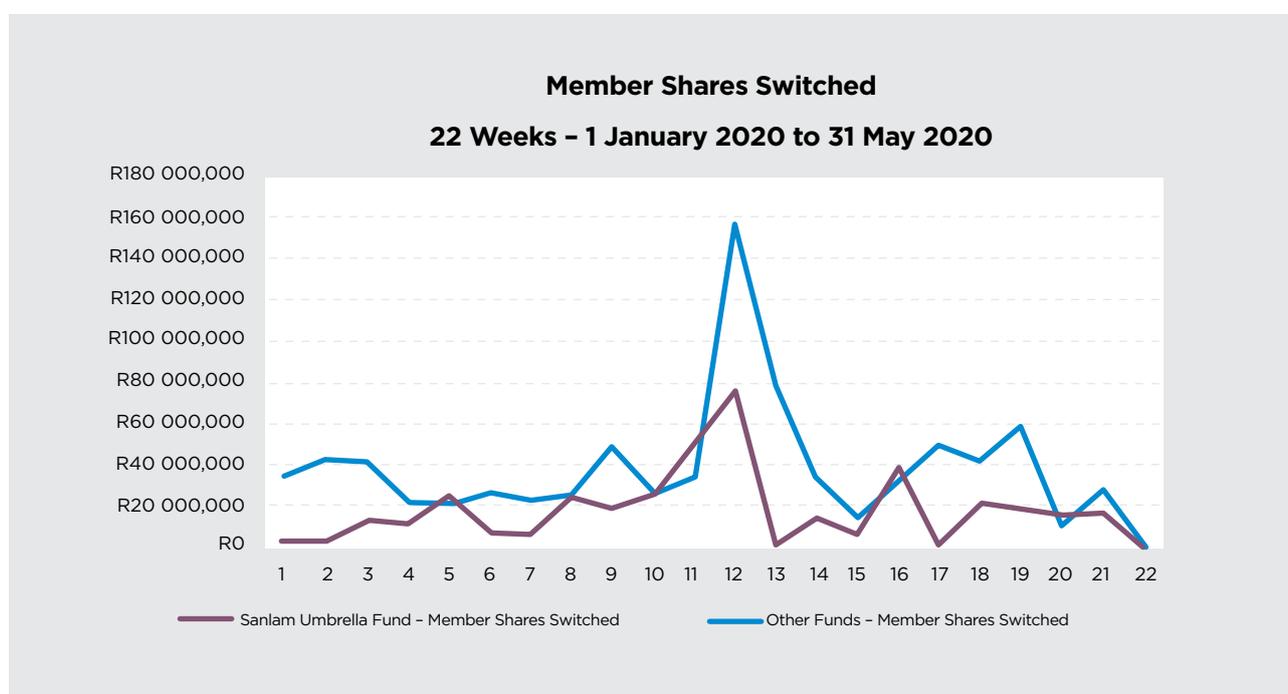


## Investment Committee feedback

The Covid-19 pandemic introduced previously unparalleled market uncertainty and extreme volatility during the first half of 2020 both globally and locally.

This has certainly been a testing time for our members' investments, and hence the work within the Investment Committee.

A good reflection of members' worries during this time is evidenced by an analysis undertaken to compare member investment switches for the Sanlam Umbrella Fund and all other Sanlam-administered retirement funds over the first five months of 2020. It is clear that there was significant panic around the time of the State of Disaster declaration on 15 March 2020, but our ongoing efforts, supported by our retirement benefits counselling interventions, have substantially addressed these concerns.



The Investment Committee is responsible to monitor the investment strategy, to ensure appropriate investment reporting to members, and to work with the Board's appointed investment consultants to review the entire investment offering from time to time.

The current Investment Committee comprises five trustees, one Sponsor representative and the Principal Officer. The Committee is naturally supported by technical experts such as professional investment consultants.

The past few years have been particularly difficult for investment markets. In South Africa, we have struggled with weak GDP growth, a high unemployment rate, political and policy uncertainty, currency weakness, South Africa's credit rate downgrade, the ongoing Eskom saga, and more recently the Covid-19 pandemic.

Despite all these challenges, it is reassuring when considering returns over 3 and 5 years to end June 2020 (see graphs), that the vast majority of investment portfolios on the trustee-approved investment menu nonetheless managed to deliver inflation-beating returns to members. The picture is, however, more confusing over a 1-year measurement period with some significant deviations between different portfolios - a consequence of the unprecedented recent market volatility and its different impact on differing investment strategies.

Sluggish investment markets, unprecedented investment market volatility combined with very challenging economic conditions, highlights the importance of our ongoing effective member communication efforts. The Investment Committee is naturally supported by the Fund's Contracted Benefit Consultants and retirement benefits counsellors in these endeavours.

Aside from enhancing our standard communication such as monthly investment performance reports and monthly portfolio fact sheets, much effort was also expended tackling new communication initiatives such as video communication from the trustees relating to the Covid-19 pandemic, and also specialist investment webinars. A Joint Forum report-back service by the Fund's appointed investment consultants was introduced as a free new service to sub-funds comprising in excess of R10 million assets. Our ongoing efforts to refine and improve cost disclosures are also worth highlighting.

The Investment Committee is continually working at reviewing and enhancing the trustee-approved default strategies available to participating employers. Sanlam Lifestage, Passive Lifestage and Sanlam Blue default investment strategies have all been reviewed in the recent past. A Sanlam ACA Lifestage Strategy was introduced during 2019 to cater for ACA clients joining the Sanlam Umbrella Fund and replicating the features already available for the Fund's other lifestage strategies, however utilising the ACA Wealth Creation portfolio in the accumulation phase.

A key focus in 2020 is on reviewing the Volatility Protection Strategy and Sanlam Unity default investment strategies. Significant work has already been undertaken on this massive project, and there is a possibility that tweaks to these strategies will be made in 2021. Watch this space.

This work culminated in the Sanlam Umbrella Fund winning the highest industry award for investment excellence at the 2017 Institute of Retirement Funds Africa annual awards ceremony for its ongoing work on improving the Sanlam Lifestage default investment strategy, and we have entered our work on improving the Passive Lifestage default investment strategy for the 2020 edition of this prestigious award.

The Committee retains its philosophy of making available to members the very best managers, all operating in a diversified Regulation 28 compliant environment. As such the entire member choice investment menu must periodically be reviewed and augmented, and the Committee is working towards making final decisions before the end of the year, and aims to introduce some enhancements to the investment menu during early 2021.

The trustees and Investment Committee are continually working at enhancing the Risk Reporting in respect of investment matters. Our Principal Officer has been a key driver here, and we thank him for his continued diligence to protect our members' interests. This work became particularly critical amid the Covid-19 pandemic, and additional risk reporting has been put in place to appropriately manage some of these new risks.

We also have devoted significant attention to the topics of sustainable investing and responsible investing. There are no simple solutions here given the Fund's strategy (because of client demand, risk management, regulation, scale, liquidity constraints, daily valuation requirements and other factors) to invest via Regulation 28 compliant pooled investment vehicles alongside other retirement fund investors. It is also important to consider related matters such as our ongoing transformation efforts and climate change.

The Covid-19 pandemic has substantially impacted and even accentuated the urgency of this work. It is becoming increasingly widely recognised that retirement funds have an important role to play in aiding the recovery of South Africa, and protecting jobs, and thereby ensuring the long-term sustainability of the country in which almost all our members will retire. Impact Investing is a theme that has received renewed focus amid the pandemic, and the subject matter was extensively debated at the recent 2020 Sanlam Benchmark Symposium.

The Sanlam Umbrella Fund, as a responsible corporate citizen, has a leading role to play in these ongoing deliberations and efforts, and the Investment Committee serves as a key focal point for these efforts not least via our ongoing contributions within wider bodies such as the Association for Savings & Investment SA and the Asset Owners South Africa Forum. We are therefore pleased and encouraged by our efforts in that the largest investment default strategy by assets (Sanlam Lifestage) has made a commitment to a SME Debt Fund and a Private Equity Fund, being two impact investment funds which were recently launched to preserve jobs impacted by the Covid-19 pandemic. It demonstrates our commitment as a Fund to actively influencing the future of our country, while still generating attractive financial returns to our members.

In summary, the past year has once again been both challenging and rewarding from an Investment Committee perspective. We are clear on our mandate and will continue to focus our efforts within the sphere of investments to further improving retirement outcomes for our members.



## Individual Member Products and Servicing Committee feedback

It had become apparent that the changing landscape of the retirement fund industry, and the trend towards retailisation and individualism fuelled both by regulation and by consumerism, drove the need for a specific committee to oversee aspects relating to individual products and servicing including the retirement benefits counselling service available to members. Therefore, the trustees established the Individual Member Products and Servicing Committee as a further Committee, to focus specifically on the products and services provided to members who had chosen to remain in-fund either as paid-up members, phased retirees or in-fund living annuitants. Following the first Committee meeting in April 2020, the trustees expanded the scope of the Committee to include any individual member products and services provided to active members of the Fund. It was important that the services and message that members receive should be consistent from active membership to individual membership. This is consistent with the thinking of the default regulations that are focussed around the idea of a seamless and continuous financial journey for members extending beyond the member's employment.

The Individual Member Product and Servicing Committee is therefore responsible to direct, control and oversee the individual member products and servicing activities of the Fund. This is for both active contributing members still employed with the participating employer, as well as members who were eligible to exit the Fund, but have chosen to continue Individual membership via one of the in-fund options. The Committee will also oversee the products and services provided to members who have ceased contributing towards the Fund but have not completed the withdrawal process and have defaulted to a paid-up member. The retirement benefits counselling service provided free of charge to all members of the Fund will also form part of the scope of this Committee. The Committee reviews the various in-fund offerings and solutions offered to individual members of the Fund on a regular basis and will drive required communication strategies specific to these groups of members. The Committee will also oversee the annual income revision process for the in-fund living annuitants and engage with members to ensure they understand the implications of their elected drawdown rates on the longevity of their capital savings.

The formation of the Individual Member Products and Servicing Committee came just prior to the pandemic that has greatly affected the South African economy, and the timing was somewhat fortuitous as the announcement of a State of Disaster in the country mid-March saw a large number of members panicking and switching investment portfolios to more conservative options. The Committee swiftly implemented an intervention process to contact these members and advise them of the impact of switching investment portfolios while the markets were down, and that they may essentially be locking in their losses. Armed with all the information, a number of members elected not to proceed with their investment switch and, in time benefited from some market recovery. We view this as a successful initiative, and it is comforting that the process can easily be implemented again in future should the need arise. The Committee also handled the gazetted National Treasury notice on expanding access to living annuity funds. In-fund living annuitants were given the opportunity to temporarily increase or decrease their drawdown rates outside of the annual revision period, to assist with the financial burden the pandemic placed on members, or to manage their capital savings more conservatively. The Committee implemented mandatory counselling for members requesting a change to their draw down rates, to ensure members understood the long term impact their decisions may have on their retirement journey. The Committee then reviewed each of the requests individually to ensure the members had received appropriate advice or counselling, and that there was a legitimate need for the change, before approving the request.

In summary, the Committee, although very newly formed has already tackled several projects that benefited individual members and has certainly reaffirmed the need to focus on individual member products and servicing. The last few months have been a challenging time for many of our members, however it has been rewarding to assist members and provide guidance and peace of mind as part of their retirement journey.

# Annual revision process



## 2020 Annual Revision process for Sanlam Umbrella Pension Fund and Sanlam Umbrella Provident Fund

The administration fee changes have on average been kept well below the official inflation rate, however it is important to note that, where applicable participating employers experienced either increases or decreases depending on their own unique circumstances.

The underlying principle was that a consistent formula was applied across the Sanlam Umbrella Pension and Provident Funds regarding every fee and every insurance premium i.e. we tried as best as possible to be fair to all our members and participating employers, and to charge fees that reflect the actual workload and the actual underlying insurance risks.

As part of their continual review of the management of the risk pool, the Insured Benefits Management committee (appointed by the board of trustees), needs to ensure that members' interests are protected via sound actuarial risk management practices. The revision system has been designed so that participating employers and members enjoy the benefit of having each insurance component automatically placed with the insurer, which in the opinion of the Sponsor, offers the most competitive premium rates for similar terms and conditions, and subject to product rules as agreed between the trustees and the Sponsor.

Consulting fees are not subject to an automatic review as part of the annual revision process.

Consulting fees can be reviewed at any time by negotiation and agreement between the Contracted Benefit Consultant/Contracted Financial Adviser and the participating employer. A change in consulting fees is implemented via the Fund's formal amendment process.

The contingency reserve account levy remained unchanged at R3.00 per member per month (including VAT).

## 2020 Annual Revision process for Sanlam Unity Umbrella Fund

The monthly administration fee for existing participating employers remained unchanged or decreased depending on each sector's/group's own unique circumstances. The administration fee is subject to participating employers utilising the Retirement Fund Web facility and failure to adhere to this will result in an additional administration fee being levied.

The overall experience of the Unity Umbrella Fund remains stable. For most of the sector's/group's there were no changes to the Group Life, Disability premiums and Funeral Aid insurance premiums.

There were no changes to consulting fees. These fees are not revised as part of the annual revision process. The contingency reserve account levy remained unchanged at 0.25% of assets per annum including VAT, levied monthly.

## The effects of Covid-19

Our 2020 revision was concluded before the pandemic and as such any possible changes as result of the pandemic will only be taken into consideration with our 2021 revision process.

We have received feedback from insurers that, as with any market downturn/economic slump, there is an expected increase in disability claims in the short term which may affect rates into the future.

# Rules **revision**



**The following amendment to the Rules of the Sanlam Umbrella Pension Fund and the Sanlam Umbrella Provident was made during the review period and registered by the Financial Sector Conduct Authority.**

## **Amendment no 12 registered on 3 September 2019:**

- ④ To update the Rules as requested by the Licensing and Registration department of the Authority in order to clarify that the Fund itself will not be performing the information services contemplated in Rule 15.4B(2), but that these services will be performed by one or more service providers
- ④ The Rules are updated to elaborate on the role of the Sponsor in the Fund.
- ④ The Rules are updated to reflect the application of the Employer Reserve Account and Employer Surplus Account especially in the case of a group of Employers transferring from a Type B umbrella fund including an Employer Reserve Account kept for the Principal Employer participating in such Type B umbrella fund.
- ④ The Rules are updated with regard to the financial management of the expenses pertaining to Sub-Funds.
- ④ To provide more detailed criteria for the basis upon which the BOARD may terminate any delegation to a Joint Forum.
- ④ To provide for mechanisms for the Board to deal with conflict of interest of relating to Board Members.
- ④ To update the Rules with regard to the mechanisms for the resolution of conflict between the Sponsor and the Board.
- ④ To update the Rules with regard to the process to be followed in the event of the withdrawal of the Sponsor from the Fund.

## **Amendment no 13 registered on 15 March 2020:**

Very many of our employers are in the industries directly affected by the state of disaster and the lockdown requirements and are forced to close down temporarily and are likely to become financially distressed. While some employers are likely to close their doors and terminate their participation, many will apply for a temporary suspension or reduction of contributions and endeavour to reopen when the disaster is over, and the rules are amended to allow the fund to approve such application. Even where contributions are suspended, we require these employers to retain the life cover and continue to pay the risk premiums. Only when they declare in writing to their members that they are not able to maintain the risk premiums due to significant cash flow challenges will the board be allowed to suspend all contributions. An alternative is to allow risk premiums to be recovered from member balances, but this is a mammoth task at a time when the staff of the administrator operates from home and do not have full access to resources. We believe we cannot fail our members at a time like this when they are at their most vulnerable. The Rules were therefore also amended to provide for premiums to be deducted from member shares even though the fund is aware that the administrator will require time to develop the systems to be able to do so.

**The following amendment to the Rules of the Sanlam Unity Umbrella Fund was made during the review period and registered by the Financial Sector Conduct Authority.**

### **Amendment no 6 registered on 6 May 2020:**

Very many of our employers are in the industries directly affected by the state of disaster and the lockdown requirements and are forced to close down temporarily and are likely to become financially distressed. While some employers are likely to close their doors and terminate their participation, many will apply for a temporary suspension or reduction of contributions and endeavour to reopen when the disaster is over, and the rules are amended to allow the fund to approve such application. Even where contributions are suspended, we require these employers to retain the life cover and continue to pay the risk premiums. Only when they declare in writing to their members that they are not able to maintain the risk premiums due to significant cash flow challenges will the board be allowed to suspend all contributions. An alternative is to allow risk premiums to be recovered from member balances, but this is a mammoth task at a time when the staff of the administrator operates from home and do not have full access to resources. We believe we cannot fail our members at a time like this when they are at their most vulnerable. The Rules were therefore also amended to provide for premiums to be deducted from member shares even though the fund is aware that the administrator will require time to develop the systems to be able to do so.



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REPORTING ON THE YEAR THAT WAS

**BE PREPARED**

SHARING OUR VISION OF THE FUTURE





# General Fund Information

# General Fund information



## Regulatory Information for Sanlam Umbrella Pension Fund and Sanlam Umbrella Provident Fund

STATUTORY ALTERNATIVES	FUND STATUS	
<b>Registered name</b>	Sanlam Umbrella Pension Fund Sanlam Umbrella Provident Fund	
<b>Registered as an</b>	Umbrella Pension Fund and Umbrella Provident Fund (identical benefit and management structures)	
<b>Umbrella Sponsor</b>	Sanlam Life Insurance Ltd	
	<b>Pension Fund:</b>	<b>Provident Fund:</b>
<b>Registration date</b>	19/09/2001	19/09/2001
<b>Approval date</b>	06/02/2002	06/02/2002
<b>Registration number</b>	12/8/36828	12/8/36813
<b>Approval number</b>	18/20/4/41146	18/20/4/41147
<b>Funding model</b>	Defined Contribution Funds	
<b>The Fund's financial reporting period</b>	From 1 January to 31 December	
<b>Fund exemptions</b>	Valuation exempt, not audit exempt from 1 January 2008. Received valuation exemption for Pension Fund and Provident Fund from 1 January 2019 up to 31 December 2021.	
<b>The Fund's registered postal address</b>	PO Box 1, Sanlamhof, 7532	
<b>The Fund's registered physical address</b>	2 Strand Road, Bellville, Cape Town	
<b>Separate bank accounts are being maintained for each fund</b>	<b>Pension Fund:</b> ABSA, Arcadia Acc no: 4067972456	<b>Provident Fund:</b> ABSA, Arcadia Acc no: 4067972383

## Regulatory Information for Sanlam Unity Umbrella Fund

STATUTORY ALTERNATIVES	FUND STATUS
<b>Registered name</b>	Sanlam Unity Umbrella Fund
<b>Registered as an</b>	Umbrella Provident Fund
<b>Umbrella Sponsor</b>	Sanlam Life Insurance Ltd
<b>Registration date</b>	27/07/2010
<b>Approval date</b>	02/08/2010
<b>Registration number</b>	12/8/36634
<b>Approval number</b>	18/20/4/41148
<b>Funding model</b>	Defined Contribution Funds
<b>The Fund's financial reporting period</b>	1 June to 31 May
<b>Fund exemptions</b>	Valuation exempt, not audit exempt. Valuation exempt from 1 June 2020 up to 31 May 2023.
<b>The Fund's registered postal address</b>	PO Box 1, Sanlamhof, 7532
<b>The Fund's registered physical address</b>	2 Strand Road, Bellville, Cape Town, 7535
<b>Bank account detail</b>	ABSA, Sanbel Acc no: 4074118518



## Fund Officers

	PRINCIPAL OFFICER	RESPONSIBLE PERSON
<b>Full name</b>	Kobus Hanekom	Erina le Grange
<b>Company</b>	Kobus Hanekom	Sanlam Corporate: Umbrella Solutions
<b>Postal address</b>	PO Box 1, Sanlamhof, 7532	
<b>Physical address</b>	2 Strand Road, Bellville, Cape Town	
<b>Telephone number</b>	082 490 5727	(021) 947-6504
<b>Email address</b>	kobus@kobushanekom.co.za	erina.legrange@sanlam.co.za

## Professional Service Providers

	INDEPENDENT EXTERNAL AUDITOR	
<b>Fund</b>	Sanlam Umbrella Pension and Provident Funds	Sanlam Unity Umbrella Fund
<b>Company</b>	RSM South Africa Inc.	Price Waterhouse Coopers
<b>Postal address</b>	PO Box 1734, Randburg, 2194	PO Box 2799, Cape Town, 8000
<b>Physical address</b>	Cross Street & Charmaine Avenue, President Ridge, Randburg, 2194	No 1 Waterhouse Place, Century City, 7441
<b>Telephone number</b>	(011) 329 6000	(021) 529 2000

## Appointments

	ADMINISTRATOR	SPONSOR
<b>Company</b>	Sanlam Life Insurance Ltd Sanlam Corporate: Core Solutions	Sanlam Life Insurance Ltd Sanlam Corporate: Umbrella Solutions
<b>Postal address</b>	PO Box 1, Sanlamhof, 7532	PO Box 1, Sanlamhof, 7532
<b>Physical address</b>	2 Strand Road, Bellville, Cape Town	2 Strand Road, Bellville, Cape Town
<b>Telephone number</b>	(021) 947-9111	(021) 947-1125
<b>Reg number S13B / FAIS</b>	24/85	24/85

	DEPUTY PRINCIPAL OFFICER	CONSULTANT: GOVERNANCE & COMPLIANCE
<b>Responsible person</b>	Erina le Grange	Kobus Hanekom
<b>Company</b>	Sanlam Corporate: Umbrella Solutions	Kobus Hanekom
<b>Postal address</b>	PO Box 1, Sanlamhof, 7532	
<b>Physical address</b>	2 Strand Road, Bellville, Cape Town	
<b>Telephone number</b>	(021) 947-6504	082 490 5727
<b>Email address</b>	erina.legrange@sanlam.co.za	kobus@kobushanekom.co.za
<b>Reg number S13B / FAIS</b>	N/A	Simeka FAIS Licence No 13900

## Specialist Investment Consulting

	SANLAM UMBRELLA PENSION FUND AND SANLAM UMBRELLA PROVIDENT FUND	
<b>Responsible person</b>	Willem le Roux	Victor Faria
<b>Company</b>	Simeka Consultants & Actuaries	Independent Actuarial Consultants
<b>Postal address</b>	PO Box 350, Sanlamhof, 7532	PO Box 1172, Cape Town, 8000
<b>Physical address</b>	Simeka House, Farm 2, Vineyards Office Estate, 99 Jip de Jager, Bellville, 7535	6th Floor, Wale Street Chambers, 38 Wale Street, Cape Town, 8000
<b>Telephone number</b>	(021) 912-3324	(021) 422-4373
<b>Email address</b>	willem@simekaconsult.co.za	victor@iac.co.za
<b>Reg number FAIS</b>	Simeka FAIS Licence No 13900	IAC FAIS Licence No FSP: 6832

## Risk Insurers

RISK INSURER	SANLAM UMBRELLA PENSION AND SANLAM UMBRELLA PROVIDENT FUND			SANLAM UNITY UMBRELLA FUND
<b>Company</b>	Sanlam Life Insurance Ltd	Capital Alliance Life Ltd	ABSA Life Limited	Sanlam Life Insurance Ltd
<b>Postal address</b>	PO Box 1, Sanlamhof, 7532	PO Box 10499, Johannesburg, 2000	PO Box 421, Johannesburg, 2000	PO Box 1, Sanlamhof, 7532
<b>Physical address</b>	2 Strand Road, Bellville, 7530	3rd Floor, Libridge Building, 25 Ameshoff Street, Braamfontein, Johannesburg, 2017	Absa Towers North, 3rd Floor, 452 180 Commissioner Street, Johannesburg 2001	2 Strand Road, Bellville, 7530
<b>Tel number</b>	(021) 947 9111	(021) 526-1395	0860 227 253	(021) 947 9111
<b>FSB approval number</b>	24/185	17404	36116	24/185
<b>Type of risk</b>	Group Life, Disability, Funeral, Accident, Spouses and Critical Illness Insurance	Group Life, Disability, Funeral and Critical Illness Insurance	Group Life, Disability, Funeral, Accident, Spouses and Critical Illness Insurance	Group Life, Disability, Funeral and Accident Insurance



## Board of Trustees for Sanlam Umbrella Pension Fund and Sanlam Umbrella Provident Fund

TRUSTEE MEMBER	DAVID GLUCKMAN	MARIUS JÖNAS	MKUSELI MBOMVU	JOELENE MOODLEY	JOLLY MOKOROSI	CHERYL MESTERN
<b>Date appointed</b>	1 March 2020	1 August 2009 / 1 January 2013 / 1 January 2016 / 1 January 2020	1 March 2020	1 January 2016 / 1 January 2020	1 January 2016 / 1 January 2020	1 January 2020
<b>End of term</b>	31 December 2023	31 December 2023	31 December 2023	31 December 2023	31 December 2023	31 December 2023
<b>Compliance with Trustee Training Protocol</b>	Fully compliant	Fully compliant	Fully compliant	Fully compliant	Fully compliant	Fully compliant
<b>Compliant with Governance Produres(PF130)</b>	Fully compliant	Fully compliant	Fully compliant	Fully compliant	Fully compliant	Fully compliant
<b>Sponsor-appointed or member elected</b>	Sponsor-appointed	Sponsor-appointed	Sponsor-appointed	Member elected	Member elected	Member elected
<b>Status relative to the Sponsor</b>	Executive with extensive experience in the retirement funds industry	Non-Executive Entrepreneur with extensive experience in the administration of an umbrella fund.	Executive with extensive experience in corporate governance	Independent	Independent	Independent
<b>Trustee Fee</b>	Employed by sponsor	Contracted by the Sponsor. Agreed trustee fee	Employed by sponsor	Agreed trustee fee	Agreed trustee fee	Agreed trustee fee
<b>Performance Assessment</b>	n/a	Exceeds job requirements	n/a	Exceeds job requirements	Exceeds job requirements	n/a
<b>Attendance at Trustee meeting: 20 June 2019</b>	n/a	Yes	n/a	Yes	Yes	n/a
<b>Attendance at Trustee meeting: 14 November 2019</b>	Attended as sponsor invitee	Yes	n/a	Yes	Yes	n/a
<b>Attendance at Trustee meeting: 19 February 2020</b>	Attended as sponsor invitee	Yes	Yes, attended as invitee	Yes	Yes	Yes
<b>Attendance of JHB AGM: 17 September 2019</b>	Attended as sponsor invitee	Yes	n/a	Yes	Yes	n/a
<b>Attendance of CPT AGM: 10 October 2019</b>	Attended as sponsor invitee	Yes	n/a	Yes	Yes	n/a
<b>Attendance of DBN AGM: 30 October 2019</b>	Attended as sponsor invitee	Yes	n/a	Yes	Yes	n/a

**Trustee remuneration:** The standard trustee fee payable in respect of the trustee meetings of the 2 related funds (8:30 to 17:00) is R23 403 plus VAT. The fee consists of an attendance fee of 50% and a preparation fee of 50% of the agreed fee. Fees iro committee membership is structured on the similar retainer basis. Fees for the attendance of the AGM are R11 367 plus VAT and travel costs. Additional research is remunerated at an hourly fee of R1 762. The latter is a very small percentage of the fees paid to independent trustees.

## Board of Trustees for Sanlam Unity Umbrella Fund

TRUSTEE MEMBER	DAVID GLUCKMAN	MARIUS SAAYMAN	MKUSELI MBOMVU	JOELENE MOODLEY	JOLLY MOKOROSI	CHERYL MESTERN
<b>Date appointed</b>	1 March 2020	1 March 2020	1 March 2020	1 January 2016 / 1 January 2020	1 January 2016 / 1 January 2020	1 January 2020
<b>End of term</b>	31 December 2023	31 December 2023	31 December 2023	31 December 2023	31 December 2023	31 December 2023
<b>Compliance with Trustee Training Protocol</b>	Fully compliant	Fully compliant	Fully compliant	Fully compliant	Fully compliant	Fully compliant
<b>Compliant with Governance Producers(PF130)</b>	Fully compliant	Fully compliant	Fully compliant	Fully compliant	Fully compliant	Fully compliant
<b>Sponsor-appointed or member elected</b>	Sponsor-appointed	Sponsor-appointed	Sponsor-appointed	Member elected	Member elected	Member elected
<b>Status relative to the Sponsor</b>	Executive with extensive experience in the retirement funds industry	Retiree, with extensive experience in financial management	Executive with extensive experience in corporate governance	Independent	Independent	Independent
<b>Trustee Fee</b>	Employed by sponsor	Agreed trustee fee	Employed by sponsor	Agreed trustee fee	Agreed trustee fee	Agreed trustee fee
<b>Performance Assessment</b>	n/a	n/a	n/a	Exceeds job requirements	Exceeds job requirements	n/a
<b>Attendance at Trustee meeting: 20 June 2019</b>	n/a	Yes, as alternate sponsor trustee	n/a	Yes	Yes	n/a
<b>Attendance at Trustee meeting: 14 November 2019</b>	Attended as sponsor invitee	Yes, as alternate sponsor trustee	n/a	Yes	Yes	n/a
<b>Attendance at Trustee meeting: 19 February 2020</b>	Attended as sponsor invitee	Yes, as alternate sponsor trustee	Yes, attended as invitee	Yes	Yes	Yes
<b>Attendance of JHB AGM: 17 September 2019</b>	Attended as sponsor invitee	No	n/a	Yes	Yes	n/a
<b>Attendance of CPT AGM: 10 October 2019</b>	Attended as sponsor invitee	Yes, as alternate sponsor trustee	n/a	Yes	Yes	n/a
<b>Attendance of DBN AGM: 30 October 2019</b>	Attended as sponsor invitee	No	n/a	Yes	Yes	n/a

**Trustee remuneration:** The standard trustee fee payable in respect of the trustee meetings of the Unity Fund (8:30 to 17:00) is R7 801 plus VAT. The fee consists of an attendance fee of 50% and a preparation fee of 50% of the agreed fee. Fees for committee membership is structured on the similar retainer basis. Fees for the attendance of the AGM are R11 367 plus VAT and travel costs. Additional research is remunerated at an hourly fee of R1 762. The latter is a very small percentage of the fees paid to independent trustees.

BE **INFORMED**

REPORTING ON THE YEAR THAT WAS

BE **PREPARED**

SHARING OUR VISION OF THE FUTURE

