

# Life 3.0

See retirement  
in a new way

Sanlam Umbrella Fund  
Trustees Report **2023**





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# Perspectives from the Principal Officer



Having recently stepped into the role as Principal Officer of the Sanlam Umbrella Fund, I am proud to share some of the highlights the Fund has experienced over the past year.

## Good governance: integrity and ethical leadership

Good governance is crucial for retirement Funds, to ensure the responsible management of pension assets and the protection of members financial interests by promoting transparency and accountability.

The Fund takes great pride in cultivating a culture of good governance, founded on ethical leadership and effective risk management across all its operations and activities.

The principles of integrity and ethical leadership serve as the cornerstone for fostering strong relationships with all our stakeholders, including regulatory bodies. The Board and its officials consistently seek ways to improve the efficiency of the Fund operations. These efforts have directly contributed to our ability to provide exceptional value to our members.

## Unqualified audit report

The Board is happy to report that it has submitted its 2022 unqualified audited annual financial statements for the Sanlam Umbrella Pension and Provident and Sanlam Unity Fund, to the Financial Sector Conduct Authority (FSCA). The Board is pleased with this year's audit outcome, which not only confirms that the Fund is well managed but also highlights - as with previous years - the Fund's ability to deliver on its pension promise to members and participating employers.

## Sustainable investing and a focus on ESG

The Board has reflected on the need for new approaches to investing, especially with regards to sustainability. In the rapidly changing world of investment, its interdependency and interconnectivity requires the Board to incorporate environmental, social and governance (ESG) considerations as part of the Fund investment principles.

Our investments should reflect our values and be aligned with our investor's ethical and political values. We want our investments to make a difference in the world by generating measurable and environmental benefits, while also improving investment returns. To this end, the Board, through its investment committee, has made great strides in introducing transformation and ESG ratings for all its investment managers and investment portfolios.

## Transformation committee

The Board is equally committed to the principles of transformation, which forms the basis of economic inclusivity for all South Africans. In recognition of the need to focus more closely on its transformation imperatives, the Board established a Transformation Committee earlier this year. This Committee is mandated to draft a transformation policy and strategy for the Fund and is responsible for compiling the annual scorecard, along with reports and documentation as required, by the Financial Sector Transformation Council (FSTC) and the Financial Sector Conduct Authority (FSCA).

## Contribution payments and the cost of insurance following the pandemic

Post the pandemic, the industry has seen greater attention being paid by the FSCA with respect to the payment of contributions. The Fund has worked closely with its Administrator (Sanlam), to ensure that the necessary procedures and controls are in place to address compliance to the Conduct Standard 13 of 2022. Reporting requirements have placed further compliance obligations on the Fund and the employer. Over time, as the industry becomes more familiar with these requirements, it will become clearer if this standard has enhanced oversight of the payment of contributions. The Fund has seen, that while the overall cost of insurance has decreased, it remains significantly above the levels experienced prior to the pandemic.

# Perspectives from the Principal Officer



## Two-pot system

National Treasury released proposals for comment in June 2023 to assist Funds and administrators with the implementation of the two-pot system, which will be effective 1 March 2024.

This arrangement allows for contributions to be invested in an emergency savings pot and a retirement pot respectively. Members will be able to withdraw from the benefits in the emergency savings pot once a year, but will not have access to the benefits in the retirement pot which will be used to purchase an annuity on retirement. The current benefits in the system, called the vested pot, will continue to be available in terms of the current legislation that governs it. Special provisions are to be made for those who are 55 and older.

These reform measures are aimed at assisting South Africans to save more effectively for their retirement, while still allowing for limited access to their retirement savings in times of need. This two-component system, although generally well received, has significant implementation and cost implications for the retirement fund industry. The Fund is actively engaging with the administrator to monitor the progress made in ensuring that the Fund is ready for the 1 March 2024 roll-out. The Board has prioritized the need for effective risk management throughout the process, to ensure all risks associated with the two-pot system are identified, assessed and mitigated.

## Looking ahead - improving member experience

The Fund understands that members are faced with various economic challenges and believe that a support system is essential to protect members' retirement benefits.

Research conducted by our Administrator has revealed that there needs to be greater focus on an improved member experience.

In the coming year, the Board will monitor and ensure that processes are streamlined for compliance with legislation but to also improve member experience and uphold the delivery of our pension promise to members.

## Appreciation

Finally, I would like to express my gratitude to David Gluckman, the Board of Trustees, and the sponsor for affording me the opportunity to become the Principal Officer of the Fund. Ensuring that the Fund delivers value to members, in line with their retirement needs and making a positive impact in the industry, will be my primary focus over the next few years. I would also like to take this opportunity to thank Kobus Hanekom and Erina le Grange, who held the positions of Principal Officer and Head of Secretariat of the Fund, over many years. I thank them for their hard work and dedication which has contributed to the Fund's success and I wish them well in their retirement. I am also delighted to welcome Shamięga Manuela as the new Head of Secretariat and wish her much success in this role.

Yours sincerely,

**Joeline Moodley**  
Principal Officer



# The Fund's Formal Structure



## The Board of Trustees and Fund Officers

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

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

The individuals who chair and make up these committees, have extensive experience in the retirement fund industry and manage the committees. Members of the Board of Trustees serve on each of these committees.

The committees are



## Legal entities in the Sanlam Umbrella Fund

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



## Joint Forum

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 strongly encouraged 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 a Centralised Joint Forum meeting, organised by the Board of Trustees, for multiple sub-funds.

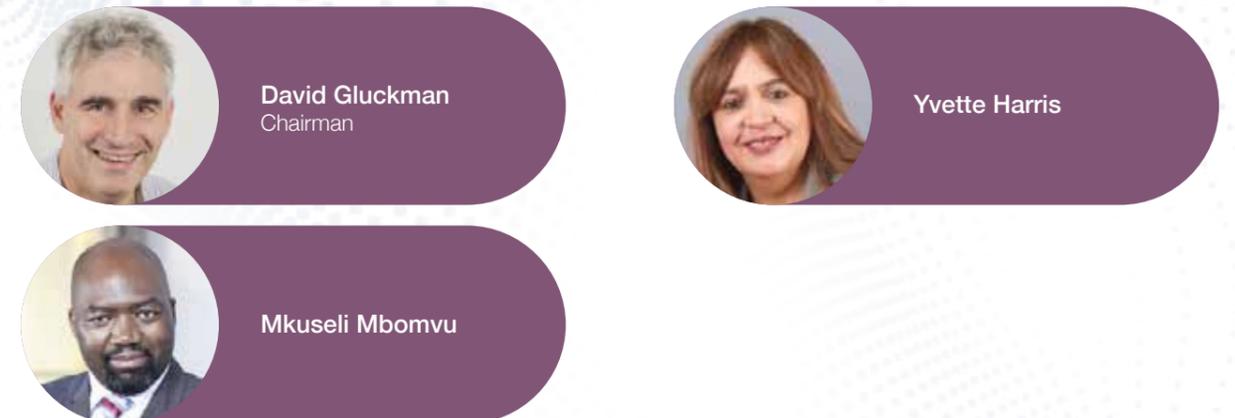
# Fund Governance and Management Structure



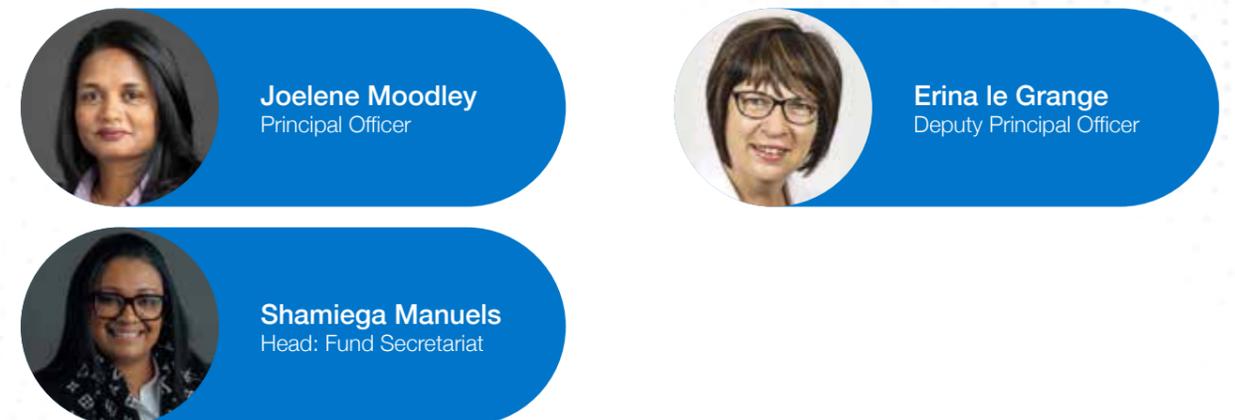
The **member-elected independent trustees** who serve on the Board are:



The **sponsor-appointed trustees** who serve on the Board are:



The **Fund Officers** who manage the day-to-day operations of the Fund are:





# Chairman's Reflections



## Reflections on the year that was

Marius Jonas, the Sanlam Umbrella Fund's longest serving trustee, died only one day after our 2022 Symposium. This was an immensely sad way to start the year, but perhaps also signified that transformation and succession planning were to be key themes for the Sanlam Umbrella Fund over the ensuing year.

So let me focus on those aspects here especially given that this annual report includes comprehensive feedback from the Sponsor, Principal Officer and the Fund's 11 Committees. I am also cognisant that I wrote a detailed piece in the 2023 Sanlam Benchmark Insights Report summarising all the work that had been undertaken between 2020 and 2023 to successfully steer the Sanlam Umbrella Fund through the COVID-19 Pandemic.

Last year, I wrote of our plans that *"Spring is a time for sowing new seeds and preparing for new life. It is apparent to me that the time is also appropriate for the Sanlam Umbrella Fund to plan for the future and to bring in the right talent with a bright future in mind."*

Happily, I can now report that these important initiatives have been handled very successfully:

- The appointment of a new Principal Officer followed a long and rigorous process. We had some 50 applicants, many of whom were among the leading experts in the industry. Ultimately six candidates were short-listed for in-depth interviews, with the Board ultimately appointing Joelene Moodley as the new Principal Officer as from 1 April 2023.
- The election by member representatives of new independent trustees was also completed. We received 87 applications for three Board positions – and once again from some of the leading industry experts. As a reminder, the Sanlam Umbrella Fund has the highest standard of independence for these member-elected trustees – none may have worked for the Sanlam Group in the previous 10 years. After a rigorous short-listing process, including interviews, the Board settled on nine candidates to be placed on the trustee election ballot paper, including two incumbents standing for re-election. The new independent trustees have taken office from 1 September 2023, and will

serve until 31 December 2026 (or perhaps beyond that, depending on the results of the late 2026 election).

- Changes were also made as regards sponsor-appointed trustees. Yvette Harris, a very experienced benefit consultant, filled the vacancy arising from the death of Marius Jonas. Though Marius Saayman continues as the chair of 2 Committees, it was decided, in the interests of transformation and succession planning, to identify a younger suitable replacement as the sponsor-appointed alternate trustee (so there is a temporary vacancy here).
- Shamiya Manuels was appointed as the new Head of the Fund Secretariat in place of the retiring Erina le Grange.
- We were also conscious of the vital importance of continuity planning and minimising any risks of loss of institutional memory. Therefore, the Fund contracted with both our outgoing Principal Officer, Kobus Hanekom, and Fund Secretariat Erina le Grange, to ensure they could continue to be called upon as needed during 2023.
- For the sake of completeness, I should mention that succession planning includes myself. The Sponsor requested, and I agreed, that for the sake of continuity, and to ensure a smooth transition, it would be best if I remain Chairman during this transition phase. Once all has settled, it is an issue that the Board and Sponsor will revisit. This might well be my final term as Chairman.

In summary, the succession planning, including the transformation aspects thereof, has been negotiated very successfully, and I believe the Sanlam Umbrella Fund is in excellent shape as regards its governance structures. The Sanlam Umbrella Fund can look forward to the future with confidence!

Yours sincerely,

David Gluckman

Chairman Sanlam Umbrella Fund



# Sponsor's Notes



## Prioritising members

To you, our family of intermediaries, participating employers and members, as our partners in financial confidence, we would like to say thank you for your incredible support of the Sanlam Umbrella Fund and for your belief and trust in us. We are humbled and grateful for the ongoing support which has ensured that we remain the fastest growing umbrella fund in the industry. We are more dedicated and committed than ever to partnering with you in all aspects to ensure that value and quality go hand-in-hand with the service we offer.

One of the shifts that has taken place in our industry over the last decade, is the focus on the member, with employers continuously questioning whether a commercial umbrella fund's value-added benefits address the day-to-day challenges their employees face. Ultimately, this industry would not exist without our members and the more time we spend focusing on improving their lives now and into retirement, the sooner we can start to improve financial outcomes and confidence for all South Africans.

Our member focus has been key to the success of the Sanlam Umbrella Fund, and we continue to innovate on our value proposition to enhance our member experience and assist in improving levels of financial and general wellness.

Our member experience initiatives include:

## Financial education

The Sanlam Umbrella Fund is committed to helping members improve their retirement outcomes; this is a mission we share with our intermediaries and employers. A key strategy to improving outcomes is by educating and empowering our members to use the tools available to them. To this end, the Sanlam Umbrella Fund launched the online Member Education Sessions called "Imali Zam" (My Money) sessions in 2021, aimed at enabling members to better understand their savings and benefits. The informative sessions have been a great success, covering topics such as:

- How to read my benefit statement.
- How to update my nomination of beneficiary form.

- Understanding the upcoming two-pot retirement system changes.
- How to access and use the Retirement Savings Calculator, and more...

A key aspect of these sessions is that members have an opportunity to ask questions, live, with regards to the topic being discussed, and as many as possible are addressed during the session. The 2nd Imali Zam webinar for the year was held on 27 July 2023. The session unpacked the upcoming two-pot retirement system legislation, as well as how to optimise retirement savings.

Building on the Imali Zam webinars, as part of Sanlam Corporate's ambition and vision to enable our members to live confidently, we have kickstarted an initiative to help members look at their current financial state, compared to the possible future or desired state, using a Financial Check Quiz. The quiz is provided as a questionnaire and on completion, a basic financial wellness report is provided to the member. The quiz results demonstrate, an overall score for the member on their:

- Budget
- Debt management
- Savings habits (i.e. for emergencies, future and retirement)
- Investments
- Insurance
- Wills and estate planning
- Health
- Short-term insurance provision

Members seeking additional information can click a "call back" button which alerts our retirement benefit counsellors to call the member. In addition, should the member need financial advice, the retirement benefits counsellor will refer the member to their contracted financial advisor.

# Sponsor's Notes



## Sanlam living planet fund

The Sanlam Umbrella Fund will soon be making The Sanlam Living Planet Fund available to members as an investment portfolio choice. This Fund is managed by Sanlam Investments in collaboration with, and supported by, the World Wide Fund for Nature (WWF).

The Fund aims to provide long-term investors with acceptable financial returns within a framework that enhances environmental sustainability by redirecting investment flows towards sustainable opportunities and away from unsustainable practices. The mission is to reduce the degradation of the planet's natural environment and to build a sustainable future in which humans live in harmony with nature. The Fund is well diversified, actively managed and complies with Regulation 28 of the South African Pensions Fund Act. It is managed by using the combined capacity of regulated authorized investment managers and the WWF, a leading international environmental organisation. Given the environmental sustainability objective, certain exclusions, constraints or preferences will apply, especially in areas impacting climate change, water resources and biodiversity.

## Free psychologist sessions

In 2021 we launched the free virtual doctor consultations which allowed our members easier, remote access to a doctor when faced with illness. To book a virtual consultation, members simply log onto the portal or app, click on the Virtual Doctor tab and are able to immediately consult with a doctor or nurse. Members can also get sick notes, referral letters or prescriptions for medication or other investigations they need without having to wait.

**In addition to this, we have decided to enhance this offering by providing free psychologist sessions effective 1 October 2023.**

Our country faces a mental health pandemic as serious as the pandemic that changed our lives forever in 2020. According to the 2022 World Mental Health Report, there were 970 million people living with mental disorders globally in 2019 and South Africa ranks particularly low on mental health. This is because our country is beset by living conditions that fuel poor mental health, including social and structural drivers, such as high levels of

violence, poverty, unemployment and inequality. Combined, these factors result in mental health disorders, such as psychological distress, inability to concentrate, depression, anxiety, suicidal tendencies, hopelessness and feelings of worthlessness. Our members and employers are not immune to these factors.

However tragic and destructive it has been, COVID-19 has highlighted the need to prioritize health. There cannot be a better time than now, to invest in mental health, to promote well-being and prosperity. The COVID-19 shock illustrated that widespread health is essential for global prosperity. Better health will always be a catalyst for economic growth.

Lastly, to our intermediaries, members and employers, we are, where we are, because of you, and with you. Thank you for your continued support and loyalty. From all of us, we wish you peace, joy and prosperity for the remainder of the year.

Nzwa Shoniwa  
Managing Executive:  
Sanlam Umbrella Solutions

# Annexures and other Fund Information



# Administration Committee



## Mandate

The administration committee has oversight of all aspects of the Fund administration and service delivery, as well as monitoring and reporting on the performance of the Administrator against the formal service level agreement between the Fund and the Administrator, approaches and responses to regulatory changes and emerging risks, responses to administration complaints and queries, as well as monitoring the Fund expenses against the approved budgets.

## Meetings

Held every two months, with each meeting lasting around four hours.

## Chaired by

Mike O'Donovan – Chief Operating Officer: Sanlam Corporate (at 30 June 2023).

## Overview

The regulatory governance and compliance of the Fund is sound. This is evidenced by the measurement and monitoring of our service level agreements and external audit, comments received as part of the Fund's annual audit as well as the 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 2022 - which has provided the Fund with the comfort of sound administration processes and governance.

The Fund has collectively grown in members to just under 330 000 members with approximately R90bn in retirement savings.

In the past year the committee has put additional focus on:

- Reviewing the reporting requirements and metrics required by the committee
- Monitoring and active management of non-contributing members, specifically Section 27 and Section 28 terminations, deregistration of sub-fund as well as unclaimed benefits.
- Investment pricing administration controls with quarterly audits by a contracted actuary, who provided deeper committee insights and reassurance.
- Member and intermediary feedback via complaints monitoring and analysis.
- The Administrator's readiness to implement the Draft Revenue Laws Amendment Bill more commonly known as the "two-pot" system (or two component retirement system).
- The Administrator's response to business continuity planning in the context of constrained electricity supply and possible grid failure.
- The impact the increasing regulatory burden is having on the cost of administration and the ability of the Administrator to implement, given the increasing complexity and short timeframes.

The Administrator continues to deliver services within the agreed service level standards, with employers who utilise the online digital channels for their transactions, providing the greatest value for their employees.

The Administrator has also delivered on their commitment to invest in technology with a view to further modernisation of the administration environment for improved digitisation, automation integration with third-party system, easy access to information and online engagement for members, employers and consultants.

We welcome the objectives linked to the "two-pot system" but have noted the concerns around the implementation timeframes given the administration complexities and the system development required along with the lack of detail required to implement. The Administrator has committed to having the system developments deployed by the current published deadline of 1 March 2024, in line with the draft legislation, but is concerned about the volume of queries and issues with members wishing to access savings as soon as the regulation allows.

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 assurance that the Fund and members' interests are being met.



# Allocation of Death Benefits Committee



## Mandate

The allocation of death benefits committee's key responsibility is to consider and determine the allocation of the death benefits in terms of Section 37C of the Pension Fund Act to a member's dependents and/or nominees following their death. Secondary to that, the committee monitors the claims progress to ensure all claims are dealt with timeously.

## Meetings

Held twice a month for three and a half days between February and November and only once a month in January and December. The number of attendees depend on the size of the total benefit to be allocated with a minimum of two and a maximum of four attending at a time.

## Chaired by

Marius Saayman - Retiree, Sponsor Appointed Alternate Trustee (at 30 June 2023).

## Overview

The past year saw the official end of the COVID-19 pandemic with less deaths related to it specifically, but more deaths overall due to the growth in membership of the Fund. The committee is satisfied that the processes at Administrator and committee level are of a high standard and that the death claims are handled effectively in completion time, cost and high-quality decision making.

The Administrator and the committee regularly implement process improvements and the upskilling of the staff is an ongoing priority and work together to improve the quality and user-friendliness of the documentation used in the claims process. Management information is of a high standard and assists the committee in effectively exercising oversight over the allocation and complaints processes.

During 2022, the Administrator presented 1 364 Sanlam Umbrella Fund and 109 Sanlam Unity Umbrella Fund claims to the committee for allocations finalisation. Some claims were presented more than once to the committee as they required further investigation or objections were received. For context, after approval, the potential beneficiaries are given 30 days in which to provide more information should they not agree with the information available, on which the allocation was based. From the objections received via the Pension Fund Adjudicator, only one determination was against the Fund.

The first task of the Section 37C investigators and the committee is to identify the dependents of the deceased member and then to establish the extent of dependency and obtain proof of this. Where necessary, the committee makes use of tracing agents when the Administrator is unsuccessful in tracing potential beneficiaries. The employers and senior family members of the deceased play a vital role in this regard.

## The following are the main challenges when allocating death benefit allocations:

- A considerable number of members do not complete or update their nomination forms when their circumstances change. Although many allocations are based on the dependency of beneficiaries, the nomination form helps the committee by providing an indication of who the potential dependents are and outlining the wishes of the deceased. Employers are requested to encourage all their members to review their nominations annually and especially when a life changing event such as a birth, marriage, divorce or death occurs.
- When completing claim forms, many potential beneficiaries do not provide all the relevant information. In some instances, the committee must revert and ask for proper completion. This is very frustrating to beneficiaries and causes unnecessary delays in distributing the benefit to the dependents who are, in most cases, desperately in need of the money. The most common missing information is the extent of dependency and proof thereof, the financial position of potential dependents and the benefits receivable from the deceased's estate. The more comprehensive the information at hand, the better the decision from the committee and the better the outcome for the dependants.
- In many cases, incorrect or conflicting information is provided to the committee; often in affidavits. A common scenario is where there is a lack of clarity or conflicting information about the family situation. This not only delays the distribution of the benefit but often incurs additional costs where the Fund must contract a private investigator to establish the correct circumstances of the family of the deceased. The primary focus of Section 37C of the Pensions Fund Act, is to provide for the financial dependents of the deceased so that they are not left destitute and dependent on the State for their welfare. When allocating the benefit, the committee considers the financial needs of those dependants who were financially dependent on the deceased, but also consider the wishes of the deceased, if known. One of the observations of the committee is that, in many cases, the benefit available is simply inadequate to cover the dependency needs of all the beneficiaries. Group life assurance, when it is in place, makes a significant difference in meeting the needs of loved ones left behind.





## Mandate

The committee's key responsibility is to oversee the financial year-end process, including the production and submission of the annual financial statements (AFS) to ensure the Fund compliance with laws and regulations.

## Meetings

Held once a year to consider the audited annual financial statements for recommendation to the Board of the Sanlam Umbrella Pension and Provident Fund and another meeting for the Sanlam Unity Umbrella Fund. These meetings are preceded by planning meetings for each of the Fund. Risks and other matters are discussed annually, at least.

## Chaired by

Marius Saayman - Retiree, Sponsor Appointed Alternate Trustee, CA(SA)s (at 30 June 2023).

## Overview

The committee focuses on:

- The engagement letters from the independent external auditors and their fee budget.
- Planning of the year-end closure together with the financial management team and the auditor.
- Discussing and agreeing on the approach to follow, should any issues arise.
- Considering the adequacy of the internal controls and the governance environment, with reference to the ISAE 3402 report prepared by the independent external auditors of the Administrator, as well as the Governance, Risk management & Internal Audit information report by the Sanlam Internal Audit Executive of the Administrator.
- Meeting with the finance team from the Sponsor that prepared the AFS and the Independent Auditor to consider the AFS, the Representation letter from the Board to the Auditor, and if any arise, internal control issues.
- Confirmation that all agreed changes to the AFS and representation letter were correctly done before providing these documents to the Board for approval.
- Considering, and where appropriate, ensuring the implementation of any additional recommendations raised by the Auditors, or other relevant professional and statutory bodies, to adhere to best practices.

## Sanlam pension and provident umbrella fund

RSM Inc. is the independent external auditor of the Fund and provided:

- An unqualified audit report for the AFS for the year ending 31 December 2022.
- An unqualified audit report for compliance with Regulation 28.
- The exceptional non-compliance issues identified in the Section 15 factual findings report, were addressed by the Administrator.
- The Section B.2(H) Reserve bank deviations identified in the factual findings report were acceptable.

The Board approved the AFS on 21 June 2023 and the AFS was submitted to the Financial Services Conduct Authority within the allowed period.

## Sanlam unity umbrella fund

PricewaterhouseCoopers is the independent external auditor of the fund and provided:

- An unqualified audit report for the AFS for the year ending 31 May 2022.
- An unqualified audit report for compliance with Regulation 28.
- The exceptional non-compliance issues identified in the Section 15 factual findings report were addressed by the Administrator.
- No deviations from Section B.2(H) Reserve bank requirements were identified in the factual findings report.

The Board approved the AFS on 15 November 2022 and the AFS was submitted to the Financial Services Conduct Authority within the allowed extended period. The preparation and audit of AFS for the year ending 31 May 2023 are in process.

## Financial manager and finance function

The Fund does not employ a chief financial officer and finance team. Instead, the Fund contracted a dedicated financial manager and team from the Administrator. The audit committee closely monitors the quality of their service relating to accounting, managing of ongoing internal controls, cash flow and related financial functions as well the financial year-end closing process and preparation of the AFS.

## Independent external auditors

Both RSM and PWC did not do any non-audit consulting work and they were not involved in preparing the AFS. To further ensure their independence and to mitigate the familiarity risk, lead partner rotation take place on a regular basis and the Fund reviews the independence of the firms and the quality of their audit service on an annual basis. The current audit firms were appointed following a tender process in 2017. The next audit firm tender process is currently taking place.



# Communication Committee



## Mandate

The communication committee is responsible for delivering impactful communication to all stakeholders of the Fund. The committee reviews, researches, recommends and implements solutions and changes to processes and procedures to ensure compliance with the Fund's duties and responsibilities in terms of its rules, the Pension Fund Act, the Income Tax Act, the Treating Customers Fairly principles and King IV.

## Meetings

Held quarterly, lasting 2.5 hours to plan and report on activities for the year.

## Chaired by

Mologadi Makwela – Manager: Communication and Marketing, Sanlam Corporate (at 30 June 2023).

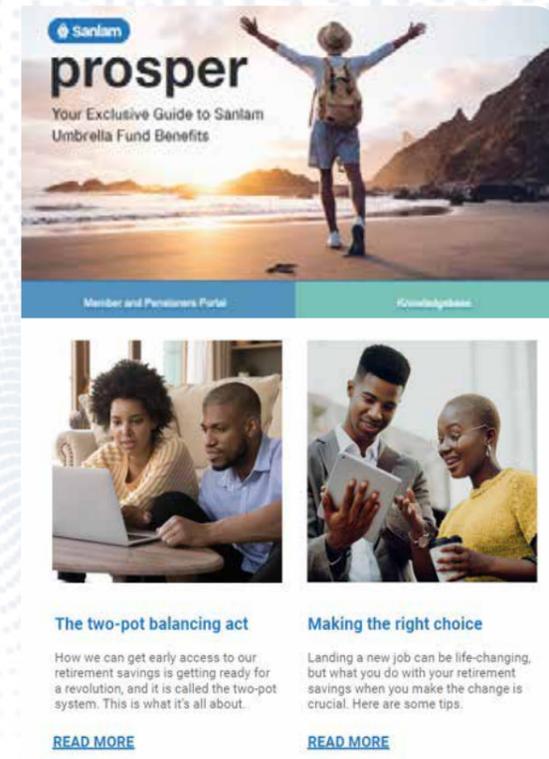
## Overview

In the ever-evolving landscape of financial services and retirement planning, we remain committed to prioritising the financial well-being of our members. Guided by comprehensive research delivered through the annual Sanlam Benchmark and innovative strategies, our goal is to improve member outcomes, simplify complexities, and enable financial literacy. Our focus has always been clear: to empower our valued members, to navigate their retirement benefits and make informed decisions about their long-term financial wellbeing, with confidence. As we stand on the cusp of significant legislative changes, such as the forthcoming two-pot system, we are redoubling our efforts to demystify these transformations. To do so, this year we have amplified member engagement through an integrated approach to communication that combines multimedia, journey mapping tools as well as human interventions – through the Retirement Benefits Councillors (read more on this in the Individual Member committee report section) – to ensure members understand their benefits and are enabled to make informed decisions about their future.

## Member education and communication initiatives: 2023

### Prosper member newsletter

With financial literacy and retirement planning now more critical than ever before, the communication tools we use to engage, educate and empower our members must evolve. Taking a cue from the behavioural science concept of "nudge theory," our newly revised member newsletter – Prosper – was carefully designed to incorporate multimedia elements that not only appeal to our diverse audience's preferences, but also break down complex financial concepts into manageable, digestible pieces.



The revamped newsletter isn't just about aesthetics; it's also about creating measurable impact. For example, the first edition featured a quiz in which we asked the members – with a single click – 'which life-stage are you at?'

### Click Rate



The list of options is kept to a minimum but the insights will shape and optimise our future communications, ensuring they remain relevant, impactful and tailored for our diverse group of members, whichever life stage they are in. It's early days, but the potential for exponential impact is promising. The stats on the first edition also indicate good performance with the click, open and click to open rates far exceeding the industry averages across the board.

### May/June 2023 Statistics

Click Rate	14.7%	Industry Av. Click Rate	3.1%
Open Rate	46.7%	Industry Av. Open Rate	29%
Click-To Open	31.4%	Industry Av Click-To-Open	10.1%

Prosper isn't just a newsletter; it's the Fund's commitment to our members' financial empowerment, an endeavour to improve their outcomes, and a testament to our constant quest for excellence in serving their needs.



## Understanding your death benefits

Following the 2022 Proof of Concept (POC) Beneficiary Nomination campaign which rewarded members who updated their beneficiary information on the Sanlam Member Portal, we developed a short infographic video explaining the death benefits process for members. The video has been viewed over 200 times to date and was featured during a live member education – Imali Zam (My Money) webinar in April 2023, - where members heard from the Fund, about how death benefits work, and how to prepare and ensure beneficiaries experience a smooth process when claiming after a member dies.

## Imali zam member education programme

Our live (virtual) member education initiatives, Imali Zam continue to generate interest from members. The hour long sessions are interactive and, while focusing on a specific topic, allows members to ask questions that can be addressed during the session or responded to in follow up communication after the session. The questions posed by members are also used to inform future sessions and development of material, to explain areas that appear to require more engagement.

## Annual member attendance (2021 to date)

2023	2022	2021
2672	1796	1129

Recordings of the sessions, and other educational content, is available for members to access on the Sanlam Knowledgebase website, <http://www.sanlamknowledgebase.co.za>.

## Benefit statement explainer video

In our ongoing effort to foster informed decision-making, our financial education initiatives have been instrumental in driving positive member behaviour. Launched in April 2022 during an Imali Zam member session focused on the same topic, our explainer video, detailing member benefits has been a hit, garnering over 10,000 views. This resource is strategically placed on the Sanlam Member Portal login page, ensuring it's seen when members access their statements. As at June 2023, we dispatched approximately 90,000 e-statements. Impressively, 36% of these were downloaded by members, a number that surpasses the industry's average open rate of 29%. Furthermore, when considering the industry click-to-open rate of 10%, it becomes evident that our approach – combining the distribution of statements with the inclusion of insightful guides and educational content – helps facilitate understanding and encourages members to actively engage with their statements.

The video is also available on the Knowledgebase platform for access outside of the member portal.

## Fuss free forms

In March 2022, Sanlam Corporate initiated a project to improve our client experience and align forms to the new brand positioning, ultimately simplifying and improving on the steps needed to complete and submit forms. Working groups, comprising representatives from across business, including client relations and operations, were established to advise on the updates.

Significant progress has been made with the analysis and review of Sanlam Umbrella Fund and Unity Umbrella Fund forms and design changes are almost complete. We anticipate that the new forms will be available online before the end of the year.

We will continue to communicate with members, in various ways, throughout their working lives, and using a variety of channels to ensure we reach them through their preferred channels and using appropriate language to eliminate jargon.

We also communicate legislation changes to members as required.

## Development of improved templates for delivery of members' benefit statements

Members have been receiving their Fund benefit statements digitally since September 2020 and this system is now well established. In 2022, we initiated development of a new look mailer template which will deliver statements but will also make provision for additional features to raise awareness among members, about the tools and resources available to:

- access their benefits through the Member Portal,
- understand their benefit statement by watching the BS video and,
- provide educational content through the Knowledgebase.

We believe that the new look template and exposure to helpful content and tools, is another way to empower members to take charge of their retirement planning journey with confidence.

## Looking ahead

We remain committed to enhancing our member experience, and over the next year, we will expand our efforts through technology and exploring the potential of AI at the forefront of our strategy, to improve engagement and enhance our member experience.





## Mandate

The complaints committee oversees the formal complaints lodged against the Fund, in terms of the Fund's complaints protocol.

## Meetings

Three meetings are scheduled per annum, each lasting two hours. Developments during the year are dealt with as they occur, and decisions are taken by way of round robin, and/or in ad hoc meetings.

## Chaired by

Joelene Moodley - Principal Officer: Sanlam Umbrella Fund (at 30 June 2023).

## Overview

During the reporting period, a large portion of inquiries received were of an administrative nature and were resolved by our administrator in line with the inquiry procedures. The balance, which qualified as complaints in terms of the Pension Fund Act, were addressed by the complaints committee in line with the Fund complaints procedures. It is important for the Fund that each inquiry and concern is dealt with timeously to ensure members complaints are resolved effectively, fairly, and efficiently. The Refer-to Fund (RTF) process adopted by the Office of the Pension Fund Adjudicator (OPFA) in 2020, has proven to be successful in improving the management of any complaints against the Fund. The RTF process affords the relevant Fund and the complainant, an opportunity to resolve a dispute without undergoing a formal OPFA investigation.

## What do members enquire or complain about?

Given the size of the Fund, we receive remarkably few complaints. The committee noted that the complaints received, inclusive of administrative inquiries for the period, largely comprised of withdrawals, service delivery and death claim related complaints. Analysis of the complaints revealed that the main reasons for the complaints were delays in payments, lack of communication and feedback. Further interrogation by the committee revealed that there was a misalignment between payment process timelines and member expectations. The committee highlighted the need for improved communication to members and enhancements to the administration system and processes, which the Board have endorsed. These initiatives should see an improvement in the number of complaints received going forward.

## Liquidations

Retirement fund members face great uncertainty when their employer goes into financial distress and closes. In such cases, the sub-fund must be liquidated before any payment can be made to members. Unfortunately, the liquidation process can take between 6 - 12 months and sometimes longer, leaving many of these members without any support during this time.

## Allocation of death benefits

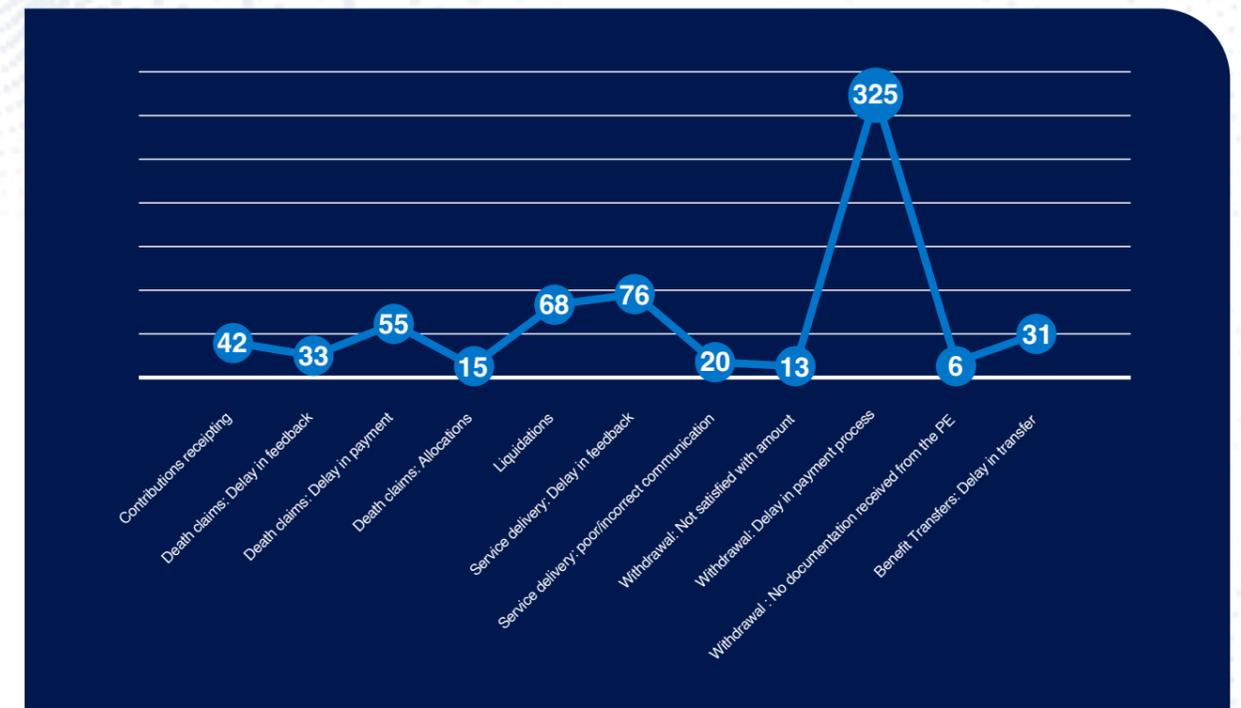
A dependant or potential beneficiary can lodge a complaint if they are not happy with the Fund's allocation of benefits on the death of a member. The Fund has, over the past few years, focused on a review of its allocation of death benefit procedures. The revised procedures, documents, and reports aim to improve the efficiency of the committee and the quality of the decisions taken.

To understand trends related to death claims complaints better, the complaints were categorized into three categories:

- Delay in feedback – 33 complaints received for the period.
- Delay in payment – 55 complaints received for the period.
- Allocations decisions – 15 complaints received for the period.

The graph below provides an indication of the number of complaints received per complaint type.

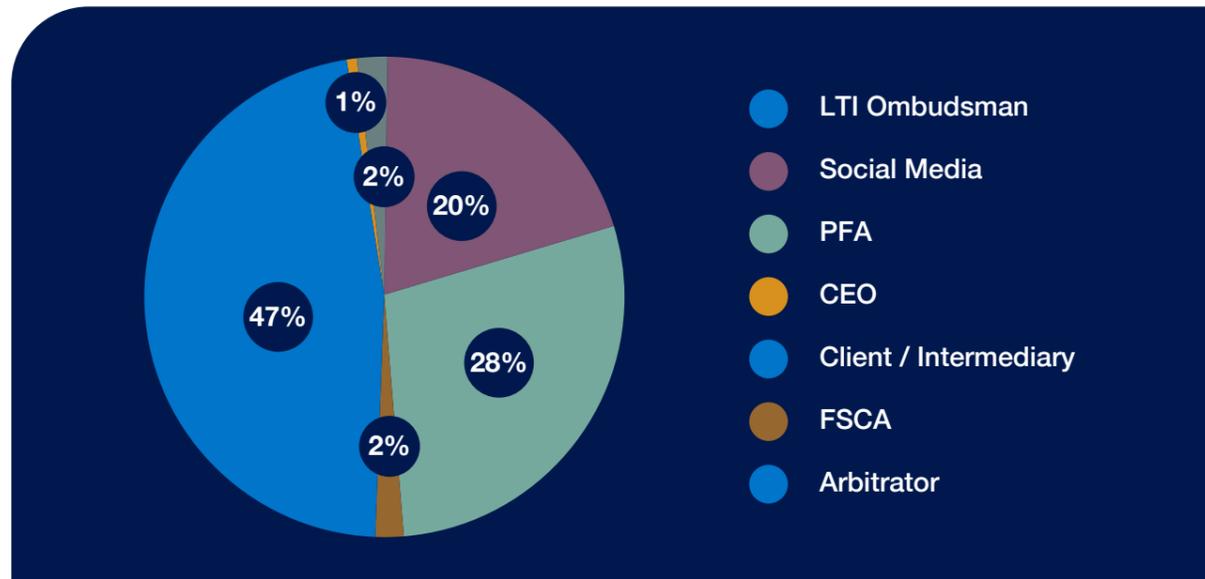
Number of complaints received per complaint type



# Complaints Committee



Source of complaints.

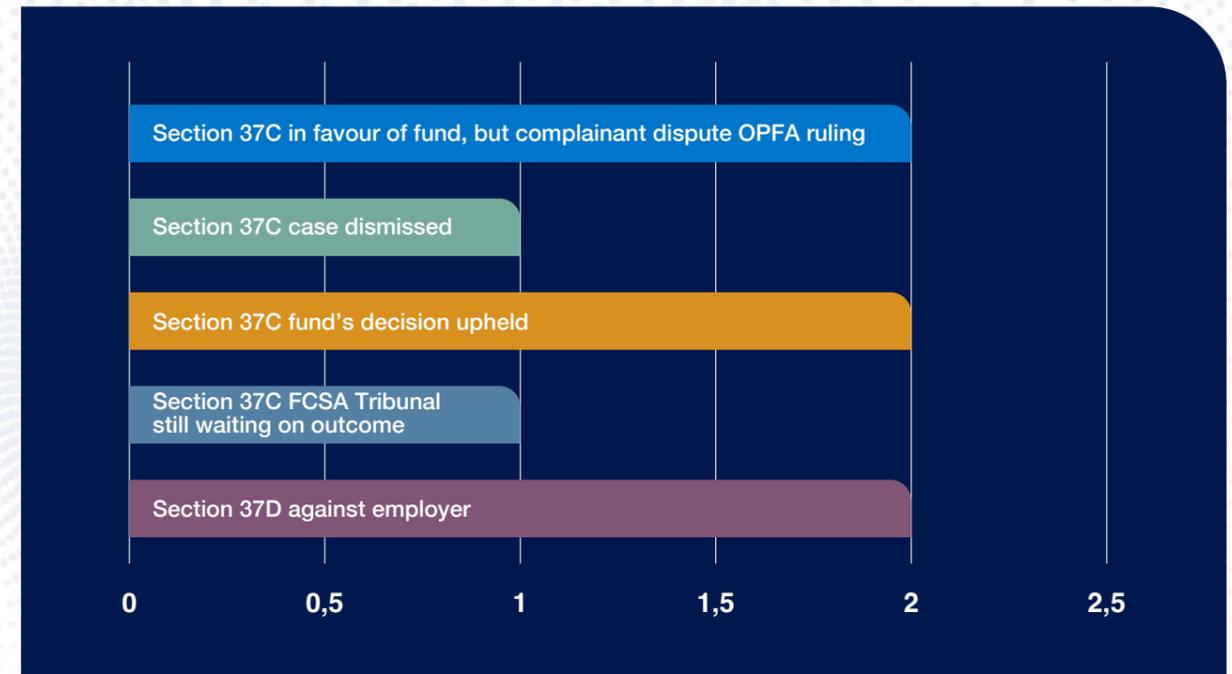


The highest number of complaints came directly from clients and their intermediaries, followed by the OPFA and then social media. The committee continues to support the Board in the monitoring of trends around the complaints received and highlighting areas of improvements to its procedures and protocols.

## OPFA determinations and matters at the financial services tribunal

During the current reporting period, the committee attended to a very low number of OPFA complaints and matters considered by the Financial Services Tribunal. This is a good reflection of the positive management of complaints by the Fund.

OPFA and Financial Services Tribunal Claims



The Fund has seen a significant improvement in the management of complaints, and this is largely due to the RTF process, which has allowed the Fund to address matters with complainants first, rather than through a formal OPFA process.

The committee is pleased with the strides made in the management of complaints and in the overall value delivered to the Board, the Fund, and its members.

# Insured Benefits Management Committee



## Mandate

The Insured Benefits Management committee is responsible for the ongoing review of the management of the Fund's risk pool to ensure members' interests are protected using sound actuarial risk management practices. The committee actively, and continually, reviews all aspects relating to risk management, underwriting, pricing and product enhancements.

## Meetings

Quarterly meetings are held, each lasting approximately two hours.

## Chaired by

Megan Esterhuysen - Head of Pricing: Sanlam Umbrella Solutions (at 30 June 2023).

## Annual revision

The 2023 insurance premium review for participating employers in the Sanlam Unity Umbrella Fund and Sanlam Umbrella Fund took place on 1 March 2023 and 1 April 2023 respectively. As part of the annual revision process, the Sanlam Umbrella Fund conducts its own, automatic pricing review. This aims to ensure that members benefit from market related prices and the best terms on offer between the two-competing trustee-approved insurers.

However, during the 2023 revision some participating employers were unable to switch insurers and benefit from the lower rates on offer by the alternative insurer. This was as a result of not providing the updated documents required by the alternative insurer to be able to conduct their Party Due Diligence (PDD) screening, as required by the Financial Intelligence Centre Act for Anti Money Laundering purposes. The committee will continue to monitor this at future reviews.

## COVID-19 pandemic

At the recent Sanlam Benchmark, David Gluckman, Chairman of the Board of Trustees, when reflecting on insurance benefits and premiums, stated that he was pleasantly surprised, when Sanlam Group risk (our main insurer), reported that the Sanlam Umbrella Fund's risk pool net claims ratio, had been running at precisely 95% since 2016. This was tabled at the Insured Benefits Management committee meeting held in April 2023, and is an outcome.

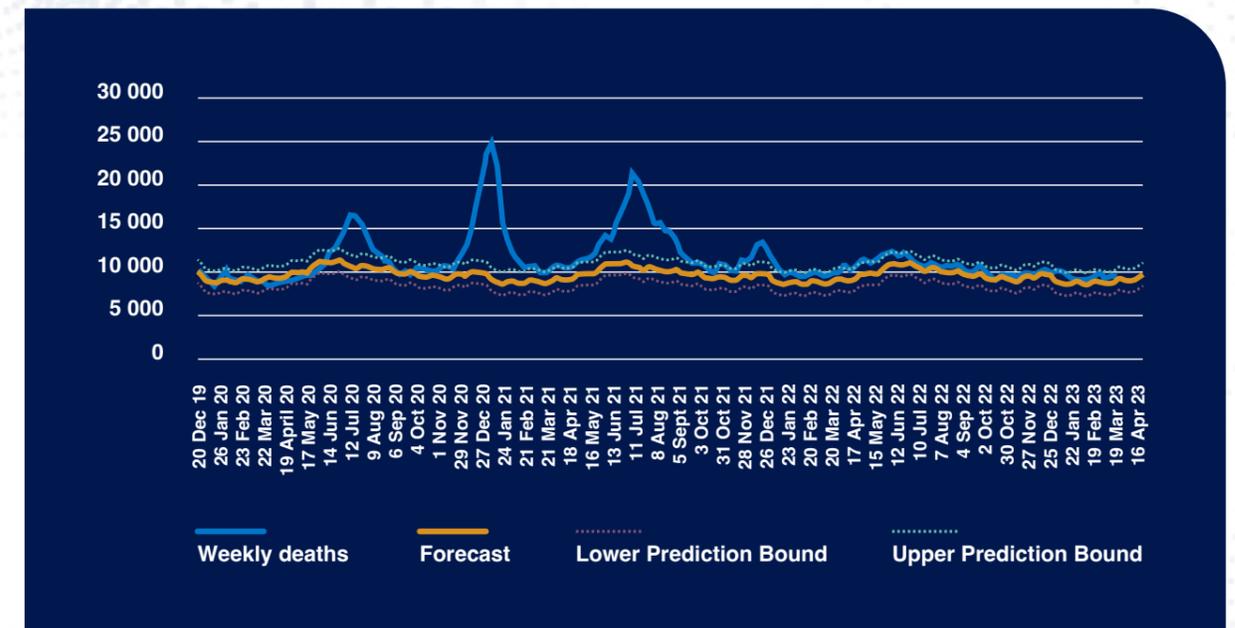
Looking back to the earlier days of the pandemic, the committee negotiated with our insurers to keep risk premiums unchanged for the 1 April 2021 annual revision, caveated by the right to review after six months should conditions worsen materially because of the pandemic. This was despite the COVID-19 risks and insurer losses arising from the First Wave. Unfortunately, the Second Wave hit around December 2020 and then the Third Wave struck with devastating effect in mid-2021 and it became quite apparent that insurers would, quite reasonably, need to hike insurance rates from 1 October 2021.

Where does that leave us today? The long-term experience indicates that clients have been charged

fairly based on insurance risks. Looking at the premium rates escalation from 1 October 2021 - almost 18 months after the onset of the pandemic - along with the decrease at the most recent 1 April 2023 annual revision, premium rates are, overall, still significantly above pre-COVID levels. This is inline with the insurers view, that risks remain materially higher than they were pre-COVID and the long term impacts from this pandemic period (e.g. disability claims) are yet to be discovered.

We remain optimistic that, all else being equal, overall premium rates may decrease at the upcoming 2024 revision.

RSA weekly deaths from all causes:  
29 Dec 2019 - 1 April 2023



# Individual Member Products and Servicing Committee



## Mandate

This committee directs, controls and oversees the individual member products and servicing activities of the Fund. This is for active, contributing members of a participating employer, as well as members who have exited the Fund and have chosen, or defaulted to, individual membership via one of the in-fund options.

## Meetings

Held quarterly, each lasting approximately two hours.

## Chaired by

Anna Siwiak – Head of Product: Sanlam Umbrella Solutions (at 30 June 2023).

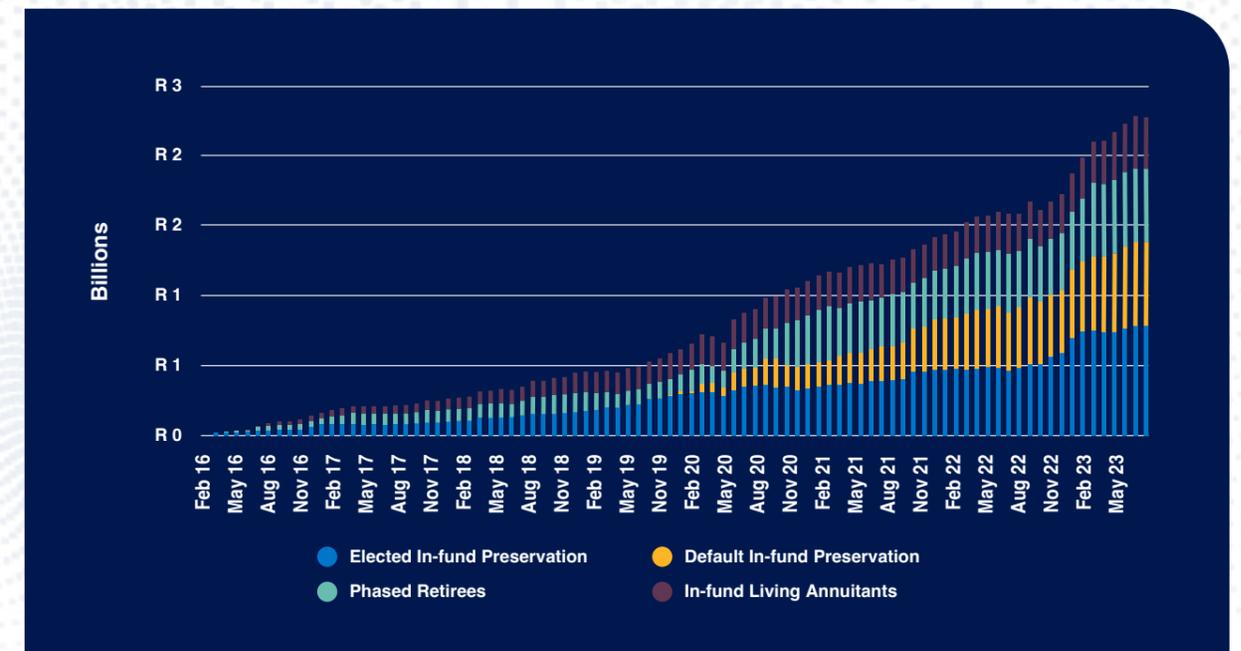
## Overview

The Individual Member Products and Servicing committee was formed in 2020, with the understanding that the individual member groups would grow with time, and that these members' needs would differ significantly from active contributing members. As at 31 July 2023, the committee looks after the needs of more than 11 000 individual members, with assets at almost R2.3bn. The graph depicts the significant growth experienced by the individual member groups since inception of the In-Fund options in 2016 highlighting areas of improvements to its procedures and protocols.

Over the past year, the committee has focussed their efforts on addressing the following:

- Oversight of the Annual In-fund Living Annuity drawdown review process
- Review of the sustainability of the In-Fund Living Annuity drawdown rates which revealed that 48% of in-fund annuitants were not drawing sustainable drawdown rates, and oversight of the consequent communication to make annuitants aware of sustainable drawdown rates
- Review of the ongoing pre-retirement, pre-withdrawal and lifestage switching engagements that benefit counsellors proactively have with members
- Review of the introduction of WhatsApp as a communication medium for new Fund members which provides important Fund information, as well as offering benefit counselling engagements to address any Fund queries members may have
- Review of the introduction of counselling services for beneficiaries of deceased members and members receiving lump sum disability payments, to ensure they are aware of the availability of a Contracted Financial Advisor when seeking financial advice
- Review and agreement to implement a default annuity strategy on the Sanlam Unity Umbrella Fund

Sanlam Umbrella Fund growth in Individual Member In-Fund Options



- Commencement of a review of the Fund default annuity strategy
- Focus on the growing number of defaulted paid-up members, and determination of specific interventions and communication campaigns required, relating to these members
- Review of the introduction of counselling services for beneficiaries of deceased members and members receiving lump sum disability payments, to ensure they are aware of the availability of a Contracted Financial Advisor when seeking financial advice

# Individual Member Products and Servicing Committee



- Review and agreement to implement a default annuity strategy on the Sanlam Unity Umbrella Fund
- Commencement of a review of the Fund default annuity strategy
- Focus on the growing number of defaulted paid-up members, and determination of specific interventions and communication campaigns required, relating to these members

- Contribution to the wider retirement reform discussions, by presenting the work of this committee at the 2023 Sanlam Benchmark event

The committee continues to monitor ongoing requirements such as the Effective Annual Cost (EAC) disclosure becoming a standardised disclosure methodology for retirement savings, compliance with the Protection of Personal Information Act (POPIA) as it relates to Individual members and the Draft Conduct Standard for Living Annuity Strategies.

## ONBOARDING GUIDE

### Welcome to the Sanlam Umbrella Fund

Your employer has arranged for your membership in the Sanlam Umbrella Fund. An umbrella fund provides a cost-effective retirement funding structure. Saving in a retirement fund is the most cost effective and convenient way to save for retirement in South Africa because:

- TAX:** Retirement funds offer tax deductibility, which means you could save more for retirement with very little change to your monthly take-home pay.
- Insurance:** The cost for insurance like life cover for instance, is cheaper when offered by your retirement fund, than what you would pay for individual life cover.
- Additional Contributions:** You can make additional contributions - up to 27.5% - to top up the monthly contributions you and your employer already make to the Fund, to help you save even more towards your retirement. The additional contributions are also tax deductible. To increase your contributions, speak to your HR department or register on the Sanlam Member Portal and submit your request online.

[Click here to read more](#)

## Your contribution and member share

Each month, a percentage of your salary is allocated towards your retirement savings as your contribution. Depending on your package structure, there might also be a percentage that your employer contributes.

All applicable costs are deducted from the contribution, and the rest of the money is invested towards your retirement. This retirement savings is your **member share**, which is the amount of money held in the Fund for you.

### Did you know?

- You don't have to withdraw from your retirement fund when you change jobs. Rather transfer the retirement savings from your previous employer's fund into the Sanlam Umbrella Fund and continue saving for retirement without interruption.
- You can use the retirement calculator to see whether you are saving enough for your retirement.

### What investment choice do you have?

The Member Portal or the Sanlam My Retirement app will give you an instant view of your investment options. Through these online tools, you can request changes where an investment choice is allowed.

We recommend that you consult an accredited Financial Adviser to help you plan for your retirement journey and assist you with selecting the most suitable investment portfolios for your unique circumstances.

## Flexible investments to help your savings grow!

Your member share is automatically invested in the default strategy selected by your employer. While keeping money under the mattress might feel safer than investing in turbulent markets, this strategy will not allow your money to grow. The Sanlam Umbrella Fund offers a range of investment options to help your money grow over time.

## Know Your Benefits, Stay Updated

- transfer your money to your new employer's fund
- transfer your money to another retirement fund
- take your money in cash after tax. **Remember:** if you take cash from your member share, you'll have to pay tax!

### Your retirement benefits

Your retirement benefits will equal your member share at the time of your retirement. You may decide to retire from the Fund at any stage after your 55th birthday. At this time, your entire investment (member share) will be paid as a retirement benefit, and you would have the following choices:

- Use your retirement benefit to buy an annuity (monthly pension) from Sanlam or another provider.
- Take a portion of your retirement benefit in cash and use the rest to buy an annuity (monthly pension) from Sanlam or another provider.

You may leave your money invested in the Fund at the time of your retirement and postpone your retirement from the Fund. Although you will have to retire from the service of your employer, you do not have to retire from the Fund. You can remain a member of the Fund by joining one of the Individual Membership Options.

### Your withdrawal benefits

Suppose you change jobs (whether you resign, are dismissed, get retrenched) before you retire. In that case, you will have several options regarding your member share. When you leave the Fund before you retire, you can:

- keep your money in the Fund - You may leave your member share in the Fund at the time of your withdrawal until retirement. Although you will have left your employer, you do not have to leave the Fund. This means you will become a "paid-up member".

### Did you know?

If you are over insured, you might be paying for benefits that you may not be able to claim!

Make sure you regularly review your group insurance benefits with any personal insurance benefits that you may have. If in doubt, speak to an accredited Financial Adviser to help you determine whether you are over-insured or not.

### Nominate and update your beneficiaries

In the event of your death, the trustees of the Fund and/or Insurer will need to know who your dependents and beneficiaries are, so that they can allocate your death benefits to the right people.

Ensure that you complete the beneficiary nomination form and update this information regularly, especially when your circumstances change - for example through divorce, marriage, or the birth of a child. You can update your beneficiaries on the Sanlam Member Portal.

## Stay up to date, register for the Sanlam Member Portal

Sanlam's member self-service options on the Member Portal and the free Sanlam My Retirement app provide quick and easy access to important information regarding your retirement savings, benefits, and other insurance products you may have with Sanlam.

Whether you are retiring, close to retirement or changing jobs and deciding what to do with your retirement savings, the Sanlam Member Portal is a powerful financial planning tool, created to empower you to live with confidence, to take control of planning and managing your retirement savings. Watch this video to see what the member portal can do for you.

Download the Fund's free Mobile App. Get all your retirement fund data in the palm of your hand.

Once you have registered, you can also download the free "Sanlam My Retirement" App from the Google Play Store or Apple App Store.

## Get in touch

### Individual Member Services

Through the Fund, you have access to an online self-help platform as well as telephonic support by Retirement Benefits Counsellors to help you at every step of your retirement savings journey.

Contact your benefits counsellors via email at [msor@sanlam.co.za](mailto:msor@sanlam.co.za)

### For help with online access

If you need any assistance with the online portal, please contact the Fund's contact centre on **0861 223 646** or e-mail them at [SCClientCare@sanlam.co.za](mailto:SCClientCare@sanlam.co.za)

Contact your Human Resources department, or call or WhatsApp the Fund's contact centre on **0861 223 646** or e-mail them at [SCClientCare@sanlam.co.za](mailto:SCClientCare@sanlam.co.za)

### How to get access to the Member Portal

- 1 Go to <https://co.sanlam.co.za/>
- 2 Select Register and insert your ID number, click Search.
- 3 Confirm your cell phone number and your e-mail address - click Next.
- 4 Choose a username. A temporary password will be sent to your cell phone number.
- 5 Enter the temporary password that was sent to you and change your password.
- 6 You will now have a view of all your Sanlam products. Click on View your retirement fund detail to see your information.

# Remuneration Committee



## Mandate

This committee ensures that the Fund strategy and approach complies with its governance duties in terms of the principles laid down in the King IV Report. This mandate entails regularly reviewing the Fund remuneration policies to ensure compliance with the Fund duties and responsibilities in terms of its own rules, the Pension Fund Act, the Financial Sector Regulation Act, the Conduct of Financial Institutions Act (once promulgated), the Income Tax Act, Treating Customers Fairly principles of ethics and the King IV Report, and to actively support and enhance the Fund broader business objectives.

## Meetings

Quarterly meetings are held with each lasting approximately two hours.

## Chaired by

Nzwananai Shoniwa – Managing Executive: Sanlam Umbrella Solutions (at 30 June 2023).

## Overview

The Remuneration committee was established in 2021 and has proven to be a useful addition to the Fund overall governance checklist in ensuring the proper monitoring of all remuneration costs charged to the Fund, which are ultimately borne by the members.

The successful finalisation of the Fund's Remuneration Protocol was a key deliverable during the year under review. The committee investigated the viability of incorporating retainer fees for each of the Fund sub-committees but it was agreed that it would not be possible to implement a retainer basis by 1 July 2023 and as such, the Board agreed to continue the current basis of remuneration. The Remuneration Protocol was updated to include a 6% increase for independent Trustees on their hourly rates as at 1 January 2023.

The committee also recommended updating the Travel Policy on the basis that all meetings are now held in person again and, in some instances, board members needed to travel the day before or stay overnight after a board meeting.

The committee also successfully negotiated the following services contracts:

- Secretarial Services – Simeka Consultants & Actuaries, effective 1 November 2022.
- Deputy Principal Officer – Ms Erina le Grange, effective 1 January 2023.
- Head of Fund Secretariat – Ms Shamienga Manuels, effective 1 January 2023.
- Sanlam Unity Fund Secretariat – Ms Elna September, effective 1 January 2023.
- Principal Officer & Information Officer – Ms Joelene Moodley, effective 1 April 2023.
- Independent Consultant – Mr Kobus Hanekom (9 months contract effective 1 April to December 2023)

The committee is now in the process of investigating which industry surveys would be valuable for the Fund to participate in to provide insights into the industry benchmarks on remuneration for all participating Trustees and Fund officers. This will ensure that the Fund remuneration protocol remains reasonable and competitive.

The committee continues to be involved in the Fund succession planning deliberations to ensure that appropriate, yet affordable, remuneration proposals are used in the Fund annual budgeting process. The remuneration proposals, as well as, the normal costs disbursements incurred by the Fund, e.g. fidelity insurance premiums, secretarial services, audit services, member communication, and other fees and disbursements, ultimately inform the quantum of the Contingency Reserve Account levies charged to members.

The committee submits regular risk reports to the Board, and the latest report, covering the period to 30 June 2023, reveals no significant concerns with regards to Fund remuneration matters.



# Transformation Committee



## Mandate

To lead the transformation journey as well as prepare the transformation policy and strategy for the Fund in consultation with the Board and Sponsor. To prepare a Financial Sector Code (FSC) scorecard and the additional reports and documents required by the Financial Sector Transformation Council (FSTC) and Financial Sector Conduct Authority (FSCA) and to monitor the Fund's performance in terms of the scorecard. To guide the Board and its committees on the desired status of service providers that would enhance and contribute to the Fund's Broad-Based Black Economic Empowerment (B-BBEE) objectives agreed by the Board.

## Meetings

Three meetings have been agreed to, for the current year. However, ad hoc meetings will be set to deal with additional developments should the need arise.

## Chaired by

Yvette Harris – Sponsor-appointed trustee (at 30 June 2023).

## Overview

The Board of the Sanlam Umbrella Pension and Provident Fund are committed to the principles of transformation, which forms the basis of economic inclusivity for all South Africans. In recognition of the need to focus more closely on its transformation imperatives, the Board established a Transformation committee earlier this year.

The committee's immediate responsibility was to compile the FSC scorecard for the measurement period ended 31 December 2021. The scorecard is currently a voluntary requirement for the top 100 retirement funds, including umbrella funds, and one that the Sanlam Umbrella Pension and Provident Fund have been reporting on for the two preceding reporting measurement periods. The Board approved the 2021 FSC scorecard for submission to the FSTC which followed in July.

In terms of the 2021 scorecards, both Sanlam Umbrella Pension and Provident Fund registered an overall improved score mostly due to the improved score in aspects related to preferential procurement. This is primarily due to the Sponsor (Sanlam) being a Level 1 BEE contributor. However, continued engagement with all stakeholders around issues of transformation should improve ratings in the coming years. As a start to this process the committee will commence with an engagement session with the Sponsor to assist in drafting a Transformation Policy and Strategy to guide the Fund's transformation initiatives.





## Mandate

The Governance & Risks Committee is tasked to continuously review and monitor the Fund's risk management and governance plans in compliance with the required legislation, Fund rules and codes of Good Practice, to support the Fund's business objectives. An Integrated Governance Assurance Approach is implemented by the Fund to govern and manage the governance, risk management and compliance processes.

## Meetings

Three meetings are scheduled per annum, lasting four hours. Developments during the year are dealt with as they occur, and decisions are taken by way of round robin decisions and or ad hoc meetings scheduled.

## Chaired by

Joelene Moodley - Principal Officer, Sanlam Umbrella Fund (at 30 June 2023).

## Overview

The Committee is happy to report that the Fund complied with its duties and responsibilities imposed by the Act, legislation and the rules of the Funds and that it has submitted all regulatory and other returns, documents statements and information. The Fund has not received any penalties or fines during the reporting period. During the year the Fund participated in various FSCA surveys and requests for information. No notable concerns were identified or raised to date. Committee highlights during the year include:

### External reports

The Fund received an unqualified audit report from both its independent external auditors being RSM and PWC on the financial performance of the Fund. In terms of Section 13B, the Administrator provided the Board with its 2022, ISAE 3402 Type II report, which specifically included the controls in respect of the administrator's IT system, access controls and disaster recovery.

### Risk management

The Board, supported by the Committee, reviews its top risks regularly, and ensures that appropriate action is taken to manage or contain these risks, within the set risk tolerance levels. Each of the Committees are required to identify the risks faced by the Fund within the scope of its mandate, and rate and prioritise them. The nature and extent of the risks and opportunities that the Board is willing to take are set out in the Fund's risk schedule. During the past year, all top risks identified were within the tolerance levels, and the Board is satisfied that the measures taken to manage them, were effective.

The Board has considered the potential impacts of the two-pot system to be implemented, on 01 March 2024 and the ever-increasing exposure to cyber security threats on the Funds. As such, the Committee will continue to assist the Board, with the review of its current and emerging risks to ensure that the appropriate risk mitigation actions, controls, and reporting are in place. Given the increase in load shedding and electricity challenges that South Africa has recently been experiencing the Committee investigated amending of the Fund rules, to protect the Fund against losses in the event of a possible electricity grid collapse. This work is still underway.

## Election of independent member appointed trustees

The term of the independent trustees ended in the August 2023 and to ensure that the Board remained fully constituted, the election of new independent member appointed trustees was embarked on. The process started on 23 February 2023 with the advertising of the vacant positions through Batseta and the PLA. The election process was overseen by the Committee and the Principal Officer, who was the election officer. A total of eighty-nine (89) applications were received.

During April 2023, a shortlist of 12 candidates were interviewed to ascertain the suitability of the candidates, in line with the Fund's values, principles, objectives and strategy. Final ballot papers with the names of the 9 shortlisted candidates went out on 4 May 2023. Members were offered an opportunity to vote via their joint forums and member appointed representatives. The election closed on 31 May 2023. The election was declared free and fair by the election officer, which resulted in three independent members-elected and an alternative member elected trustee being appointed to the Board. The independent trustees took office on the 1 September 2023.

## Ethical leadership

The Fund's approach to ethical leadership is reflected in the practices of our organization. The Fund provides an opportunity for members and participating employers to participate in a commercial umbrella fund sponsored by Sanlam. The management, governance, and compliance responsibilities of the Fund are entrusted to a professional and duly representative Board. The Board has implemented a framework that emphasizes ethical leadership, as required by King IV.

In line with this, our benefit structures and offerings are designed to meet the diverse needs of our members and participating employers. They are presented in a way that is easy to understand, convenient to use, and provides outstanding value. Transparency and cost-effectiveness are key factors in our offerings. To ensure favourable retirement outcomes for our members, all our offerings undergo regular reviews. The Board, the Sponsor, and our service providers are united in pursuing this common goal, and their performance is evaluated based on the actual outcomes achieved for our

members. Through the work of the committee on ethical leadership, the Fund strives to create an environment that fosters trust, fairness, and responsible decision-making. By aligning the Fund's practices with these principles, it aims to promote the well-being and prosperity of our members.

## King IV assessment

We subscribe to the King IV™ assessment and registry solution, known as the Governance Instrument. The Governance Instrument aligns with the principles and recommended practices of King IV™, with adjustments made to accommodate retirement funds. While some modifications are still needed to ensure complete applicability to retirement funds, the platform provides us with valuable insights.

Out of the 351 practices outlined in King IV™, 37 practices are categorized as "not applicable," and 16 practices are explained within specific contexts. For instance, our Board Chairman, though not classified as an independent Trustee due to being employed by the Sponsor, brings valuable expertise to our governance structure. Additionally, we do not offer performance-related Trustee fees as our primary focus is on unbiased decision-making. Our Governance and Risk Committee assumes responsibility for monitoring and managing risks, while the Audit Committee maintains its primary focus on financial matters. Although the chair of the Remuneration Committee may not be considered independent, we ensure transparency and accountability in our remuneration practices. Lastly, the requirement for an independent Principal Officer of a retirement fund, though similar in role, differs from the criteria intended for the CEO of a listed company.

Despite these minor deviations, the Board takes pride in its governance structure and the measures we have implemented to uphold strong ethical practices. We remain committed to engaging further with relevant authorities and industry experts to identify and adopt best practice governance practices tailored specifically for retirement funds. Through this ongoing collaboration, the committee aims to continually enhance our governance framework and promote the highest standards of accountability and transparency within our operations.

# Investment Committee



## Mandate

To monitor the investment strategy, ensuring appropriate reporting to members and to work with the Board's appointed investment consultants to review the investment offering from time to time.

## Meetings

Quarterly meetings of six hours' duration each, are held. Additional ad hoc meetings are periodically convened, if specific, urgent recommendations to the Board are required. Any recommendations arising from these meetings are tabled and discussed at the regular Board meetings, where all formal decisions are taken.

## Chaired by

David Gluckman – Board Chairman:  
Sanlam Umbrella Fund (at 30 June 2023).

It's all too easy for South Africans to be negative given current circumstances. The country has struggled with weak GDP growth, a high unemployment rate, political and policy uncertainty, corruption, currency weakness, credit rating downgrades, greylisting, the ongoing Eskom saga, the COVID-19 pandemic, not to mention civil unrest amongst other challenges!

Despite all these challenges, the very good news, is that the Sanlam Umbrella Fund continues to deliver real value to our members in terms of inflation-beating investment returns. This is evidenced by the investment returns of all the Fund's investment portfolios to 30 June 2023 over 1, 3, 5 and 10 years, as shown in the graphs below.

During July 2022, significant simplifications and enhancements were made to the Fund's available default investment strategies and will now be broadly categorised as Lifestage Strategies and Protection Strategies.

The then, newly available Sanlam Wealth Creation Strategy, has been a stand-out portfolio over the past 12 months in terms of client take-up with close to R6 billion invested in its accumulation portfolio. This already makes the strategy the third most popular of our available default investment strategies, behind Sanlam Lifestage and Sanlam Passive Lifestage, and already slightly more popular than any of the three Protection Strategies.

The committee's short term plans, following the appointment of a new Principal Officer, are to embark on a clean slate review of all risk reporting from the committee to the Board. It is hoped that this review can be completed before the end of 2023.

The activities of the Investment committee over the past year have been multi-faceted and include (in no particular order):

- Updating the Fund's Investment Policy Statement
- Overseeing all aspects of governance, compliance and risk measurement as they relate to investment issues on behalf of the Board
- Performance monitoring of all appointed investment managers and mandates
- Enhancements agreed, and successfully implemented, to Sanlam Life portfolios' strategic asset allocations, index benchmarks and investment management fees
- Specific, additional monitoring of all special investment arrangements
- Monitoring - and refinement suggestions to the quarterly actuarial monitoring - of the administrator's daily investment portfolio unit prices as an additional reassurance check
- Ongoing efforts to enhance our extensive investments communication material delivered via multiple channels, as well as the refinement and improvement of cost disclosures
- Ensuring delivery, content monitoring and client feedback in respect of the free investments feedback service available to Joint Forums for all sub-funds comprising of more than R10 million in assets
- Ongoing efforts with regards to all facets of responsible and sustainable investing, including impact investing, infrastructure investing, climate change and transformation. The committee has effectively advanced the idea of introducing transformation and ESG ratings for all our investment managers and investment portfolios as a useful additional factor to assist our clients with investment decisions
- Support to the 2023 Sanlam Benchmark research team
- Engaging on behalf of the Fund with regards to investment matters with industry bodies such as ASISA and Batseta, and to a lesser extent, regulators and the media
- Hosting investment webinars for stakeholders including consultants, employers and members

- Along with seven other commercial umbrella funds, in the quarterly GraySwan Umbrella Fund Default Investments Survey. This is an important initiative to support and is aimed at enhancing market competition, transparency and appropriate disclosure
- Engaging with our appointed asset managers, following the surprise announcement within the 2022 National Budget Speech that offshore limits would be increased to a flat 45% for all retirement Fund, to establish their plans and subsequently monitoring changes as these have unfolded

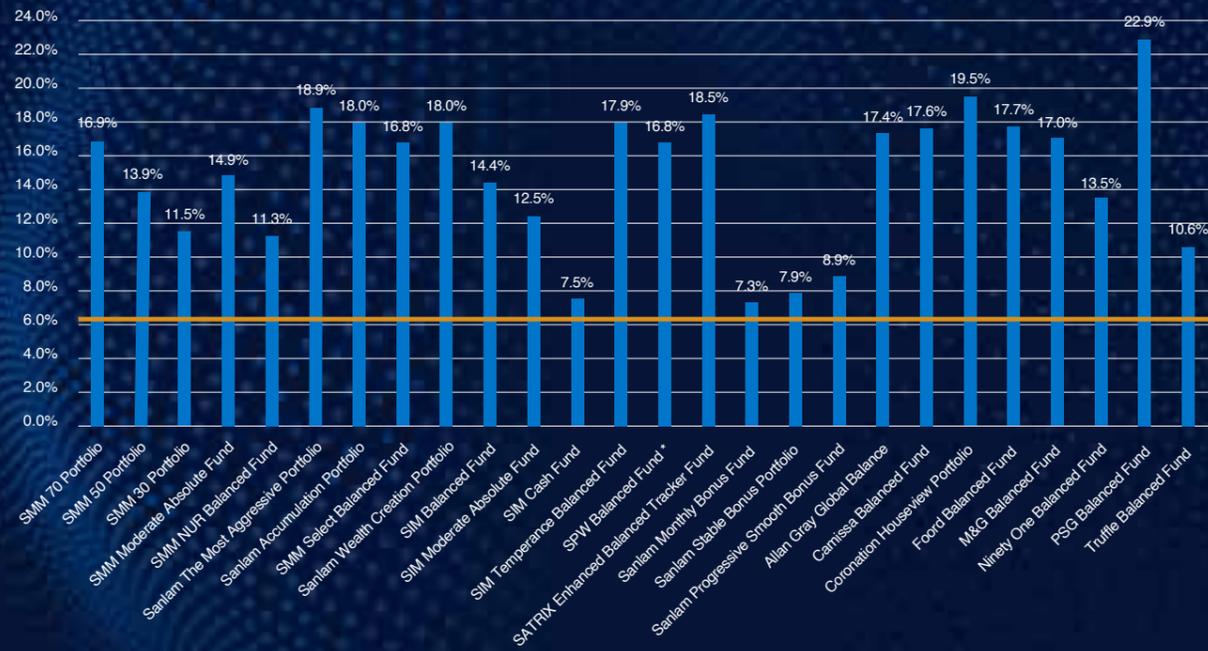
In summary, the past year has, once again, been both challenging and rewarding from an Investment committee perspective. We are clear on our mandate and will continue to focus our efforts, within the sphere of investments, to further improve retirement outcomes for our members.



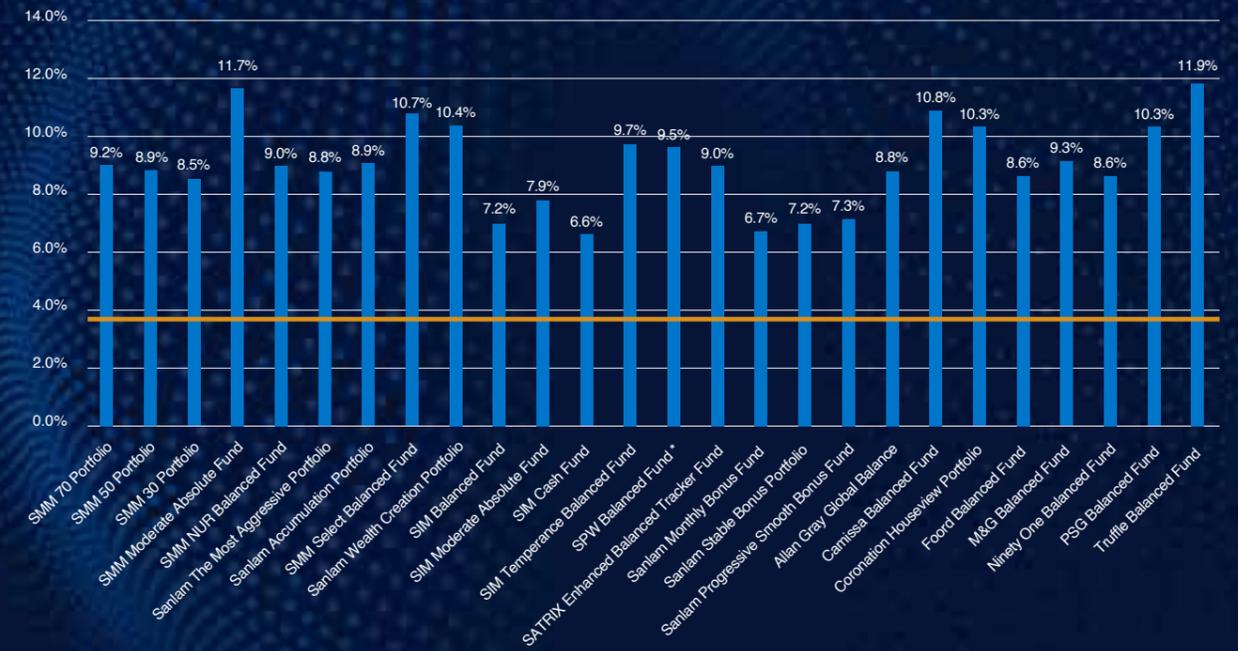
# Performance on Trustee-approved Portfolios as at end May 2023



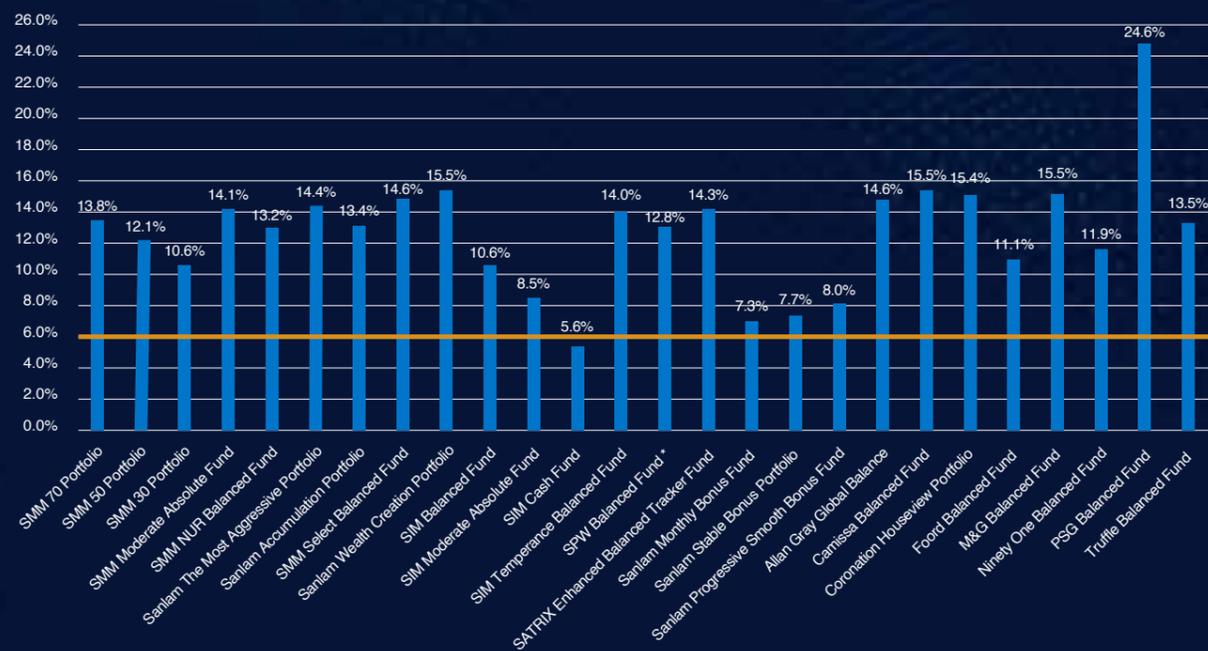
## 1 Year Returns



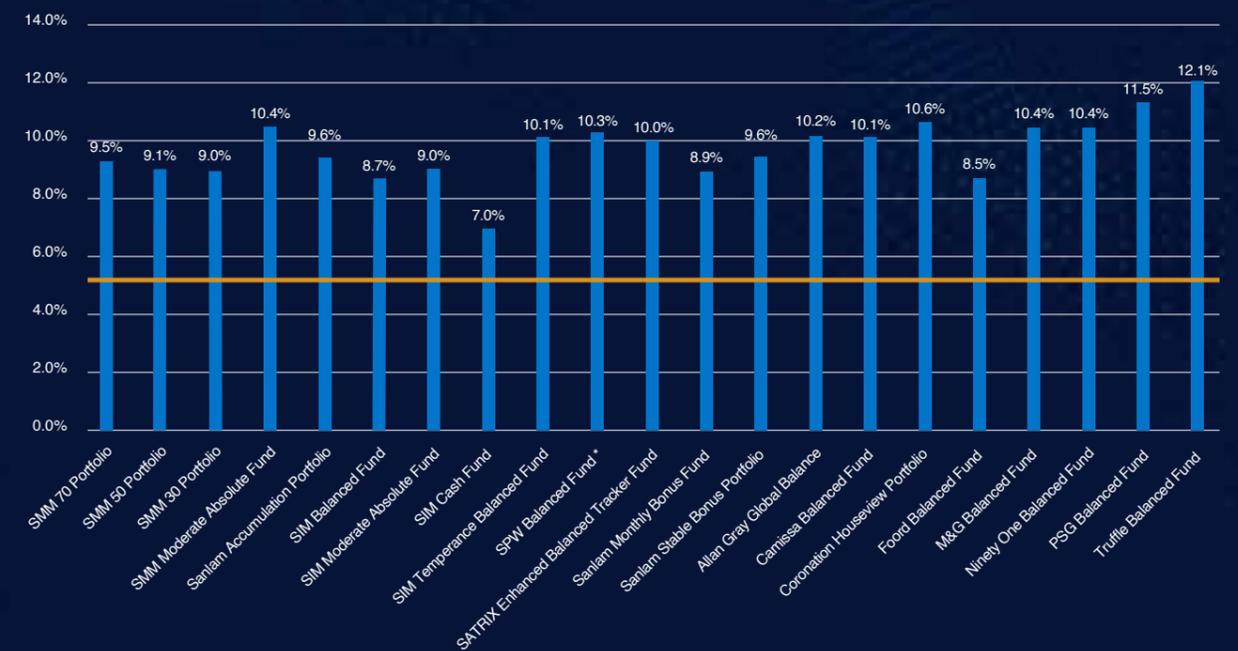
## 5 Year Returns



## 3 Year Returns



## 10 Year Returns



# Rules Revisions



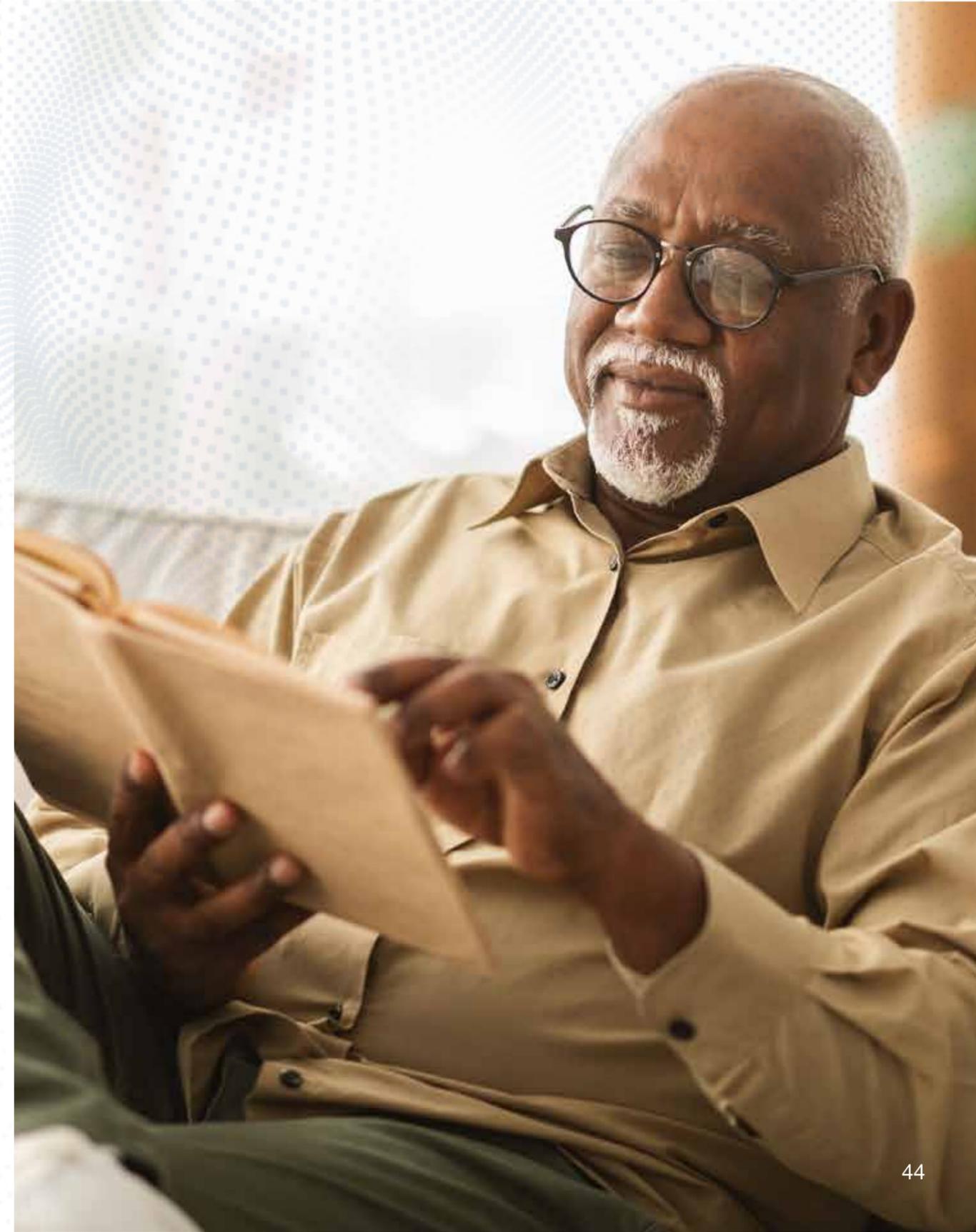
The following amendments to the Rules of the **Sanlam Umbrella Pension Fund and the Sanlam Umbrella Provident Fund** were made during the review period and registered by the Financial Sector Conduct Authority.

## Amendment no. 4 Registered on 14 April 2022:

- To clarify that a Paid-Up Member may elect to retire from the Fund from age 55 onwards. To allow a Member to elect to make his/her benefit in the Fund paid-up in the event of the liquidation of his/her participating Employer and its Sub-Fund.

## Amendment no. 5 Registered on 16 September 2022:

- To allow Living Annuitants to adjust their draw down rates on the twelve-month anniversary of their individual Effective Dates or on 1 March of each subsequent year after the Effective Date, as may be set out in a Protocol determined by the Board.



# General Fund Information



Statutory alternatives	Fund status	
Registered name	Sanlam Umbrella Pension Fund Sanlam Umbrella Provident Fund	
Registered as an	Umbrella Pension Fund and Umbrella Provident Fund (identical benefit and management structures)	
Umbrella Sponsor	Sanlam Life Insurance Ltd	
	Pension Fund:	Provident Fund:
Registration date	19/09/2001	19/09/2001
Approval date	06/02/2002	06/02/2002
Registration number	12/8/36828	12/8/36813
Approval number	18/20/4/41146	18/20/4/41147
Funding model	Defined Contribution Funds	
The Fund's financial reporting period	From 1 January to 31 December	
Fund exemptions	Valuation exempt, not audit exempt from 1 January 2008. Received valuation exemption for Pension Fund and Provident Fund from 1 January 2021 up to 31 December 2023.	
The Fund's registered postal address	PO Box 1, Sanlamhof, 7532	
The Fund's registered physical address	2 Strand Road, Bellville, Cape Town	
Separate bank accounts are being maintained for each fund	Pension Fund: ABSA, Centurion Acc no: 4067972456	Provident Fund: ABSA, Centurion Acc no: 4067972383

## Regulatory Information for Sanlam Unity Umbrella Fund

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

## Fund Officers

	Principal officer	Responsible person
Full name	Joelene Moodley	Sanlam Umbrella Fund - Shamiega Manuels Unity Umbrella Fund - Elna September
Company	Joelene Moodley	Sanlam Corporate: Umbrella Solutions
Postal address	PO Box 1, Sanlamhof, 7532	
Physical address	2 Strand Road, Bellville, Cape Town	
Telephone number	082 564 0341	Shamiega Manuels - (021) 947 6504 Elna September - (021) 947 1519
Email address	joelene.moodley@sanlam.co.za	Sanlam Umbrella Fund: shamiega.manuels@sanlam.co.za Unity Umbrella Fund: elna.september@sanlam.co.za

# General Fund Information



## Information Officer details

	Information Officer	Deputy Information Officer
Full name	Joelene Moodley	Virgil Prinsloo
Company	Independant	Sanlam Corporate: Umbrella Solutions
Postal address	PO Box 1, Sanlamhof, 7532	
Physical address	2 Strand Road, Bellville, Cape Town, 7532	
Telephone number	082 564 0341	(021) 950 4608
Email address	joelene.moodley@sanlam.co.za	virgil.prinsloo@sanlam.co.za

## Professional service providers

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

## Appointments

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

	Governance & Compliance
Responsible person	Joelene Moodley
Company	Joelene Moodley
Telephone number	082 564 0341
Email address	joelene.moodley@sanlam.co.za
Reg number S13B /FAIS	N/A

## Specialist investment consulting

	Sanlam Umbrella Pension Fund and Sanlam Umbrella Provident Fund	
Responsible person	Willem le Roux	Victor Faria
Company	Simeka Consultants & Actuaries	Independent Actuarial Consultants
Physical address	Simeka House, Farm 2, Vineyards Office Estate, 99 Jip de Jager, Bellville, 7535	6th Floor, Wale Street Chambers, 38 Wale Street, Cape Town, 8000
Email address	willem@simekaconsult.co.za	victor@iac.co.za
Reg number FAIS	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	
Company	Sanlam Life Insurance Ltd	ABSA Life Limited	Sanlam Life Insurance Ltd
Postal address	PO Box 1, Sanlamhof, 7532	PO Box 421, Johannesburg, 2000	PO Box 1, Sanlamhof, 7532
Physical address	2 Strand Road, Bellville, 7530	Absa Towers North, 3rd Floor, 4S2 180 Commissioner Street, Johannesburg 2001	2 Strand Road, Bellville, 7530
Tel number	(021) 947 9111	0860 227 253	(021) 947 9111
FSB approval number	24/185	36116	24/185
Type of risk	Group Life, Disability, Funeral, Accident, Spouses and Critical Illness Insurance	Group Life, Disability, Funeral, Accident, Spouses and Critical Illness Insurance	Group Life, Disability, Funeral and Accident Insurance

# General Fund Information



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

Trustee member	David Gluckman	Yvette Harris	Mkuseli Mbomvu	Joelene Moodley	Jolly Mokorosi	Cheryl Mestern
Date appointed	1 September 2023	1 February 2023	1 September 2023	1 September 2023	1 September 2023	1 September 2023
End of term	31 Dec 2026	31 Dec 2026	31 Dec 2026	31 Dec 2026	31 Dec 2026	31 Dec 2026
Compliance with Trustee Training Protocol	Fully compliant	Fully compliant	Fully compliant	Fully compliant	Fully compliant	Fully compliant
Compliant with Governance Producers (PF130)	Fully compliant	Fully compliant	Fully compliant	Fully compliant	Fully compliant	Fully compliant
Sponsor-appointed or member-elected	Sponsor-appointed	Sponsor-appointed	Sponsor-appointed	Member-elected	Member-elected	Member-elected
Status relative to the Sponsor	Executive with extensive experience in the retirement Fund industry	Retiree with extensive experience in benefit consulting	Executive with extensive experience in corporate governance	Independent	Independent	Independent
Trustee Fee	Employed by sponsor	Agreed trustee fee	Employed by sponsor	Agreed trustee fee	Agreed trustee fee	Agreed trustee fee
*Performance Assessment	Exceeds job requirements	Exceeds job requirements	Exceeds job requirements	Exceeds job requirements	Exceeds job requirements	Exceeds job requirements
Attendance at Trustee meeting 15 and 16 November 2022	Yes	Yes	Yes	Yes	Yes	Yes
Attendance at Trustee meeting 07 and 08 March 2023	Yes	Yes	Yes	Yes	Yes	Yes
Attendance at Trustee Meeting 21 and 22 June 2023	Yes	Yes	Yes	Yes	Yes	Yes

Trustee member	Grant Base	Caron Harris
Date appointed	1 September 2023	1 September 2023
End of term	31December 2026	31December 2026
Compliance with Trustee Training Protocol	Fully compliant	Fully compliant
Compliant with Governance Producers (PF130)	Fully compliant	Fully compliant
Sponsor-appointed or member-elected	Member-elected	Member-elected
Status relative to the Sponsor	Independent	Independent
Trustee Fee	Agreed trustee fee	Agreed trustee fee
*Performance Assessment	Exceeds job requirements	Exceeds job requirements

**Trustee remuneration:** With effect from 1 June 2023, the fees are as follows: Board meetings of the Related Funds including the Pre-Board meeting is R40 000 excluding VAT. Committee meetings = R2 000 per hour excluding VAT. Sanlam Umbrella Fund Symposium = Fees for attendance of the SUF Symposium R2 000 per hour excluding VAT. Any other additional work = R2 000 per hour excluding VAT.

\*The 2023 appraisal process was reviewed and while still being quantitative in nature, this year's assessment did include some (open-ended) questions to introduce a qualitative component. With the aim being to identify the Board's views on what is being handled well and where we have areas of improvement which will be shared with the various committees and the Board. The appraisal process also looked at the performance of the various committees, which included performance by Fund Officers, the Administrator, Investment Consultant, Benefit Consultant and External Auditor. The results were pleasing and confirmed that all parties are fully compliant with job requirements.

The Board looks to continually enhance and strengthen its appraisal process in line with good governance principles.





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