

**INTEGRATED
REPORT** | 19



MOMENTUM METROPOLITAN HOLDINGS LIMITED (FORMERLY MMI HOLDINGS LIMITED)

Integrated report 2019

CONTENTS

Introduction

- 2 Our approach to reporting
- 2 About this report
- 2 Our approach to materiality
- 3 Assurance
- 3 Forward-looking statements
- 3 Board approval

Our business

- 4 Our three-year Reset and Grow strategy
- 5 Value created in 2019
- 6 How we are using our stock of capitals to achieve our strategic objectives and create value
- 8 Who we are, where we operate and what we do
- 10 Five-year summary

Leadership review

- 12 • Chairman's review
- 14 • Chief Executive Officer's review

Our leadership as at 30 June 2019

- 28 Effective leadership through good governance
- 34 Our changing business context
- 35 Managing our risks and opportunities for sustainable value creation

Our performance

- 40 **Financial capital**
- 41 • Finance director's review
- 52 **Productive capital**
- 53 • Momentum Life
- 56 • Momentum Multiply

Our performance continued

- 58 • Momentum Investments
- 60 • Distribution of Momentum-branded retail products
- 62 • Metropolitan Retail
- 64 • Momentum Corporate
- 67 • Momentum Metropolitan health business
- 69 • Guardrisk
- 71 • Momentum Short-term Insurance
- 74 • Momentum Metropolitan Africa
- 77 • New Initiatives

Human capital

Intellectual capital

- 83 • Information technology
- 83 • Product innovation
- 84 • Corporate governance

Social and relationship capital

- 91 • Socio-economic development
- 94 • Responsible corporate citizen through responsible investing
- 96 • Empowerment through transformation
- 100 • Our stakeholder relationships

Natural capital

Accountability and shareholder information

- 108 Remuneration review
- 114 Report of the Audit Committee
- 116 Shareholder analysis
- IBC Corporate information

Navigation icons



Directs you to information on website <https://www.momentummetropolitan.co.za>



Identifies the application of King IV™ principles

INTRODUCTION

NAVIGATING OUR REPORTING FOR THE YEAR ENDED 30 JUNE 2019



Integrated report available in print and online in pdf format at
<http://content.momentum.co.za/content/mmipdf/2019/Momentum-Metropolitan-Full-Integrated-Report-F2019.pdf>



Summary of financial information available online in pdf format at
<https://www.momentummetropolitan.co.za/en/investor-relations/financial-results>



Annual financial statements (AFS) available online in pdf format at
<http://content.momentum.co.za/content/mmipdf/2019/MomMet-AFS-2019-website-singles.pdf>



Detailed remuneration report available online in pdf format at
<http://content.momentum.co.za/content/mmipdf/2019/Detailed-remuneration-report.pdf>

OUR APPROACH TO REPORTING

We do not produce separate sustainability or governance reports. We wish to provide our stakeholders with the information they need to assess the likely future performance of our business through the integration of comprehensive information on our financial and non-financial performance (environmental, social and governance – ESG) in one report. A summary of our financial performance, including a summary consolidated statement of cash flows for the year ended 30 June 2019 and a summary consolidated segmental analysis are also included in this report. We have, however, published a separate set of annual financial statements (AFS) and a detailed remuneration report, which are available online in pdf format.



⁵ ABOUT THIS REPORT

Reporting scope and boundary

This report provides information relating to Momentum Metropolitan Holdings Limited (herein after referred to as 'Momentum Metropolitan' or 'the Group') strategy and business model, operating context, material matters, risks and opportunities, governance and operational performance for the period 1 July 2018 to 30 June 2019. It covers the Momentum Metropolitan Group's primary activities, our portfolio of business, key support areas and subsidiaries in our African and international operations.

OUR APPROACH TO MATERIALITY

Our aim in preparing this report is to provide information on matters that have a bearing on Momentum Metropolitan's ability to create value and that are of interest to current and prospective investors and other stakeholders who wish to make an informed assessment of our ability to deliver value over the short, medium and long term. The material matters that form the basis of our reporting were identified through engagement with our external and internal stakeholders (see pages 101 and 102 of this report).

The standards, codes, principles and guidelines applied or complied with during our reporting process

Standards/codes/principles/guidelines	Level of application/compliance in our reporting
• International Financial Reporting Standards (IFRS)	• Complied with
• International Integrated Reporting Council's (IIRC) International Reporting Framework	• Guided by its principles
• King IV™ Report on Corporate Governance for South Africa 2016 (King IV™)	• Applied and application reported on
• JSE Listings Requirements	• Complied with
• Companies Act 71 of 2008	• Complied with
• United Nations (UN) Principles for Responsible Investment (PRI)	• Application reported on
• Broad-Based Black Economic Empowerment Codes of Good Practice (B-BBEE)	• Level 1 contributor

ASSURANCE

We use a combined assurance model (see page 85) to ensure the information we provide and our underlying processes support the credibility and integrity of our reporting. PricewaterhouseCoopers (PwC) Inc. assured our AFS. Their unqualified report is available in our AFS online (see page 2), and our financial, operating, compliance and risk management controls are assessed by our internal audit function, which is overseen by our Audit Committee. The Audit Committee also monitors the execution of our combined assurance plan and reports to the Board quarterly.

External assurance of non-financial information has been limited to our broad-based black economic empowerment (B-BBEE) scorecard, verified by AQ Rate Verification Services, an accredited ratings agency and our carbon footprint, verified by Global Carbon Exchange (the certificates from these agencies are available on our website).



FORWARD-LOOKING STATEMENTS

Forward-looking statements involve known and unknown risks, uncertainties and other factors that could result in the actual results, performance or achievements of the Group being materially different from the future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements may be identified by words such as *expect, believe, anticipate, plan, estimate, intent, project, target, predict, outlook* and words of similar meaning.

Forward-looking statements are not statements of fact but statements by the management of Momentum Metropolitan based on current estimates, projections, beliefs, assumptions and expectations regarding the Group's future performance. No assurance can be given that forward-looking statements will prove to be correct and undue reliance should not be placed on such statements.

BOARD APPROVAL

The Board acknowledges its responsibility for ensuring the integrity of this integrated report. It has critically assessed and satisfied itself as to the assurance obtained from Momentum Metropolitan's combined assurance model. The model enables an effective internal control environment that supports the integrity of information used for internal decision-making by management, the Board and its committees, and supports the integrity of the integrated report.

The Board also considered materiality for the purposes of the integrated report and the effect that the presence or absence of an item of information might have on the accuracy or validity of a statement in the integrated report, or a decision by a stakeholder.

Our overall objective with this integrated report is to provide information that could materially impact Momentum Metropolitan's ability to create value over the short, medium and long term. The Board is of the view that, to the best of its knowledge and belief, we have achieved our objective by explaining how the Group creates value over time and takes into consideration its impact on its stakeholders and the environment in which it operates.

The Board unanimously approved our integrated report for 2019 on 3 September 2019.

JJ Njeke
Chairman

Hillie Meyer
Group Chief Executive Officer

Risto Ketola
Group Finance Director

Dr Sharron McPherson

Jabu Moleketi

Peter Cooper

Jeanette Cilliers (Marais)
Deputy Chief Executive Officer

Sello Moloko
Lead independent director

Fatima Daniels

Vuyisa Nkonyeni

Khehla Shubane

Frans Truter

Linda de Beer

Prof Stephen Jurisich

Prof Niel Krige

Johan van Reenen

Lisa Chiume

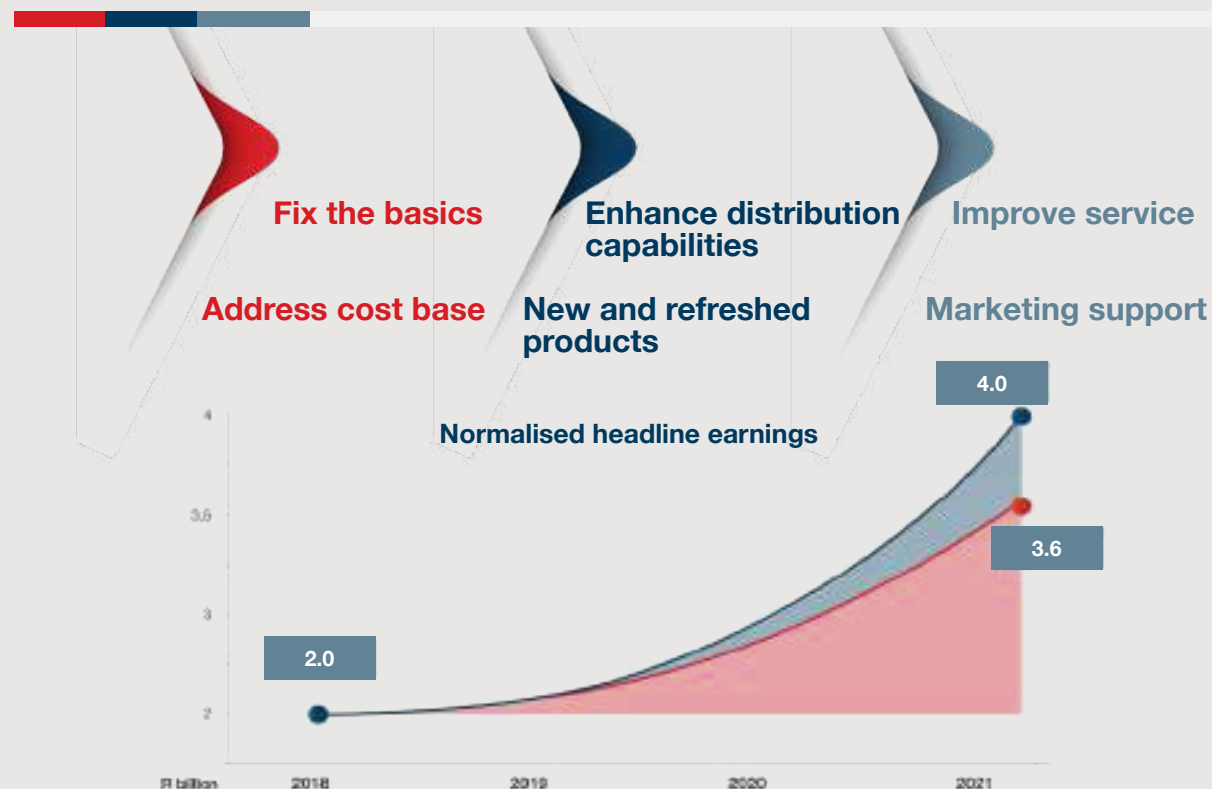
Kgaugelo Legoabe-Kgomari

OUR BUSINESS

OUR THREE-YEAR RESET AND GROW STRATEGY

Refocusing of the business to restore internal and external credibility

Reset and Grow roadmap



Underpinned by a shift in approach to:

- Practical client focus
- Entrepreneurial mindset
- Federal portfolio of business
- Financial discipline
- Practical objectives

Strategic foundation:

- Client friendly and approachable
- Intermediary-driven distribution
- Market focus
- Product differentiation
- Expense management

GAINING MOMENTUM

LONGER-TERM STRATEGY

Receiving increasing attention in F2020:

- Momentum Metropolitan beyond Reset and Grow
- Service excellence
- Product excellence
- Technology as a game changer

Creating long-term sustainable value for our stakeholders

VALUE CREATED IN 2019

ACHIEVEMENTS

FINANCIAL CAPITAL

↑ **53%**

Growth year-on-year in diluted normalised headline earnings (NHE) to **R3.1 billion** — in line with Reset and Grow targets

↑ **57%**

Increase in value of new business year-on-year

↑ **12%**

Increase in present value of new business premiums (PVNBP)

Dividend on ordinary shares reinstated — ordinary dividend of

↑ **70 cents**

per share for the full year, representing dividend yield of 3.7%



Moodys investment-grade credit ratings for both Momentum Metropolitan and Guardrisk affirmed in November 2018

SOCIAL CAPITAL



First major insurance group to achieve **Level 1 B-BBEE** rating in terms of Financial Sector Charter codes

R30.7 billion

Invested in **empowerment financing**

NATURAL CAPITAL

R2.1 billion

Invested in **renewable energy power stations**

IMPROVEMENTS

FINANCIAL CAPITAL

Improvement to

↑ **1.0%**

in **new business profit margin** in F2019 from 0.7% in F2018

HUMAN CAPITAL

↑ **10%**

Increase in investment in learning and development to R52 million (R42.3 million in F2018)

SOCIAL CAPITAL



An '**A**' **assessment score** for UN Principles for Responsible Investment report



46% reduction in water use in our Cape Town offices from our 2016 baseline

CHALLENGES

FINANCIAL CAPITAL



Growing Momentum and Metropolitan market share



Delivering on investments in new initiatives



Growing our Momentum Multiply **membership**

SOCIAL CAPITAL



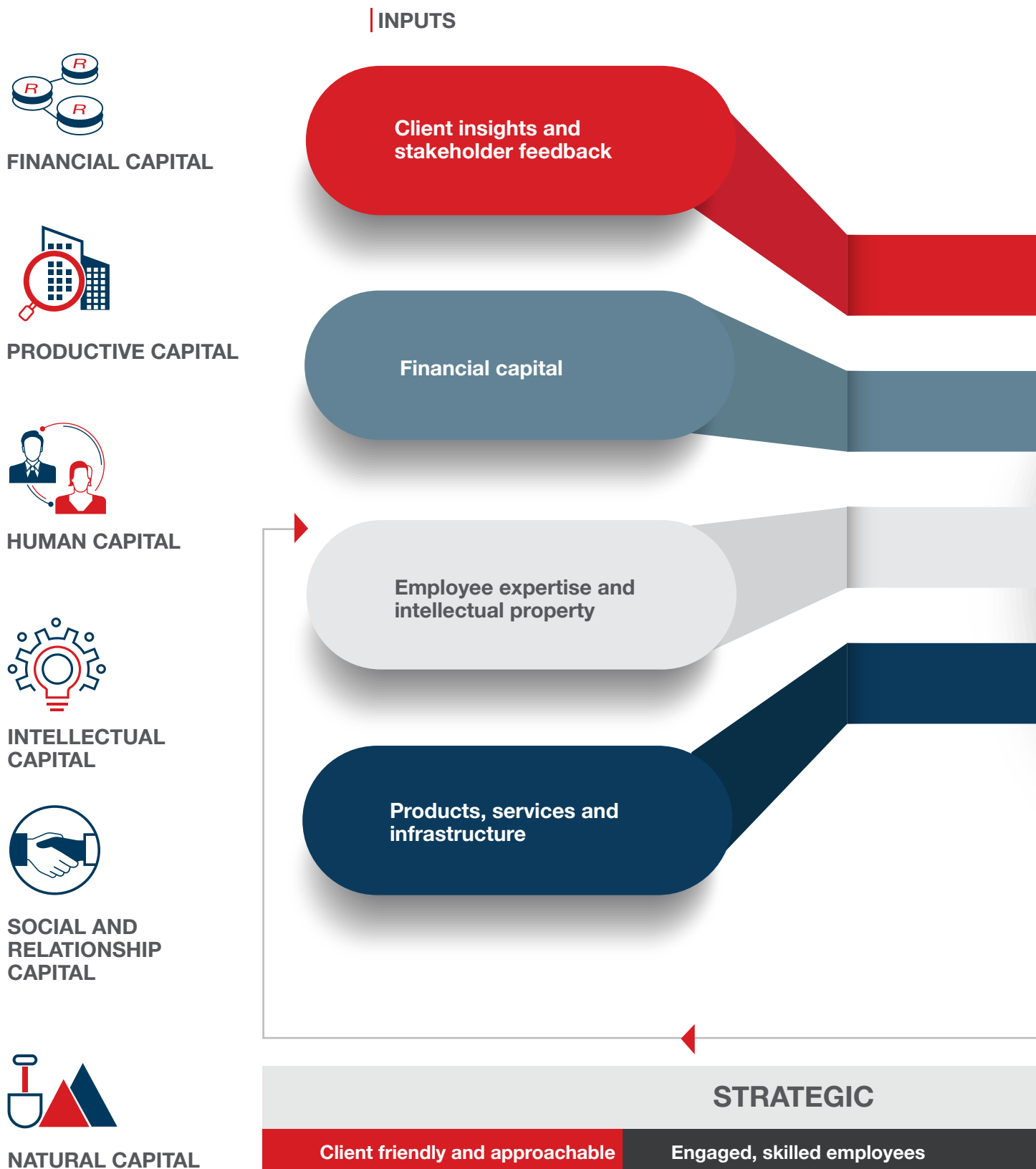
Making a meaningful difference to the number of young people not in **employment** education or training (in F2019 we trained 1 372 in skills that will provide them with access to an income and jobs and 629 were placed in jobs)

DISAPPOINTMENT

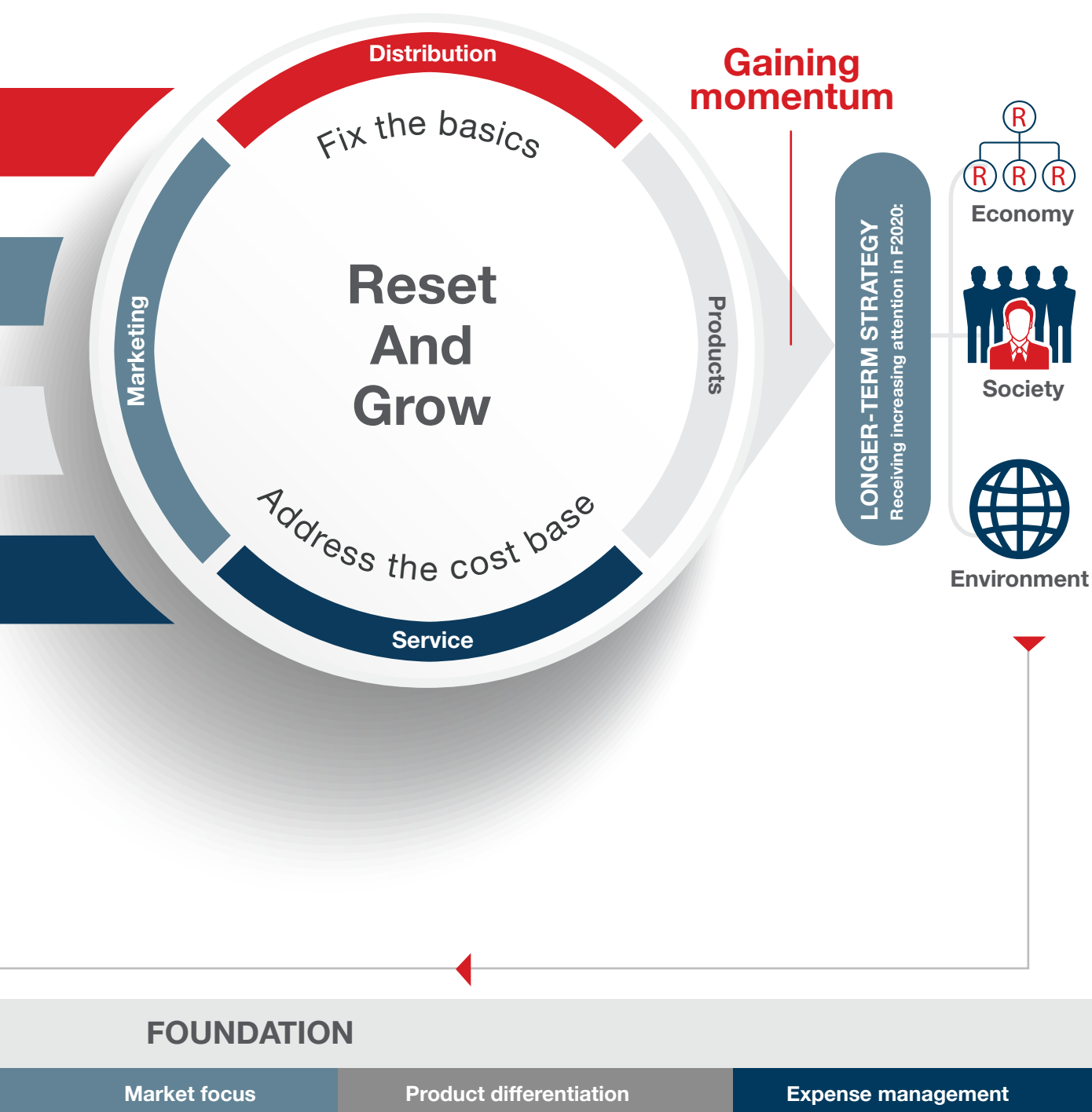


Despite big improvement in **return on embedded value per share** to **9.4%**, it remains below the target of risk-free plus 3%

HOW WE ARE USING OUR STOCK OF CAPITALS TO ACHIEVE OUR STRATEGIC OBJECTIVES AND CREATE VALUE



IMPACTS |



WHO WE ARE, WHERE WE OPERATE AND WHAT WE DO

WHO WE ARE

momentum



We are Momentum Metropolitan Holdings Limited, one of South Africa's largest insurance-based financial services companies, listed on the Johannesburg Stock Exchange Limited and the Namibian Stock Exchange with a market capitalisation of R28.4 billion and an embedded value of R41.2 billion as at 30 June 2019.

After eight years of being known as **MMI Holdings Limited**, we changed our name to **Momentum Metropolitan Holdings Limited** on 23 July 2019.

Why? Because changing our name to Momentum Metropolitan allows us to revitalise the essence of what makes us who we are and to leverage the goodwill and stellar reputation that both our brands have built over the years.

Our new name will also make it easier for investors and potential investors to understand the main businesses making up our listed entity.

OUR VISION Momentum Metropolitan is a company that enables people from all walks of life and business to achieve their financial goals and life aspirations

OUR NEW OPERATING MODEL

- Encourages growth
- Ensures a real and practical client focus
- Clarifies roles and responsibilities
- Empowers segments with end-to-end accountability
- Ensures there is a clear efficiency or standardisation benefit where services are centralised

OUR VALUES

- Accountability
- Integrity
- Teamwork
- Diversity
- Innovation
- Excellence



WHERE WE OPERATE



* Our operations in eSwatini, Mozambique, Tanzania and Zambia have been earmarked for exit

WHAT WE DO

We offer:

- Long- and short-term insurance
- Employee benefits, including healthcare and retirement provision
- Asset management, property management, investment and savings
- Healthcare administration and health risk management
- Client engagement solutions

to individuals, companies and institutions through our portfolio of businesses



HOW WE CREATE SUSTAINABLE VALUE

Responsible investment

- Signatories to the United Nation's (UN) Principles for Responsible Investment (PRI) (see www.unpri.org and page 94 for more information)
- FTSE/JSE Responsible Investment Top 30 Index
- We qualify for inclusion in the FTSE4Good Index Series

Transformation

- Momentum Metropolitan is a Level 1 contributor to the B-BBEE Codes of Good Practice
- Our preferential procurement spend with previously disadvantaged South Africans exceeded the B-BBEE target by 21%
- Our investment in enterprise and supplier development and empowerment finance exceeded the B-BBEE target by 14% see pages 96 and 97)

Society and the environment

- Our CSI programme focuses on addressing youth unemployment by training and enabling young people and providing them with access to income opportunities (see pages 92 and 93)
- We voluntarily participate in the Carbon Disclosure Project (CDP annual Climate Change report) (see page 105)

Governance

- A sufficiently balanced, diverse, skilled and experienced board: 72% independent non-executive directors, 50% black, 33% female
- We apply the King IV™ recommended principles throughout our South African business, and apply appropriate and bespoke best practice governance in all the countries in which we operate

FIVE-YEAR SUMMARY

	F2019 Rm	F2018 Rm	F2017 Rm	F2016 Rm	F2015 Rm
Net insurance premiums¹	73 152	65 304	62 935	63 112	65 070
Momentum Life	9 213	8 938			
Momentum Investments	21 039	20 894			
Metropolitan Retail	7 052	7 368			
Momentum Corporate	20 991	15 244			
Non-life Insurance	10 165	8 609			
Momentum Metropolitan Africa	4 692	4 251			
New business premiums (PVP)	55 783	50 002	49 506	54 837	59 391
Momentum Life ²	8 266	8 089	7 418	6 979	7 054
Momentum Investment ²	23 145	23 267	23 267	27 236	26 351
Metropolitan Retail	4 897	5 091	5 164	4 936	5 091
Momentum Corporate ³	16 977	11 218	11 121	13 232	18 732
Momentum Metropolitan Africa	2 498	2 337	2 536	2 454	2 164
Value of new business	541	345	589	778	895
Momentum Life ²	101	66	56	32	75
Momentum Investments ²	82	76	214	284	212
Metropolitan Retail	89	84	178	191	185
Momentum Corporate ³	265	124	68	199	358
Momentum Metropolitan Africa	4	(5)	73	71	66
Diluted core headline earnings⁴		2 809	3 208	3 206	3 836
Momentum Retail		920	1 271	1 493	1 756
Metropolitan Retail		570	660	700	604
Momentum Corporate		903	835	680	861
International		(48)	(166)	(156)	152
Shareholder Capital		464	608	489	463
Diluted normalised headline earnings⁴	3 074	2 003	2 407	2 646	3 629
Momentum Life	883	472			
Momentum Investments	512	227			
Metropolitan Retail	610	201			
Momentum Corporate	601	909			
Non-life Insurance	164	204			
Momentum Metropolitan Africa	262	147			
New Initiatives	(492)	(377)			
Shareholders	534	220			
Earnings attributable to owners of the parent (Rm)	2 255	1 369	1 536	2 142	2 857
Earnings per share attributable to owners of the parent (cents)	153.1	88.2	98.4	137.6	183.5
Diluted headline earnings per share attributable to owners of the parent (cents)	166.2	92.9	117.7	132.2	181.4
Diluted core headline earnings per share attributable to owners of the parent (cents) ⁴		176.0	200.0	199.9	239.2
Diluted normalised headline earnings per share attributable to owners of the parent (cents)	202.5	125.5	150.1	165.0	226.2
Dividend per share (cents)	70	-	157	157	155
Diluted embedded value (Rm)	41 193	39 601	42 523	42 989	40 330
Return on embedded value (%)	8.0%	(1.1)%	4.7%	12.8%	9.6%
Return on embedded value per share (%)	9.4%	(0.6)%	4.7%	12.8%	9.6%
Price/diluted core headline earnings ratio ⁴		10.0	10.1	11.3	12.6
Price/diluted normalised headline earnings ratio	9.3	14.1	13.5	13.7	13.3
Dividend yield % (dividend on listed shares)	3.7%	0.0%	7.8%	6.9%	5.1%
Share price - last sale of period (cents per share)	1 897	1 767	2 024	2 264	3 015

¹ In order to align to the new operating business unit structures, the reporting units have also changed. Where possible, the prior periods have been restated to provide meaningful comparison for these new segments.

² The reporting unit previously referred to as Momentum Retail has been split into Momentum Life and Momentum Investments. The PVP and VNB of the Wealth off-balance sheet business, which was previously classified as non-covered, is now included as covered business in the Momentum Investments business. Prior periods have been restated to reflect this.

³ The PVP and VNB of Momentum Corporate for F2015 and F2016 have been restated to exclude Guardrisk which was included during those periods.

⁴ The primary earnings metric has changed from core headline earnings (CHE) to normalised headline earnings (NHE) in F2019. F2018 has been restated for comparative purposes at a segmental level, for all other periods only the total NHE is disclosed.



CHAIRMAN'S REVIEW

INTRODUCTION

During the year under review South Africa held its sixth democratic general election since 1994, in which the ANC retained its majority and Cyril Ramaphosa, who is championing a New Dawn, was appointed President. This New Dawn is premised on fighting corruption and addressing increasing levels of unemployment and poverty. It is encouraging to see some progress with the country's resetting process, starting with the appointment of new leaders in the South African Revenue Service and the National Prosecuting Authority. Sadly, the economic growth the country needs so badly still eludes us and the high debt levels of State-Owned enterprises weighs heavily on the fiscus. Per capita income has declined by nearly five percent since 2014 and recent unemployment statistics put our unemployment rate at 29%. Even more concerning is the youth unemployment rate, which is around 56%.

THE IMPORTANCE OF ACCOUNTABILITY

Chief Justice Mogoeng Mogoeng recently spoke at The Directors Event about what happened to South Africa when its value system was jettisoned to the extent that corruption was allowed to flourish, and he called for more accountable leadership. We have also seen the devastating impact on businesses and members of the public in recent times when corruption has been allowed to flourish in corporates.



I am proud of the commitment and determination of our Board and Executive team members to live our values, lead ethically, act in good faith and in the best interests of our business (see pages 28 to 29 for information on our progress with the application of the King IV™ principles in order to achieve effective leadership through good governance). The Board, its committees and the Executive team of Momentum Metropolitan are committed to addressing the threat to the integrity of business from the ills of fraud and corruption, and we remain vigilant to prevent such occurrences.

The redesign of our operating model, which Hillie Meyer our Group Chief Executive Officer (CEO) spoke to in our 2018 integrated report, has ensured the end-to-end accountability that facilitates effective leadership (see page 14 of our CEO's review for information on how it has also improved our overall performance in terms of our Reset and Grow turnaround strategy).



JJ Njeke
Chairman

OUR PROGRESS WITH VALUE CREATION

When we reported to you last year, I indicated that the Board was confident that under the leadership of the new Group CEO, Hillie Meyer, our Executive team was committed to implementing our strategy, following the strategic review the Board had initiated during 2017. The progress they have since made with the Reset and Grow Strategy justifies our confidence in the team (See pages 14 to 15 of the CEO's review and pages 41 to 51 of the Group Finance Director's review for information on the performance of the business against its Reset and Grow targets).

The progress we have been able to achieve during the year under review, despite the very challenging economic environment, demonstrates that our primary attention is the sustainability of our business, delivering value to our shareholders and making a positive contribution to our country's social issues.

Hillie, who joined the business in February 2018 on a three-year contract, has agreed to extend his contract for a further two years, which means he will be with us until mid 2023. This is important for the business because not only will he oversee the Group's delivery on its three-year Reset and Grow strategy but also the implementation of its longer-term strategy, which will ensure that we create long-term sustainable value and regain our place as a formidable competitor in the market. He has already made good progress with building a

new leadership team and I expect that during his extended tenure he will ensure that the Group has a strong succession plan in place.

RESPONSIBLE CORPORATE CITIZENSHIP

In order to achieve a high-road outcome, all South Africa's stakeholders need to act in the national interest, which may require trade-offs and compromises. Momentum Metropolitan remains committed to working with government, labour and communities to achieve the economic growth, transformation and inclusion the country so desperately needs. With this in mind we have focused our corporate social investment on making a positive, measurable difference to youth unemployment in South Africa by equipping young people to access, maintain and further develop their income-earning opportunities. The various internship and learnership opportunities we provide in Momentum Metropolitan also better prepare unemployed young people for employment.

Something we are very proud of this year is our achievement of being a Level 1 contributor in terms of the new Financial Sector Charter (FSC). I believe it is our approach to transformation, which is not just about compliance but rather about going beyond compliance to create value, that has made it possible for us to do so well in this respect. We are particularly proud of our performance in terms of our preferential procurement, empowerment financing and enterprise and supplier development, as well as addressing youth unemployment, education or training and consumer education (see pages 92 to 98 for information on what we have achieved in these key areas).

THE WAY FORWARD

Despite the gloomy prospects for the South African economy, which is characterised by low economic growth, rising unemployment and consumers' indebtedness, the leadership team at Momentum Metropolitan is focused on preserving shareholder value. We are well-positioned to complete the resetting of the business and to continue growing it in the year ahead, despite the challenging environment.

As a responsible corporate citizen, and in particular with regard to our environmental, social and governance performance, we will continue to invest in our socio-economic and transformation initiatives with the intention of making a positive contribution to our country and its citizens. Climate change is a material matter and we have set targets aimed at reducing our carbon footprint (see page 105 of

I am proud of the commitment and determination of our Board and Executive team members to live our values, lead ethically, act in good faith and in the best interests of our business

the natural capital section of this report). Through our empowerment finance programme we are deliberately focusing on infrastructure projects that address environmental issues, such as renewable energy projects (see page 98 of the social and relationship capital section of this report).

We apply the King IV™ principles throughout our business in South Africa and adopt appropriate and bespoke best practices in all the countries in which we operate. In order to continually improve our corporate governance practice, we undertook a full gap assessment of our application of the King IV™ principles in F2018 and further reviewed our application in F2019. We plan to continue with an annual review of our King IV™ application.

I believe the decision we took to change the Group's name to Momentum Metropolitan Holdings Limited is more representative of our Momentum and Metropolitan brands, and their related brands, and also supports our short, medium and long term efforts to grow our brands.

CONCLUSION

I would like to thank my fellow Board members for the valuable contribution they have made to our deliberations. During the year under review we said goodbye to Louis von Zeuner who had been a member of our Board since January 2014. On behalf of my fellow Board members I would like to thank Louis for the valuable contribution he made as a Board member and to wish him well in his new endeavours. We welcomed five new members to our Board in the year under review: Lisa Chiume, Kgaugelo Legoabe-Kgomari, Sharron McPherson, Linda de Beer and Sello Moloko. I look forward to working with you in the year ahead. My thanks also go to all Momentum Metropolitan's stakeholders and the individuals who make up the highly effective team.



JJ Njeke
Chairman

CHIEF EXECUTIVE OFFICER'S REVIEW



Hillie Meyer

Group Chief Executive Officer

When I reported to you last year my overview was headed "*Making MMI proud again*" and I believe we have made meaningful progress on the way to doing exactly that. At the time I shared some key observations regarding a shift in approach required to turn the business around, implement a Reset and Grow strategy with clearly defined practical objectives and to unite staff around a common goal. These included:

- continuing to put our clients at the centre of all that we do but applying a more practical client focus to achieve a meaningful improvement in client service levels and our clients' experience of our products and service delivery
- replacing a complex matrix structure with an empowering federal operating model
- implementing the Board's decision to exit certain countries in Africa and direct-to-client retail platform business in the United Kingdom (UK)
- addressing previous under-investment in certain key IT capabilities
- introducing an increased focus on delivery
- moving from a corporate mindset to an entrepreneurial mindset.

I also highlighted that on the positive side:

- our core South African businesses were fundamentally sound and of sufficient scale to make us a formidable competitor in the market
- a number of our core businesses, such as Guardrisk and Momentum Health, continued to show good growth and very pleasing financial results
- Momentum Short-term Insurance and Momentum Corporate (employee benefits) had shown encouraging improvements
- we had a portfolio of new growth initiatives in place, which could be nurtured to make a meaningful contribution to the Group in the medium to long term
- we have incredible talent; people who are committed to our success and who, generally speaking, had welcomed the increased focus we had introduced on financial discipline and meaningful delivery.

PROGRESS WITH OUR RESET AND GROW OBJECTIVES

Since I reported to you last year, we have made significant progress in the key areas we had identified that required a shift in approach.

BUSINESS UNIT END-TO-END ACCOUNTABILITY

The implementation of our federal model, which has clarified roles and responsibilities and empowered our business units through end-to-end accountability, is promoting an entrepreneurial mindset. I would refer you to the reporting provided by our business units in the productive capital section of this report (pages 53 to 77), which gives a clear indication of how well they have adapted to the federal model and are becoming entrepreneurs, accountable for the entire value chain of their businesses.

The change in the structure of our Executive Committee, where the majority of membership is now drawn from business, is a significant shift from the previous equal split between business and functional representation, and reflects the change brought by our federal model.



IMPROVED SERVICE DELIVERY AND INTERMEDIARY-DRIVEN DISTRIBUTION

The shift in accountability has also seen business units adopt a more practical focus on client service delivery and an improved client value proposition, which has resulted in a marked improvement in both client service and experience levels throughout the Group. Although we have certainly improved service in the areas that required an improvement, we cannot claim victory yet. Service levels are not yet consistently excellent and the more qualitative aspects of service delivery require further improvement.

We continue to reshape and diversify our distribution channels and have seen an improvement in footprint in some pockets. The further improvement in growing productive brokers and adviser productivity remains an important focus and we have yet to demonstrate a lasting improvement in sales volumes or market share. (See the productive capital section of this report for details.)

MATCHING REWARD WITH PERFORMANCE

We have optimised our incentive structures by introducing a number of changes. The number of participants in the long-term incentive scheme has been reduced to only include those executives who can significantly impact our performance, and reward is directly related to performance. We are placing more emphasis on short-term incentive schemes (cash bonuses) where financial performance is of paramount importance in bonus allocations. A larger portion of both short-term incentives and long-term incentives is now deferred and aligned to continued performance, and we are introducing malus and clawback provisions to our incentive structures (see our remuneration review on page 108 of this report).

CHANGES IN OUR INTERNATIONAL OPERATIONS

We have exited our direct-to-client retail platform business in the UK. The asset management and investment fund business have been integrated into Momentum Investments.

The process of exiting certain of our African operations is well under way (see page 74 of the productive capital section of this report for details).

UNITING OUR STAFF

While the progress we have made in respect of our Reset and Grow objectives has made an important contribution to turning our business around, for me the most important objective we have achieved so far is that of uniting our employees around a common cause and instilling belief in the company. The energy and enthusiasm with which they have united behind Reset and Grow is palpable, and I have no doubt that it has played a major part in our achievements in the year under review.

OUR FINANCIAL PERFORMANCE

The implementation of our Reset and Grow strategy has contributed to our pleasing financial performance during the year under review, particularly in the context of the tough economic environment prevailing in South Africa, with an expected growth outlook of less than 1% for 2019. The R3.1 billion of normalised headline earnings is ahead of the Reset and Grow targets, but it is important to keep in mind that a number of our longer-term growth initiatives will only contribute positively to our financial results in the medium to long term.

Normalised headline earnings, which have less subjective adjustments than core headline earnings, have replaced core headline earnings as our primary performance metric from F2019 onwards. The comparative prior year included significant adjustments and normalised headline earnings increased by 58% year-on-year in F2019 while core headline earnings increased by 14% year-on-year. New business sales increased by 12% year-on-year when measured as present value of new business premiums, while the value of new business increased by 57% year-on-year and our overall new business margin improved from 0.7% to 1.0%. The Group's capital base remains adequate.

For more information on our financial performance see pages 41 to 51 of the Group Finance Director's review and our annual financial statements, which are available on our website.



For me the most important objective we have achieved so far is that of uniting our employees around a common cause and instilling belief in the company.

IMPACT OF THE EXTERNAL ENVIRONMENT

Currently, the South African environment, and in particular the poorly performing economy, presents multiple challenges for growth. This was allowed for in our Reset and Grow targets, which placed less focus on growing revenue and rather gave more attention to achieving financial discipline, which is the cornerstone of our turnaround strategy. During the year under review we have made good progress with expense management, with our management expenses remaining flat.

POST YEAR-END EVENTS

We understand that there is power in a name and an important part of our Reset and Grow strategy is in revitalising our two powerful client-facing brands: Momentum and Metropolitan. With this in mind, on 23 July 2019 we announced that we had changed our name from MMI to Momentum Metropolitan, which allows us to leverage the goodwill and stellar reputation both brands have built over the years. The names of our various businesses that carry the Momentum and Metropolitan brands will not change. Our Group brands also include Guardrisk and Eris Properties.

GROWING OUR SHORT-TERM INSURANCE BUSINESS

On 25 July 2019 we announced that Momentum Metropolitan had entered into an agreement to acquire the Alexander Forbes short-term insurance business (AFI). This acquisition is in line with our overall Reset and Grow strategy as it will fast track the growth of our Group's short-term insurance interests and make us a significant player in the personal lines short-term insurance market. An acquisition of this nature and quality rarely occurs in the South African short-term insurance market and we are excited by the opportunities it presents. The proposed transaction is, of course, subject to regulatory approvals.

THE WAY FORWARD

Our Reset and Grow strategy is a developing strategy. As we finalise its Reset components we will be adding new growth objectives and its current short-term time horizon will be extended to a longer-term view. The more practical objectives of the Reset components will then also start to shift towards high-level strategic goals.

The key themes of our strategy include a practical focus on clients, intermediary-driven distribution, a clear target market focus and product and service

differentiation. Within this strategic framework, we aim to build a portfolio of businesses across our chosen market segments that is synergistic, resilient and designed to create value for our stakeholders.

Capital management will become increasingly important going forward, in particular enabling the more optimal allocation of capital to businesses in the Momentum Metropolitan portfolio, while simultaneously optimising the overall return on capital for Momentum Metropolitan.

We have touched on the challenge of effecting a turnaround strategy in the current tough operating environment. Momentum Metropolitan's focus on expense management has delivered good results and we will continue to drive sound financial discipline going forward. At the same time, we plan to increase our focus on key growth initiatives. For example, new product lines in Guardrisk, organic and acquisitive growth in Momentum's Short-term Insurance, growing our retail and corporate face-to-face distribution channel footprints and productivity. We also remain committed to growing Momentum Metropolitan's longer-term new initiatives, including our investment in our joint venture with Aditya Birla Capital in India.

During the year ahead our key focus areas will be:

- strengthening distribution capability
- improving service delivery through digitalisation
- product and service excellence
- identifying and addressing initiatives or businesses that do not positively contribute to shareholder value.

I look forward to leading Momentum Metropolitan as it regains its place as a formidable competitor in the market. While we are likely to continue to be faced with a challenging operating environment, I expect that a number of our business units will continue to perform well and that the rest of our business units will in due course realise their full potential to create exceptional and sustainable value. Having achieved most of our short-term objectives, our businesses should soon be in a position to shift their focus to longer-term strategic goals.

The disappointing economic environment, and further slowdown in growth expectations will, however, test even our modest growth targets. We targeted normalised headline earnings of between R3.6 billion to R4.0 billion for 2021. If the current pedestrian economic growth outlook persists we are more likely to achieve the lower end of our target range than the top end.

THANKS

The year under review has been a very busy year at Momentum Metropolitan. My thanks go to our employees for all that they have done to make Momentum Metropolitan proud again; to our Executive team for their commitment and our Board for its valuable guidance. My thanks also go to our clients and shareholders for their support.



Hillie Meyer
Group Chief Executive Officer

While we are likely to continue to be faced with a challenging operating environment, I expect that a number of our business units will continue to perform well and that the rest of our business units will in due course realise their full potential to create exceptional and sustainable value



OUR LEADERSHIP AS AT 30 JUNE 2019

OUR BOARD OF DIRECTORS

	Qualifications	Date of appointment	Skills and experience
Independent non-executive directors			
 60 JJ Njeke² Chairman	BCom, BCompt Hons, CA(SA), HDip Tax	December 2010	<p>JJ was an audit partner at PwC before taking on the role of Managing Director at Kagiso Trust Investments from 1994 to 2010. He is currently Executive Chairman of Silver Unicorn Coal and Minerals.</p> <p>Listed entities directorships: Datatec Ltd, Delta Property Fund Ltd, Sasol Ltd and Motus Holdings Ltd.</p>
 53 Sello Moloko Lead independent director	BSc Hons, PGCE (University of Leicester), AMP (Wharton)	March 2019	<p>Sello, who has over 27 years of business experience, is the Executive Chairman and co-founder of the Thesele Group, a black-owned investment holding company. He was previously Chairman of the Alexander Forbes Group and General Reinsurance Africa, and Chief Executive Officer (CEO) of Old Mutual Asset Managers.</p> <p>Listed entities directorships: Chairman of Sibanye-Stillwater Ltd, Telkom SA SOC Ltd and Stor-Age REIT Ltd.</p>
 63 Peter Cooper	BCom Hons, HDip Tax Law, CA(SA)	November 2015	<p>Peter served as the CEO and Financial Director of RMH and RMI until 2014.</p> <p>Listed entities directorships: RMB Holdings Ltd, RMI Holdings Ltd and Imperial Holdings Ltd.</p>
 58 Fatima Daniels³	BSc, CTA, CA(SA)	December 2010	<p>Fatima currently has her own business consulting practice. She has extensive corporate experience and has served on the boards of a number of listed companies since 1994.</p> <p>Listed entities directorships: Clicks Group Ltd, Tongaat Hulett Ltd and JSE Ltd.</p>
 50 Linda de Beer	BCom, BCompt BCom (Accounting Hons), MCom (Tax), Chartered Director (SA), CA (SA)	March 2019	<p>Linda is a member of the King Committee, the Investor Advisory Group of the Public Company Accounting Oversight Board in the USA and chairs the Financial Reporting Investigations Panel of the JSE.</p> <p>Listed entities directorships: Aspen Pharmacare Holdings Ltd, Omnia Holdings Ltd and Sasfin Holdings Ltd.</p>
 54 Prof Stephen Jurisich	BSc Hons Actuarial Science, FASSA, FFA	October 2016	<p>Stephen, who has a wealth of actuarial experience, is Head of the School of Statistics and Actuarial Science at the University of the Witwatersrand. He is a Fellow of the Faculty of Actuaries in Edinburgh and a Fellow of the Actuarial Society of SA.</p>
 70 Prof Niel Krige¹	MCom, FIA (London), AMP (Harvard)	November 2011	<p>Niel, has over 30 years experience in the life insurance and asset management industries. He was Managing Director of Momentum Life from 1988 to 1994, Deputy Chairman of the Momentum Group from 1995 to 2003 and Chairman of the Life Offices Association from 2001 to 2002.</p>

¹ Retiring from the Board at 2019 AGM







² Retiring from the Board at 2020 AGM

³ Retiring from the Board at 2021 AGM

SETC: Social Ethics and Transformation Committee
REMCO: Remuneration Committee
AC: Actuarial Committee
Audit: Audit Committee

FPC: Fair Practices Committee
NOMCO: Nominations Committee
RCC: Risk, Capital and Compliance Committee
Investments: Investments Committee

Committee membership	Committee attendance									
	Board (4 meetings)	Audit (6 meetings)	AC (4 meetings)	REMCO (3 meetings)	SETC (3 meetings)	FPC (3 meetings)	RCC (4 meetings)	NOMCO (4 meetings)	Investments (3 meetings)	Directors to be elected or re-elected
Chairman of NOMCO	4/4							4/4		
NOMCO Investments	2/2							1/1	2/2	●
Chairman of REMCO	4/4			3/3			4/4	4/4	2/3	●
RCC (resigned 3 June 2019)										
NOMCO Investments (appointed 1 October 2018)										
Audit RCC	4/4	6/6					4/4			
Audit RCC	2/2	2/2					1/1			●
Chairman of AC and FPC	4/4		4/4			3/3				●
AC	4/4		3/3							

	Qualifications	Date of appointment	Skills and expertise
Independent non-executive directors			
 52 Dr Sharron McPherson	BA (Economics), Doctorate of Jurisprudence	March 2019	Sharron is co-founder and executive director at the Centre for Disruptive Technologies, which advises government and business on digital transformation strategies. She is also currently Adjunct Senior Lecturer – Project Finance at the University of Cape Town's Graduate School of Business.
 62 Jabu Moleketi¹	MSc (University of London), Postgraduate Diploma in Economic Principles, AMP (Harvard)	December 2010	Jabu was MEC of Financial and Economic Affairs in the Gauteng provincial government from 1994 to 2004 and Deputy Minister of Finance from 2004 to 2008. He is currently Non-executive Chairman of Brait SE. Listed entities directorships: Brait SE, Vodacom Group Ltd, PPC Ltd and Remgro Ltd.
 49 Vuyisa Nkonyeni	BSc Hons, CA(SA)	November 2011	Vuyisa was the Chief Executive Officer of Kagiso Tiso Holdings (KTH) from 1 January 2012 until 31 December 2017, overseeing a private equity portfolio with a gross valuation in excess of R10 billion. Subsequent to his resignation at KTH, he is now running a private property portfolio and is pursuing various business ventures in private equity. His core skills and experience are in private equity and investment banking. Listed entities directorships: Exxaro Resources Ltd and Emira Property Fund Ltd.
 63 Khehla Shubane²	BA Hons, MBA	December 2010	Khehla is currently an independent policy analyst and consultant, having previously worked at the BusinessMap Foundation, (a monitoring and research organisation focusing on black economic empowerment) and he held the position of Chief Executive Officer at the Nelson Mandela Foundation.
 63 Frans Truter³	BCom Hons, CA(SA) AMP (Oxford)	December 2010	Frans has over 30 years of financial services experience and was an associate director at Deloitte and worked at the South African Reserve Bank before joining the Momentum Group in 1988 as Chief Financial Officer. He also served the Group as Executive Director Strategic Investments before resigning in 2007, and currently serves as a non-executive director on other boards.
 64 Johan van Reenen²	BSc Hons, MBA	December 2010	Johan, who has a wealth of expertise and experience in investment banking and asset management both locally and internationally, is currently an executive director of Imalivest.

¹ Retiring from the Board at 2019 AGM

² Retiring from the Board at 2020 AGM

³ Retiring from the Board at 2021 AGM

SETC: Social Ethics and Transformation Committee

REMCO: Remuneration Committee

AC: Actuarial Committee

Audit: Audit Committee

FPC: Fair Practices Committee

NOMCO: Nominations Committee




RCC: Risk, Capital and Compliance Committee

Investments: Investments Committee

		Committee attendance								
Committee membership	Board (4 meetings)	Audit (6 meetings)	AC (4 meetings)	REMCO (3 meetings)	SETC (3 meetings)	FPC (3 meetings)	RCC (4 meetings)	NOMCO (4 meetings)	Investments (3 meetings)	Directors to be elected or re-elected
SETC	2/2				1/1					<div></div>
REMCO SETC	4/4			3/3	2/3					
RCC Chairman of Investments (appointed 1 October 2018)	4/4						3/4		3/3	<div></div>
Chairman of SETC (appointed 26 November 2018) FPC	4/4				3/3	3/3				
Chairman of Audit REMCO, Chairman of RCC (appointed 1 March 2019)	4/4	6/6		3/3			4/4	4/4		
REMCO RCC	4/4			3/3			4/4			

	Qualifications	Date of appointment	Skills and expertise
Non-executive directors			
 39 Lisa Chiume⁶	BCom Business Finance and Economics, CFA	March 2019	Lisa is a Senior Investment Executive at RMI and RMH, responsible for a number of key RMI investments. She is also co-portfolio manager for AlphaCode, RMI's fintech and next generation financial services incubator.
 38 Kgaugelo Legoabe-Kgomari	BCom, CFA Charterholder	June 2019	Kgaugelo serves as a Director of Investments at Kagiso Tiso Holdings Proprietary Limited ("KTH") where she is responsible for several investee companies within the KTH portfolio. Kgaugelo has extensive experience in private equity and investment banking, having started her career as a deal maker at Rand Merchant Bank and later joining Ethos Private Equity.

OUR EXECUTIVE DIRECTORS

Executive directors			
 60 Hillie Meyer⁷ Group Chief Executive Officer	BCom (Econometrics) Fellow of the Actuarial Society of South Africa	February 2018	Hillie originally joined the Momentum Group in 1988 and served as its Managing Director from 1996 to 2005. He has gained extensive experience in general insurance, life insurance, pensions and investments during a career spanning over 35 years.
 51 Jeanette Cilliers (Marais) Deputy Chief Executive Officer	BSc (Mathematics and Statistics), MBA (Cum laude) (IMD Switzerland), PED	March 2018	Jeanette is CEO of Momentum Investments, with responsibility for the Marketing of the companies in the Momentum Metropolitan Group and Momentum Distribution. Having started her financial services career at Momentum in 1990, she held executive positions at PSG, Stanlib and Old Mutual before joining Allan Gray in 2009 where she was an executive director.
 44 Risto Ketola⁸ Group Finance Director	BSc, CFA Charterholder, Fellow of the Institute of Actuaries, Fellow of the Actuarial Society of South Africa	January 2018	Before taking on his current role in January 2018, Risto joined the Group in August 2016 to head up investor relations and business performance management. Before joining the Group, Risto had gained extensive experience as a financial services analyst and researcher at Standard Bank, Ketola Research and Deutsche Bank.

⁶ Lisa Chiume is a permanent invitee to the Audit Committee

⁷ The Group CEO attends the Audit, REMCO, NOMCO and Investments committees by invitation






⁸ The Group Finance Director attends the Audit, RCC and REMCO by invitation





SETC: Social Ethics and Transformation Committee
REMCO: Remuneration Committee
AC: Actuarial Committee
Audit: Audit Committee

FPC: Fair Practices Committee
NOMCO: Nominations Committee
RCC: Risk, Capital and Compliance Committee
Investments: Investments Committee

Committee membership	Committee attendance									
	Board (4 meetings)	Audit (6 meetings)	AC (4 meetings)	REMCO (3 meetings)	SETC (3 meetings)	FPC (3 meetings)	RCC (4 meetings)	NOMCO (4 meetings)	Investments (3 meetings)	Directors to be elected or re-elected
FPC Investments	2/2					1/1			2/2	<div></div>
Appointed June 2019										<div></div>
SETC RCC	4/4				3/3		4/4			
No committee appointments	4/4									
AC Investments (appointed to the committee on 1 March 2019)	4/4		4/4						2/2	

OUR EXECUTIVE TEAM

	Qualifications	Date of appointment	Skills and expertise
 <p>42 Zureida Ebrahim Chief Executive: Client Engagement Solutions</p>	BCom (Economics and Law), MAP	2004	Since joining Momentum Zureida has been responsible for employer services, operations for a joint venture between Momentum and FNB and, before taking on her current role, she was accountable for client service and client management. In her current role she is involved in integrating Momentum Multiply into our client value proposition. Zureida also chaired Momentum's junior board and its first-ever innovation programme.
 <p>52 Johann le Roux Chief Executive: Momentum Life</p>	BSc (Mathematical Statistics) (Hons), MBA, Fellow of the Actuarial Society of South Africa	2018	Johann originally joined Momentum in 1998 as a member of the corporate actuarial team. He went on to become involved in life product development and the management of Momentum's life insurance business. In 2005 he became a member of the Momentum Exco and assumed executive responsibility for legacy and new generation insurance, savings solutions and sales and distribution functions. In 2010 he became CEO of Momentum Retail. Having retired from full-time executive responsibilities in 2011, he continued to assist the Group with a number of strategic initiatives before taking up his current role in 2018.
 <p>48 Jan Lubbe Chief Risk Officer</p>	MCom, MBA, CA(SA)	2013	Before joining the Group as Chief Risk Officer he was Chief Risk Officer at Barclays Africa from 2010, having previously served as Chief Risk Officer at FirstRand Limited for seven years. Having started his career at KPMG (Pretoria and London) where he became a senior manager, he joined Goldman Sachs as an Executive Director. He received the Institute of Risk Management's Santam Risk Manager of the Year Award in 2006.
 <p>40 Nontokoza Madonsela Group Chief Marketing Officer</p>	BCom Marketing	2017	Nontokoza, who has over 19 years of experience in brands and marketing, has specialised in marketing and brand strategy, creative development process, delivery of brand and corporate identity and strategic execution of advertising and marketing campaigns. She was formerly Executive Head of Marketing for Personal and Business Banking at Standard Bank. Prior to that Nontokoza worked in the transport, telecommunications, insurance and fast-moving consumer goods industries.
 <p>38 Dumo Mbethe Chief Executive: Momentum Corporate</p>	BCom (Accounting and Information systems), B Com Hons, CA(SA)	2019	Dumo has 16 years' experience in the financial services industry, approximately 10 of which have been at executive level. He joined the Group from Old Mutual, where he was General Manager – Member Solutions, in 2017. Before being appointed to his current position, he was CEO of Momentum Metropolitan Africa.

	Qualifications	Date of appointment	Skills and expertise
 56 Herman Schoeman Chief Executive: Guardrisk and Momentum Short-term Insurance	BCom, MBA	2014	Herman joined Guardrisk in 1999, having previously worked for the Financial Services Board for 10 years during which he became Director: Short-term Insurance and served on the Minister of Finance's advisory committee on Short-term Insurance. He has also served as a member of the Ombudsman for the Short-term Insurance Board and was a member of the SASRIA Board. He is currently a member of the Board of the South African Insurance Association (SAIA). He joined the Group to head up short-term insurance following its acquisition of the Guardrisk business.
 53 Peter Tshiguvho Chief Executive: Metropolitan Retail	BA (Psychology), MBA, CFP	2017	Peter has extensive financial services distribution experience. He previously fulfilled various distribution-related roles across lower income and affluent markets and across different product segments, both in South Africa and the Rest of Africa. Before joining Metropolitan he was the Head of Corporate and Public Worksites for Old Mutual, having previously been responsible for sales and distribution in the Rest of Africa countries where Old Mutual had a presence.
 45 Ashlene van der Colff Group Chief Operating Officer; Business Transformation and Human Capital	BSocSc, BCom Hons PGDip Accounting, HDip Tax Law, CA(SA)	2016	Ashlene joined the Group as Chief Audit Executive, having previously been the Divisional Director of Operations for the corporate division of a life insurance company. Her track record in implementing business processes equips her well for her current position where she is responsible for ensuring the Group's operations and work practices are robust, effective and efficient in their delivery to our clients and the business across the operations value chain. She was formerly a partner at KPMG in the financial services division and has also serviced as a trustee of a charitable organisation and curator of a life company.
 57 Hannes Viljoen Chief Executive: Momentum Metropolitan Health	MChD (Public Health Care), DHA (Health Administration), MBL	2019	Hannes has over 23 years' experience in the South African health sector. A qualified dentist, he achieved his Master's in Public Health and Health Administration (University of Pretoria), which equipped him to understand the intricacies and nuances of the South African health economics landscape. After years as an entrepreneur in the health sector, including starting the National Hospital Network and founding Ingwe HPO, he co-founded Pulz in 2003 and built it into what Momentum Metropolitan Health is today.

ENSURING OUR BOARD HAS THE APPROPRIATE BALANCE OF KNOWLEDGE, SKILLS, EXPERIENCE, DIVERSITY AND INDEPENDENCE TO DISCHARGE ITS GOVERNANCE ROLE AND RESPONSIBILITIES OBJECTIVELY AND EFFECTIVELY

A gender diversity policy and a promotion of race diversity policy are in place. Both these policies are considered and applied in the nomination and appointment of directors.

K⁷

Our Board's voluntary gender and race diversity targets

Gender target:

- 30% of Board members to be female (target exceeded)

Racial diversity target:

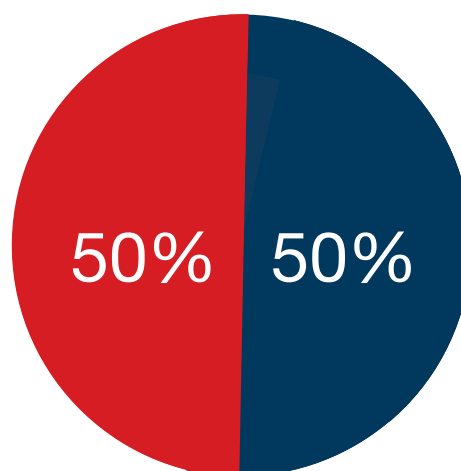
- A minimum of 50% of Board members to be black (target met)

These targets are monitored annually and taken into consideration when a new director is appointed

RACIAL DIVERSITY

Black ■

White ■



GENDER DIVERSITY



33%

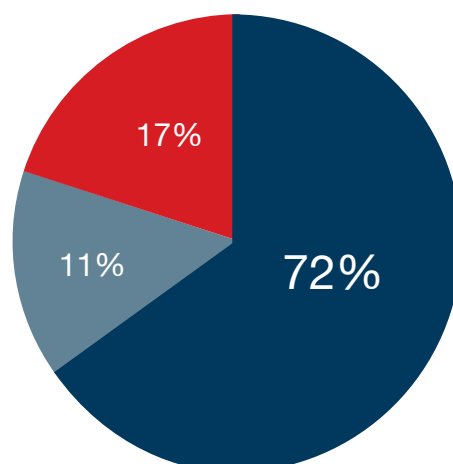
67%

BOARD INDEPENDENCE

Executive directors ■

Independent non-executive directors ■

Non-executive directors ■



THE DIVERSITY AND DEPTH OF EXPERIENCE OF OUR BOARD MEMBERS

Our Nominations Committee is tasked with establishing an experienced Board with a range of expertise relevant to leading Momentum Metropolitan that it believes will provide our business with ethical and effective leadership.

The graph below shows what percentage of our Board has expertise in the areas included in the graph. In addition, individual Board members also have expertise in tax, IFRS, corporate reporting, international standard setting, project finance, telecommunications, and research and analysis.

K⁷



BOARD STATISTICS

The **average age** of our Board members is **55 years**

Average tenure: **6.4 years**

REFRESHING OUR BOARD MEMBERSHIP

Three new independent non-executive directors joined the Board this year

Two new non-executive directors joined the Board this year

During the year under review we focused on succession planning for Board members, the Chairman who will be retiring in 2020 and certain key senior positions. The Group Chief Executive Officer's contract was extended for a further two years to June 2023.

RETIREMENTS

Seven of our serving directors whose membership of the Board is approaching nine years **will retire** over the next three years:

- Jabu Moleketi and Niel Krige at our 2019 annual general meeting (AGM)
- JJ Njeke, Khehla Shubane and Johan van Reenen at our 2020 AGM
- Fatima Daniels and Frans Truter at our 2021 AGM.

EFFECTIVE LEADERSHIP THROUGH GOOD GOVERNANCE

MOMENTUM METROPOLITAN IS COMMITTED TO ACHIEVING HIGH STANDARDS OF GOVERNANCE, ETHICS AND INTEGRITY. OUR APPROACH TO CORPORATE GOVERNANCE SUPPORTS THE ACHIEVEMENT OF ALL 17 OF THE KING IV™ PRINCIPLES.

We regularly review our corporate governance practices to ensure we act in the best interests of our stakeholders, comply with the laws and regulations applicable to our business, and are able to timeously apply changes to our regulatory environment. Our approach to corporate governance, integrated into our standards, policies, practices and procedures, supports the achievement of all the King IV™ principles.

In line with the JSE Listings Requirements we assess whether, through our application of the King IV™ principles to corporate governance in the Momentum Metropolitan Group, we have achieved

or at least made good progress towards achieving effective leadership through control and legitimacy.

K⁶ OUR BOARD SERVES AS THE FOCAL POINT AND CUSTODIAN OF CORPORATE GOVERNANCE IN MOMENTUM METROPOLITAN

Our governance framework positions the Board as the custodian of corporate governance and provides it with effective control of the business. By governing Momentum Metropolitan and taking into consideration our stakeholders' interests, the Board and management create value for both our business and its stakeholders.

OUR BOARD GOVERNANCE STRUCTURE

SHAREHOLDERS AND OTHER STAKEHOLDERS

BOARD OF MOMENTUM METROPOLITAN HOLDINGS LIMITED

BOARD OF MOMENTUM METROPOLITAN LIFE LIMITED

BOARD COMMITTEES

Social,
Ethics and
Transformation

Fair
Practices

Investments

Nominations

Remuneration

Risk,
Capital and
Compliance

Actuarial

Audit

GROUP CHIEF EXECUTIVE OFFICER

MOMENTUM METROPOLITAN EXECUTIVE COMMITTEE

MANAGEMENT COMMITTEES

Capital and
Investments

Merger and
Acquisitions

Product
Management

New
Initiatives

Combined
Assurance
Forums

GROUP-WIDE FUNCTIONS

Risk

Operations

Human Capital

Branding and
Marketing

Group Finance
and Balance Sheet
Management

ACHIEVE EFFECTIVE CONTROL AND LEGITIMACY

Directors of Momentum Metropolitan are prohibited from using their position, or confidential or price-sensitive information, to their benefit or that of any related third party, whether financially or otherwise. Directors and officers are required to inform the Board of conflicts of interest or potential conflicts of interest that they may have in relation to particular items of business. Comprehensive registers of individual directors' interests in and outside the company are maintained, updated and signed by the directors, with details noted by the Board at each Board meeting.

BOARD COMPOSITION

The Board has ensured that the interests of our minority shareholders are protected by the majority of our Board members being strong, independent non-executive directors (see page 18 of this section). Seven of these directors have been members of our Board for close to nine years and the steps we have taken to ensure that the majority of our Board members remain independent are set out on page 27 of this report. We also need to retain an appropriate mix of skills and experience and at the same time introduce fresh perspectives and expertise, by from time to time, appointing new directors to the Board (see page 27). We appointed Sello Moloko as a lead independent director to further strengthen the independence of the Board. While Peter Cooper is a director on the Board of one of our large shareholders, RMI Holdings Limited, he is not an appointed shareholder representative and does not exercise any control or influence on the Board that is any different to that of any other independent Board member. He is therefore considered to be independent.

PROMOTING INDEPENDENT JUDGEMENT AND EFFECTIVE DISCHARGE OF DUTIES

Our Board performs its duties within a framework of policies and controls that provide for effective risk assessment and management of our economic, environmental and social performance. The Momentum Metropolitan Board Charter, which is closely aligned with the recommendations of King IV™, details the responsibilities of the Board, while our Memorandum of Incorporation (MOI) also addresses certain of the directors' responsibilities and powers. The MOI also requires that one-third of our directors retire from office at every annual general meeting based on their tenure since they were previously elected or re-elected to the Board.

Through the separation and clear definition of the roles and responsibilities of the Chairman and the Group Chief Executive Officer, Momentum Metropolitan has established a clear balance of power and authority at Board level. The Group Chief Executive Officer in turn delegates responsibilities in accordance with the company's delegation of authority framework. The Board is satisfied that the delegation of authority framework contributes to role clarity and the effective exercising of authority and responsibility. Through its Board committees, the holding company provides guidance and monitors the functions of subsidiaries and centralised group functions to ensure that companies within the Group are applying established governance policies and processes.

Momentum Metropolitan's committees report quarterly to the Board on their statutory duties and Board-assigned responsibilities. Their responsibilities are set out in their terms of reference, which are regularly reviewed and are available on request from the office of the Group Company Secretary.

An independent Board effectiveness evaluation was conducted during November 2018. Evaluations included the Board, its committees, individual directors, peer assessments, the Group Chief Executive Officer, the Group Finance Director and the professional governance services. The evaluation process highlighted areas where the skills of Board members can be enhanced and these will be addressed in F2020.

During the year under review, following the resignation of the Group Company Secretary, an acting Group Company Secretary was appointed and subsequently CorpStat, a provider of specialist company secretarial and corporate governance services, was appointed to perform this function. The Nominations Committee was able to report to the Board that CorpStat had the necessary competence, experience and independence to fulfil the role of Group Company Secretary. Subsequent to year-end, Gcobisa Tyusha was appointed as the Group Company Secretary.

K^{7,8,10}K⁷K⁹K¹⁰

THE BOARD ENSURES THAT ITS ARRANGEMENT FOR DELEGATION WITHIN ITS OWN STRUCTURES PROMOTES INDEPENDENT JUDGEMENT AND ASSISTS WITH THE BALANCE OF POWER AND THE EFFECTIVE DISCHARGE OF ITS DUTIES. ALL THE COMMITTEES REPORT TO THE BOARD.

 **All committees comply with the independence requirements on membership.**

Audit	Risk, Capital and Compliance
<p>A statutory committee with statutory duties (see its report on page 114 of this integrated report)</p> <p>Key accountability, appropriateness of financial reporting procedures and their application, monitoring and oversight responsibilities delegated to the committee by the Board include:</p> <ul style="list-style-type: none"> • the accuracy and transparency of our financial reporting • technology and information governance • internal and external audit oversight • funding-related matters • the internal control environment • forensic audits • expense and budget variance control • auditor relationship. 	<p>The committee:</p> <ul style="list-style-type: none"> • ensures that the Group has an effective risk management system that will enhance achievement of its strategic objectives • provides objective oversight and review of the information presented by the various management teams on the risks and management of risks specific to their divisions • assists the Board with forming an independent opinion, on the quality, integrity and reliability of Group balance sheet management processes • provides objective oversight and review of the Group's balance sheet management.
Social, Ethics and Transformation	Actuarial
<p>The committee has oversight of:</p> <ul style="list-style-type: none"> • economic development • fraud and corruption • Broad-Based Black Economic Empowerment • employment equity • employee, public safety and health • stakeholder relations • education of employees • organisational ethics • environmental impact • community development • human rights. 	<p>The committee, which acts as an advisory forum for the Board and its committees on actuarial and related technical matters:</p> <ul style="list-style-type: none"> • assists the Board in discharging its fiduciary duties to policyholders and shareholders • assists the heads of the actuarial functions to fulfil their professional and statutory duties • oversees the integrity and correctness of actuarial statements and reporting, including the overall methodology and assumptions used to value the assets and liabilities underlying the statutory and published valuations results and embedded value results • considers the projected valuation results over the business planning period as part of the ORSA process • reviews and recommends bonus declarations on discretionary participation policies to the Board • ensures that details of the design features and pricing of new products and product revisions are regularly reviewed • reports and accounts to the Board at least every quarter.

Fair Practices	Investments
<p>The committee:</p> <ul style="list-style-type: none"> • has oversight of the fair treatment of clients and provides direction in this regard • acts as a discretionary participation committee and governance forum for queries from regulators relating to market conduct obligations. 	<p>This is a new committee established in February 2019 to drive appropriate investment decision-making and post-investment monitoring. The purpose of the committee is to:</p> <ul style="list-style-type: none"> • assist the Board in discharging its fiduciary duties towards policyholders and shareholders • set direction on investment criteria to be met for any new investment, disposal, acquisition, merger and new initiatives and post-investment monitoring • approve investment objectives and guidelines • monitor the Group's investment and funding activities, compliance and results • act as a sounding board for the Risk, Capital and Compliance Committee and Executive subcommittees • review the systems of internal control and management of risks relating to investment, disposal, acquisitions, mergers and new initiatives.
Nominations	Remuneration
<p>The committee ensures that there is an appropriate process of corporate governance for:</p> <ul style="list-style-type: none"> • the appointment and removal of directors and non-executive directors and key company executive positions • overseeing the evaluation programme for the Board and its committees • the legislative conflict of interest procedures and the governance frameworks • assessing the competence and experience of the Company Secretarial function and reporting the outcome to the Board. 	<p>The committee supports the Board's efforts to ensure that the Group remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long-term. The committee:</p> <ul style="list-style-type: none"> • ensures the Group's remuneration policies and practices are designed to align performance with reward and to attract and retain the right talent • reviews key human resource practices, policies and strategies to ensure the organisation remunerates fairly and responsibly • ensures transparent, accurate and complete remuneration disclosure review of the Group's balance sheet management. <p>Please refer to the remuneration review on page 108 of this report.</p>

BOARD AND COMMITTEE FOCUS

<p>What kept our Board busy this year</p> <ul style="list-style-type: none"> • Performance measurement against Reset and Grow turnaround strategy and long-term strategic and business plans for the Group • In-depth review of Board Charter and committees' terms of reference to ensure compliance with recently adopted legislation and ongoing application of King IV™ principles and recommended practices • Establishing a Board Investments Committee. 	<p>What will keep our Board busy in F2020</p> <ul style="list-style-type: none"> • Performance against strategic and business plans • Review of role of new Investments Committee • Monitoring the integration of Alexander Forbes Insurance post-regulatory approval • Succession planning and board transition given in pending retirements and new appointments • Growth component of Reset and Grow.
<p>What kept our Audit Committee busy this year</p> <ul style="list-style-type: none"> • The Group's preparations for the introduction of IFRS 17 in 2021 • Appointment of new external auditor in line with JSE Listings Requirements • Dividend discussions • Publication of interim and financial year-end results. (See Audit Committee report on page 114). 	<p>What will keep our Audit Committee busy in F2020</p> <ul style="list-style-type: none"> • Monitoring the Group's readiness for the introduction of IFRS 17 in 2021 • Implementation of new external auditors • Ongoing monitoring of effectiveness and adequacy of internal controls as reviewed by internal audit • Focus on financial reporting.
<p>What kept our Risk, Capital and Compliance Committee busy this year</p> <ul style="list-style-type: none"> • Review of risk appetite and statements • Monitoring capital management and capital distribution plan and dividend proposal • Ensuring sufficient attention given to cyber security • Approving policies required in terms of legislature (tax risk policy, anti-money laundering policy and policies combating over-indebtedness and reckless spending). 	<p>What will keep our Risk, Capital and Compliance Committee busy in F2020</p> <ul style="list-style-type: none"> • Ongoing review of risk appetite and statements • Capital management and optimal allocation of capital to business units • Ongoing review of cyber security, digitalisation, innovation and disruptive technology • Monitoring the impact of Alexander Forbes Insurance acquisition on solvency, capital distribution and dividends • Monitoring solvency support framework for Guardrisk cell structures.
<p>What kept our Social, Ethics and Transformation Committee busy this year</p> <ul style="list-style-type: none"> • Monitoring the action items identified by management in response to the culture temperature assessment of the business • Overseeing the implementation of the diversity and inclusion programme • Monitoring the establishment of an ethical culture in the Group and steps taken to safeguard the Group from the risk of commercial crime, corruption and unethical or inappropriate behavior of our employees. 	<p>What will keep our Social, Ethics and Transformation Committee busy in F2020</p> <ul style="list-style-type: none"> • Ongoing monitoring of the diversity and inclusion programme • Ongoing monitoring of ethics in the Group and steps taken to safeguard the Group from the risk of commercial crime, corruption and unethical or inappropriate behavior of our employees • Finalisation of a group stakeholder engagement framework • Monitoring group progress in terms Financial Sector Charter targets.
<p>What kept our Actuarial Committee busy this year</p> <ul style="list-style-type: none"> • Reviewing various aspects of the IFRS, embedded value and statutory reporting basis and results for Momentum Metropolitan Life Limited • Reviewing the solvency position of the Group, including economic capital, balance sheet projections and risk appetite measures • Overseeing the management of discretionary participation business including bonus distribution to policyholders. 	<p>What will keep our Actuarial Committee busy in F2020</p> <ul style="list-style-type: none"> • Actuarial aspects of the Group's preparations for the introduction of IFRS 17 • Oversight of product management matters in the Group.

What kept our Fair Practices Committee busy this year

- Overseeing and revising of the Market Conduct Framework, complaints and claims management policies and frameworks based on the six principles of treating clients fairly
- Formation of clients conduct forums
- Life claims management, contact centre management and system stability for retail service levels
- Collaboration with SETC on compliance with relevant legislation.

What will keep our Fair Practices Committee busy in F2020

- Oversight of the implementation and improvement of market conduct practices
- Oversight of the effectiveness of the complaints and claims management policies
- Continued collaboration with SETC on compliance with relevant legislation.

What kept our Investments Committee busy this year

- This newly-established committee had its first meeting in February 2019 during which it set its agenda for future meetings and addressed the matters put before it
- Alexander Forbes Insurance acquisition.

What will keep our Investments Committee busy in F2020

- Addressing the extensive mandate the Board has given the committee
- Review of Momentum Metropolitan's new initiatives
- Assessment of appropriateness of risk-return framework
- Ongoing post investment monitoring including Alexander Forbes Insurance post regulatory approval.

What kept our Nominations Committee busy this year

- Formalising succession planning for Board members as well as executives
- Appointment of a lead independent non-executive director
- Setting of annual voluntary Board race and gender targets.

What will keep our Nominations Committee busy in F2020

- Embedding succession planning for executives
- Ensuring the Board has a wide range of skills and diversity.

What kept our Remuneration Committee busy this year

- Ongoing discussions regarding changes to remuneration policy and disclosure in terms of King IV™
- Benchmarking of executive management compensation and non-executive directors fees
- Engaging with dissenting shareholders
- Review of short-term incentive scheme scorecard and F2020 scorecard.

(See remuneration review on page 108).

What will keep our Remuneration Committee busy in F2020

- Review and approval of performance criteria applicable to long-term incentive scheme
- Ongoing engagement with shareholders prior to AGM
- Review of performance measures applicable to Exco.

THE BOARD GOVERNS COMPLIANCE WITH APPLICABLE LAWS AND ADOPTED NON-BINDING RULES, CODES AND STANDARDS IN A MANNER THAT SUPPORTS THE ORGANISATION BEING ETHICAL AND A GOOD CORPORATE CITIZEN

COMPLIANCE GOVERNANCE

Our Board is committed to full compliance with all applicable laws and regulations, and also supports and applies certain non-binding codes and standards, such as the United Nations (UN) Principles for Responsible Investment (PRI). Momentum Metropolitan has also complied with the JSE Listings Requirements during the year under review.

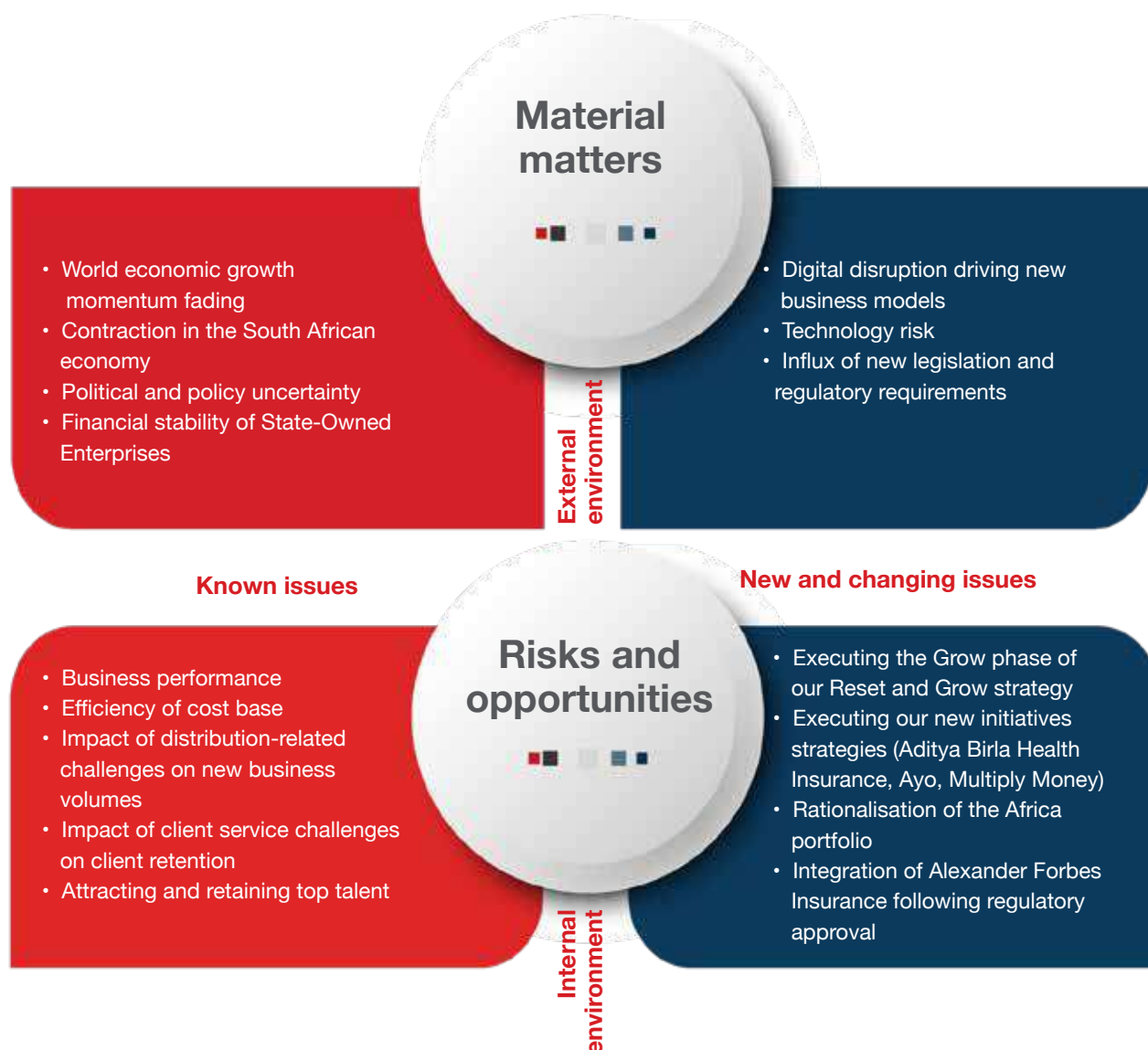
Our regulatory compliance policies, procedures and processes ensure that the effectiveness of the controls in place to mitigate our compliance risks is continually monitored and that risk management plans are in place to ensure compliance with new legislation or amendments to current legislation.

 13

 15

OUR CHANGING BUSINESS CONTEXT

The material matters we have identified in our internal and external environments and the key risks and opportunities they present are summarised in the graphic below. Our materiality determination process, which is based on the feedback from engagement with internal and external stakeholders, is an integral part of our efforts to identify the issues that should form the basis of our internal and external reporting.



MANAGING OUR RISKS AND OPPORTUNITIES FOR SUSTAINABLE VALUE CREATION

Our risk philosophy recognises that managing risk is an integral part of generating shareholder value and enhancing stakeholder interests. It also recognises that an appropriate balance should be struck between entrepreneurial endeavour and sound risk management practice.

Our key risk management strategies are to:

- understand the nature of the risks that Momentum Metropolitan is exposed to, the range of outcomes under different scenarios, and the capital required for assuming these risks
- manage shareholder value by generating a long-term sustainable return on the capital required to back the risks assumed
- ensure fair treatment of clients and the protection of client interests by maintaining adequate solvency levels
- ensure that capital and resources are strategically focused on activities that generate the greatest value on a risk-adjusted basis
- create a competitive long-term advantage in the management of the business with greater responsibility to all stakeholders.

MANAGING OUR RISKS AND OPPORTUNITIES FOR SUSTAINABLE VALUE CREATION

In the sections that follow we have provided a summary of our key risks and opportunities, our strategic response to these, and the governance framework that supports the delivery of our risk management strategies.

Our risk assessment process, which incorporates feedback from our risk community and the wider business, is an integral part of the Group's risk management framework. The tables that follow summarise our key strategic risks and our responses to these risks.

Economic growth and political uncertainty

The world economy continues to expand, but at a slower pace than previously. Global growth is set to soften further in 2020 as high levels of public debt limit the ability of governments in developed markets to counteract the expected slowdown in fiscal stimulus. Rising trade conflict, the reduced pace of asset purchases by governments and high debt-servicing costs for emerging market corporates continue to pose downside risks to global growth.

Within South Africa, the current political uncertainty is creating a difficult environment in which to build a longer-term strategy. The current environment will likely be characterised by a short-term future of volatile lower investment returns and continued muted economic and business recovery. The associated slow down in employment and salary increases will also continue to place pressure on operating experience.

State-Owned Enterprises also remain a key focus area. While the finances of many State-Owned enterprises remain weak, the turnaround strategies being implemented and the changes in corporate governance are key steps towards stabilising their finances and are closely monitored by management.

Our response

Our earnings and net asset value are exposed to financial markets, most significantly to movements in equity markets and interest rates. While we maintain a conservative investment mandate for shareholder assets, we derive significant exposure to financial markets as a consequential feature of our business (e.g. fee income on policyholder assets), which we accept and tolerate. Hedging and asset-liability matching strategies are implemented to maintain shareholder exposures within our risk appetite.

In line with our risk appetite, we maintain strong coverage of our regulatory solvency position to provide resilience against severe shock scenarios. Given the pressures on operating experience, we continue to focus on active capital preservation and allocation, and close management of the cost base. We have a strong focus on client outcomes, and our Outcomes-based Investment approach offers an opportunity to support clients in meeting their investment goals under challenging market conditions. As a Group, we have significant diversity in our sources of earnings, which can reduce the impact of the economic volatility on our overall results.

With regard to State-Owned Entities, we practise responsible lending aligned with our credit policy and mandates and assess each entity's financial strength on a stand-alone basis, level of government guarantees, governance and strategic importance.

Business performance

Our business performance declined for three consecutive years until 2018, from the peak in 2015. This was driven by a number of factors, including a challenging operating environment characterised by worsening unemployment, low levels of consumer and business confidence and reductions in the disposable income of our client base. In addition, our previous matrix-structured operating model resulted in a duplication of cost and it diverted focus away from our distribution capabilities. The combination of these factors resulted in pressure on new business volumes, underwriting profits and client retention.

Our response

In F2018 the Board of Directors implemented key changes in executive leadership and initiated a strategic review. Under the leadership of Hillie Meyer, appointed as Group Chief Executive Officer in February 2018, a new operating model with empowered end-to-end business units was implemented. The Reset and Grow strategy was launched at group and business unit level, with a focus on fixing the cost base, strengthening and diversifying distribution capabilities, product solution innovation, modernising IT architecture and enhancing the client experience. This strategy is intended to revitalise the Group, stimulate business volume growth, improve client retention and ensure sustainable earnings generation. (see pages 53 to 77 of the productive capital section of this report).

We have also strengthened our governance framework by introducing a number of focused Executive sub committees (New Initiatives Committee, Mergers and Acquisitions Committee, Capital and Investment Committee). These committees are accountable for ensuring appropriate capital allocation and monitoring of return on deployed capital. In addition, a Quarterly Business Review process was implemented to manage and monitor operational and strategic performance and execution. We are in the process of implementing a rolling earnings and new business forecast process across the Group, with a greater focus on revenue generation and expense management.

Talent management

Continuing operational changes and pressure on remuneration, and the scarcity of certain professional skill sets, present challenges to the sourcing and retention of talent, and to meeting the Group's transformation objectives.

Our response

Human capital is implementing a number of projects to enhance the Group's employee value proposition, talent development and succession planning (see pages 79 to 81 of the human capital section of this report).

Digital disruption

Digital transformation in the financial services industry is continuing to gain momentum, and the threat from disruptive innovation is considered a significant risk for the business strategies of traditional insurers.

New insurance business models aim to leverage deeper client relations and rapid advances in technology to deliver defined outcomes to their client base in more convenient and accessible ways.

Our response

We have empowered our business units to drive digital transformation. Business units continue to evolve their digital strategies to support their objectives, while building and advancing digital skills and capabilities (see pages 83 and 84 of the intellectual capital section of this report).

We also continue to invest in our Exponential Ventures, focusing on seed, early and growth stage investments and scalable technology, with optionality for incorporation within our innovation portfolio (see the section on new initiatives on page 77 of productive capital).

Technology risk

Technology risk, and in particular exposure to operational and reputational risk emanating from operational systems and processes, network infrastructure and cybercrime, also present growing and evolving risk exposures.

Our response

The Head of IT Security is leading key security initiatives to strengthen the security position of the organisation. These include the enhancement of our security operations centre and security incident and event monitoring capability (see page 83 of the intellectual capital section of this report).

Regulatory and legislative change

The influx of new legislative and regulatory requirements require ongoing development and operating changes, and place pressure on internal resources and management bandwidth.

Our response

We continue to work closely with the regulators on key issues. We adopt a proactive approach to engagement with regulators, and seek to manage the developmental requirements with a combination of internal and external resourcing (see page 32 for information on the activities of our Risk, Capital and Compliance Committee).

Executing our new initiatives strategy

We are currently pursuing a number of significant initiatives which have a medium to long-term payback period. These include our Indian health insurance joint venture with Aditya Birla Capital, our mobile insurance joint venture with MTN (aYo), our digital transactional banking offering (Multiply Money) and our venture capital investment (Exponential Ventures) (see pages 77 of the productive capital section of this report). The investment required and resulting earnings strain from these initiatives make the Group dependent on earnings growth from the South African business units in a challenging macro-economic and operating environment. The Group's Reset and Grow targets are dependent on the successful execution of the projected growth curves from these initiatives.

Our response

Executive oversight over the new initiatives has been strengthened through the establishment of a number of Executive sub committees (see the Business performance paragraph on page 36 of this section). Our strategic initiatives are monitored on an ongoing basis by these committees. Furthermore, regular Quarterly Business Review meetings are used to provide appropriate line of sight across the Group's initiatives and operations.

Rationalisation of the Africa portfolio

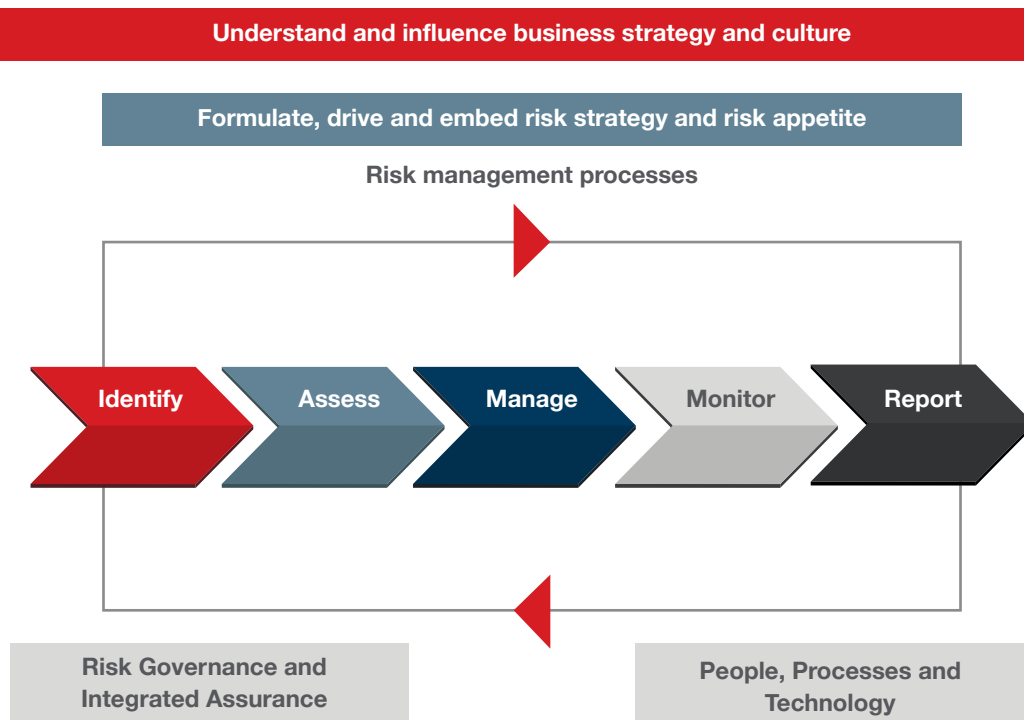
The Group has taken the decision to exit a number of African countries as part of a move to rationalise the Africa portfolio of the business. Although this is considered to be a business and strategic risk-mitigating measure, there are a number of risks associated with the execution of this strategy. These include not only the financial outcomes, but also compliance, operational and reputational risks, which depend significantly on the timeframe and manner in which the Group plans to exit from the relevant countries.

Our response

We have a dedicated steering committee to oversee the rationalisation project, and the Mergers and Acquisitions Committee has a strong focus on the Africa portfolio. Our remaining African operations are being streamlined and strategies implemented to deliver sustainable profitability and improve the control environment (see the productive capital sections of this report on pages 74 to 76).

OUR OWN RISK AND SOLVENCY ASSESSMENT (ORSA) PROCESS

We conduct a forward-looking, risk-based ORSA process in line with the requirements of the new regulatory framework. This process links the Group's risk management system, risk appetite and capital management to create a framework which is used to balance risk and return and inform business and strategic plans.



The ORSA process includes quarterly assessments of the current and forward-looking risk profile and solvency position, and assesses the Group's overall solvency needs and resilience under a range of adverse scenarios. An ORSA supervisory report is produced annually and submitted to the regulator, summarising the results and conclusions of the assessment and the ORSA process.

Momentum Metropolitan's ORSA framework and policy are based on our integrated risk and capital management processes, as envisaged under the regulatory framework. It takes into account best practice principles from various sources as well as applicable regulatory requirements.

RISK GOVERNANCE

Our Board is responsible for the governance of risk and capital management in Momentum Metropolitan (see page 85 the intellectual section of this report for information on the governance of risk in Momentum Metropolitan).

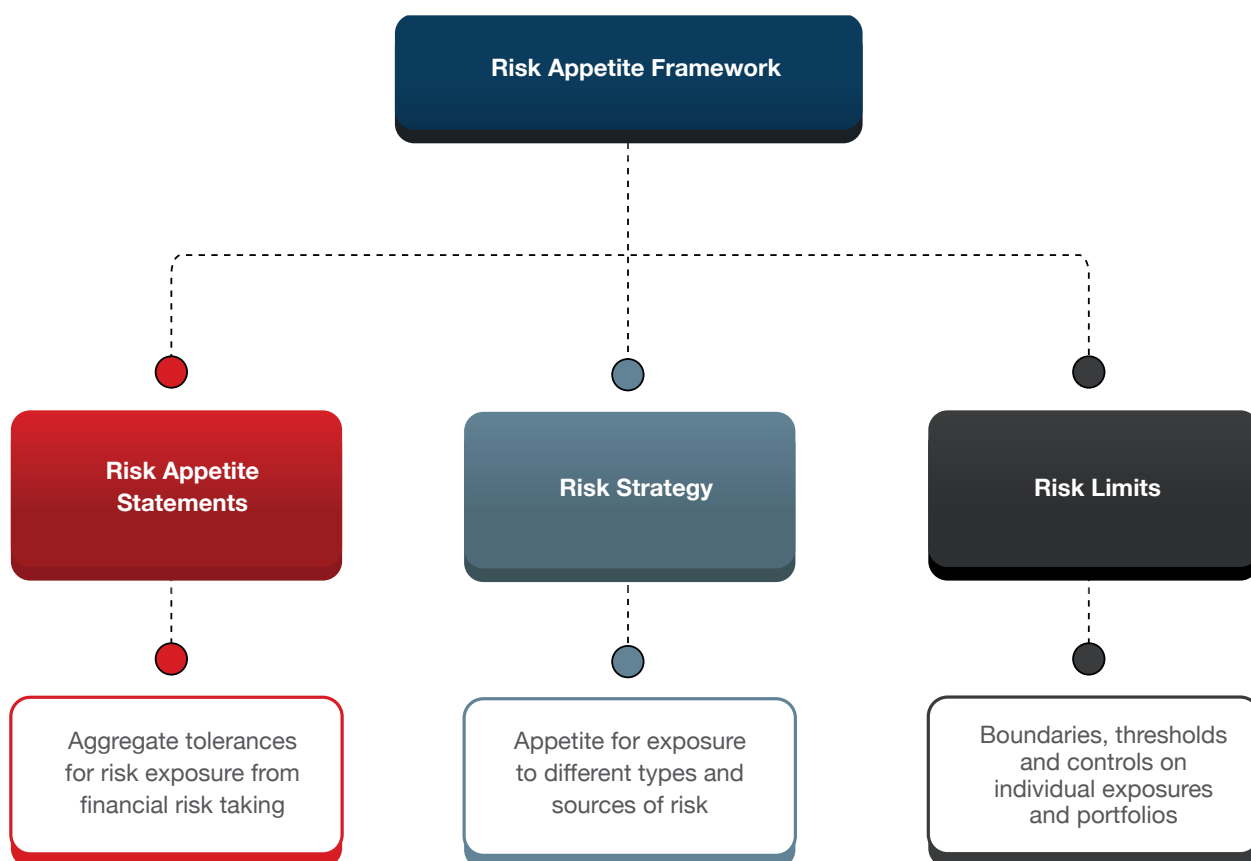
OUR APPROACH TO RISK APPETITE

The Group maintains a Board-approved risk appetite framework, the purpose of which is to articulate the level and type of risk that the Group is prepared to seek, accept or tolerate. It includes both qualitative and quantitative statements and measures and addresses the need for the Group to:

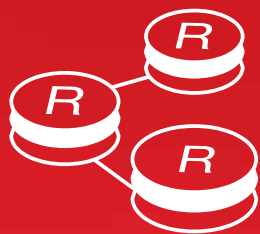
- ensure its sustainability and resilience by maintaining appropriate capital coverage and liquidity
- achieve its earnings targets without exposing the Group to excessive earnings volatility
- ensure that it also treats its customer fairly and complies with the relevant legislative and regulatory requirements.

The Group risk appetite statements are expressed as thresholds on solvency cover, earnings volatility and liquidity exposures, and consider quantitative, modelled risk exposures that result from financial risk taking. Exposure against the risk appetite statements is monitored on an ongoing basis as part of the ORSA process.

The diagram below illustrates the key components of the Group's risk appetite framework, which include the risk appetite statements, risk strategy and risk limits. We seek to optimise risk taking within the boundaries specified by these components. The regular monitoring and reporting of exposure against risk appetite is undertaken as part of our ORSA process.



Our risk appetite statements specify the total (aggregate) level of risk that Momentum Metropolitan is prepared to accept, seek or tolerate. They provide risk boundaries at a group level within which senior management and the Board steer the business in pursuit of its strategic objectives. Our risk strategy seeks to guide the way in which the Group assumes risk through the qualitative expression of its appetite for exposure to the different types and sources of risk, and is supported by quantitative tolerances and limits which are set to ensure that underlying risk exposures remain within appetite.



FINANCIAL CAPITAL



FINANCE DIRECTOR'S REVIEW

Our financial capital consists of the pool of funds that is available to use to produce products, provide services and invest in technology, people and growth. It is obtained through financing such as debt and equity and generated through our operations.



Risto Ketola
Group Finance Director

INTRODUCTION

I am pleased to report that we continued to make steady progress throughout the year with our Reset and Grow strategy. This culminated in diluted normalised headline earnings of R3.1 billion for the year ended 30 June 2019, which represents an increase of 53% on the prior year. On a per share basis, our diluted normalised headline earnings increased by 61%, reflecting the impact of the

share buy-back programme that we completed in November 2018.

The financial results from the comparative period were impacted by large negative operating basis changes and investment variances across the South African retail businesses and the rest of Africa. Excluding the impact of operating basis changes and investment variances in both years, normalised headline earnings improved by 21% year-on-year.

The solid results for F2019 were underpinned by resilient operational performance in most businesses, supported by efficiency improvements and good underwriting results across the Group. The positive impacts were partly offset by a provision at Guardrisk and higher losses from New Initiatives, albeit in line with business plans.

We reinstated dividends on ordinary shares in March 2019, following the successful completion of a R2 billion share buy-back programme in November 2018. We declared an ordinary dividend of 70 cents per ordinary share for the full year 2019.

Momentum Metropolitan Life Limited, the Group's main life insurance entity, maintained its strong solvency cover on the regulatory basis of 2.08 times the Solvency Capital Requirement (SCR), which is close to the upper end of our target range of 1.7 to 2.1 times the SCR.

The solid results for F2019 were underpinned by resilient operational performance in most of our businesses, supported by efficiency improvements and good underwriting results across the Group.

KEY METRICS

	Basic			Diluted		
	F2019	F2018	Δ%	F2019	F2018	Δ%
Earnings (R million)	2 255	1 369	65	2 275	1 393	63
Headline earnings (R million)	2 474	1 444	71	2 494	1 468	70
Normalised headline earnings (R million) ¹	3 054	1 979	54	3 074	2 003	53
Earnings per share (cents)	153.1	88.2	74	151.6	88.1	72
Headline earnings per share (cents)	168.0	93.0	81	166.2	92.9	79
Normalised headline earnings per share ¹ (cents)	207.3	127.5	63	202.5	125.5	61
Interim dividend per share - March (cents)				35	-	100
Final dividend per share - September (cents)				35	-	100
Total dividend per share (cents)				70	-	100
Diluted embedded value (EV) per share (R) ²				27.48	25.43	8
Return on EV ²				8.0%	(1.1)%	
Return on EV per share ²				9.4%	(0.6)%	
Diluted number of shares in issue (m)				1 499	1 557	(4)
Diluted weighted average number of shares (m)				1 501	1 580	(5)

¹ Normalised headline earnings adjust the standard JSE definition of headline earnings for the impact of treasury shares, the amortisation of intangible assets arising from business combinations and BEE costs. Momentum Metropolitan is of the opinion that these adjustments present a more realistic picture of the underlying performance of the Group and remove distortions that might arise from elimination of treasury shares (potential distortions that are peculiar to financial institutions that invest in own securities on behalf of clients). The definition of normalised headline earnings remained unchanged over F2019. The prior year comparatives have been restated.

² Momentum Wealth has been reclassified as covered business, with prior year comparatives restated.

NET ASSET VALUE

(R million)	F2019	F2018	Δ%
Total assets	502 902	476 365	6
Total liabilities	(479 356)	(453 575)	6
Total equity	23 546	22 790	3



CONSOLIDATED GROUP FINANCIAL PERFORMANCE

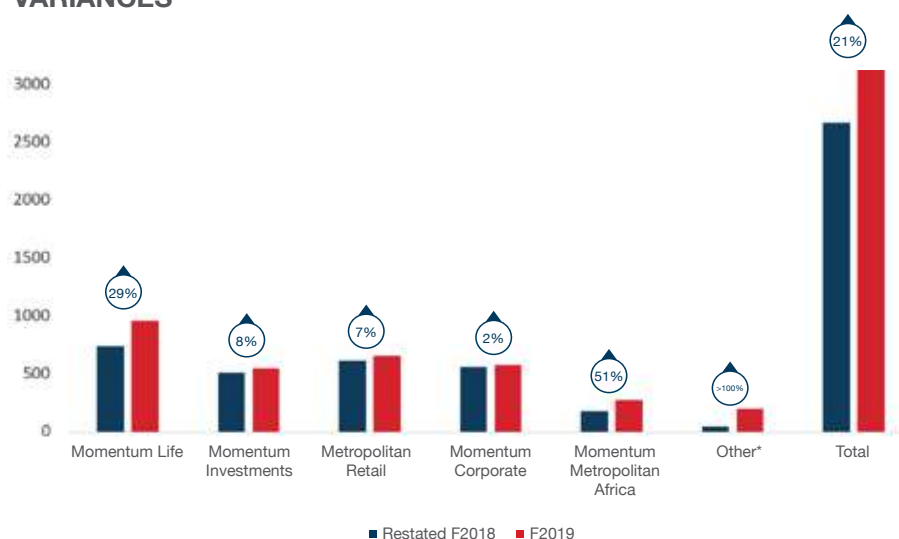
NORMALISED HEADLINE EARNINGS

R million	F2019	F2018	Δ%
Momentum Life	883	472	87
Momentum Investments	512	227	>100
Metropolitan Retail	610	201	>100
Momentum Corporate	601	909	(34)
Non-life Insurance	164	204	(20)
Momentum Metropolitan Africa	262	147	78
Earnings from operating segments	3 032	2 160	40
New Initiatives	(492)	(377)	(31)
Shareholders	534	220	>100
Normalised headline earnings	3 074	2 003	53

The increase of 53% in normalised headline earnings should be judged in the context of large negative operating basis changes and investment variances for the prior year.

Excluding the impact of operating basis changes and investment variances, operational performance improved by 21%. The segmental split is shown in the following graph:

NORMALISED HEADLINE EARNINGS EXCLUDING OPERATING BASIS CHANGES AND INVESTMENT VARIANCES



The solid performance resulted from our group-wide emphasis on expense management (controllable cost base remained flat); better underwriting and credit experience in the covered business; as well as fair value gains in the Shareholder segment. Furthermore, our Non-life Insurance underwriting results improved strongly in both Guardrisk and MSTI. Losses on New Initiatives widened, in line with business plans.

More detail on the sources of earnings is discussed in the segmental performance section which follows.

NEW BUSINESS

R million	Present value of new business (PVNBP)			Value of new business ¹			Value of new business margin	
	F2019	F2018	Δ%	F2019	F2018	Δ%	F2019	F2018
Momentum Life	8 266	8 099	2	101	66	53	1.2%	0.8%
Momentum Investments ²	23 145	23 267	(1)	82	76	8	0.4%	0.3%
Metropolitan Retail	4 897	5 091	(4)	89	84	6	1.8%	1.6%
Momentum Corporate	16 977	11 218	51	265	124	>100	1.6%	1.1%
Momentum Metropolitan Africa	2 498	2 337	7	4	(5)	>100	0.2%	(0.2%)
Total	55 783	50 002	12	541	345	57	1.0%	0.7%

¹ Value of new business is calculated on covered business only, which excludes businesses like Momentum Metropolitan's health business, MSTI, Guardrisk and asset management businesses.

² All Momentum Wealth products are now reported as covered business (previously only on-balance sheet contracts), and prior year value of new business and PVNBP were restated accordingly.

Value of new business improved in all businesses and mostly followed higher sales of selected product sets in each business. Momentum Corporate was a standout performer for the year. The business recorded good flows in both single premium annuity and investment products, as well as in recurring premium insurance products. Momentum Life benefitted from updated product pricing, while Metropolitan Retail VNB was supported by increased adviser productivity and a higher proportion of policies with premiums collected via salary deduction. The recovery in Momentum Metropolitan Africa is attributable to improved sales in Namibia and Lesotho in the second half of the year.

More detail on the sources of new business is provided in the segmental performance section, which follows.

EMBEDDED VALUE

Embedded value earnings (R million)	F2019	F2018	Δ%
Embedded value at the start of the year	39 601	42 523	
EV earnings from operations (covered business)	3 083	1 535	>100
EV earnings attributable to investment markets	291	662	(56)
Impact from change in required capital methodology	870	-	100
EV profit from non-covered businesses	(1 076)	(2 666)	60
Change in embedded value before capital flows	3 168	(469)	>100
Capital flows	(1 576)	(2 453)	36
Embedded value at the end of the year	41 193	39 601	4
Return on embedded value ("ROEV")	8.0%	(1.1)%	
ROEV on covered business	12.7%	6.3%	
ROEV on non-covered business	(17.5)%	(35.6)%	
ROEV per share	9.4%	(0.6)%	

The F2019 improvement in the ROEV on covered business resulted from the contribution made by strong positive operating experience variances, mainly mortality experience across the Group, as well as a better expense variance. In Metropolitan Retail persistency experience remained negative, although this showed an improvement on the prior year. Significantly better operating assumption changes and the improved value of new business have also contributed to the overall improvement in the ROEV.

Negative investment variances have adversely impacted our ROEV and should be viewed in the context of weak equity returns since 1 July 2018. The modest investment return on adjusted net worth was adversely impacted by a decline in the property valuations, including the carrying value of owner-occupied properties.

Embedded value also benefitted by an amount of R870 million, arising from the adoption of a new required capital methodology, which coincided with the implementation of the new regulatory framework for solvency.

The return on non-covered operations was negative 17.5%. The increased provision for future costs in Momentum Multiply, reported at 1H2019, and refinements to inter-divisional charges adversely affected the valuation of our non-covered businesses. In addition, a slower than expected decrease of expenses related to Momentum Metropolitan Africa resulted in a larger provision for head office costs.

SEGMENTAL PERFORMANCE

MOMENTUM LIFE

NORMALISED HEADLINE EARNINGS

Normalised headline earnings increased by 87% to R883 million. During the prior year Momentum Life was impacted by significantly larger negative operating basis changes and investment variances compared to the current year, which led to a net positive change of R195 million year-on-year. Excluding this impact its growth of 29% was very pleasing. The key drivers of growth included better than expected voluntary premium increases on protection business (Myriad) and an improvement in mortality experience. This was partly offset by somewhat weaker disability experience, slightly lower persistency experience and an increased investment in the distribution capabilities. Reported losses from Momentum Multiply were also sharply lower.

NEW BUSINESS

Momentum Life's present value of new business premiums (PVNBP) increased by 2% year-on-year. This was driven by a 7% increase in long-term savings products. A new retirement annuity product launched during the year resulted in much improved sales volumes. PVNBP on protection business (Myriad) declined by 2%.

Value of new business increased by 53%, supported by the updated product pricing and well-managed expenses.



MOMENTUM INVESTMENTS

NORMALISED HEADLINE EARNINGS AND ASSETS UNDER MANAGEMENT

Momentum Investment's normalised headline earnings increased by 126%, largely as a result of a negative operating basis change on the covered business in the prior year. Excluding this impact, normalised headline earnings were 8% higher, which is a pleasing result for an investment business given current economic uncertainty. Guaranteed investment products remained attractive and strong new business volumes contributed to the growth, further supported by credit portfolio management activity on the annuity book. Normalised headline earnings from the UK operations have improved, mainly on the back of growth in third-party Investment Consulting fees. However, earnings from Momentum Wealth and investment management, particularly in the property management and stockbroking businesses, were lower due to depressed market conditions and some outflows during the year under review.

R billion	F2019	F2018	Δ%
On-balance sheet Momentum Wealth	105	104	1
Off-balance sheet Momentum Wealth	56	57	(2)
Non-covered business (investment management)	424	419	1
Assets under management	585	580	1

NEW BUSINESS

New business flows from covered business declined marginally by 1% relative to the prior year. The higher new business volumes on structured products and annuities contributed positively to value of new business. The value of new business benefitted from lower initial costs and higher profit margins on structured products, which resulted in a small increase in the new business margin to 0.4%.

METROPOLITAN RETAIL

NORMALISED HEADLINE EARNINGS

Metropolitan Retail grew its normalised headline earnings by 203%, mainly as a result of the large negative impact of operating basis changes and investment variances in the prior year. Excluding operating basis changes and investment variances, Metropolitan Retail's normalised headline earnings increased by 7%. This is an encouraging recovery from the 9% decline reported at 1H2019. The improved position was supported by the impact of better persistency experience and positive credit risk variance on the annuity book. Expenses were in line with inflation despite substantial investment in the branch infrastructure.

NEW BUSINESS

Despite a planned decline in the number of advisers in the tied agency, Momentum Retail's sales remained largely flat due to improved productivity. PVNBP declined by 4%, largely as a result of lower funeral product sales in the tele-channel and large one-off single premiums in the prior year. The productivity improvements, coupled with an increase in the proportion of new business for which premiums are collected via salary deductions, is a positive lead indicator for future persistency. The productivity improvements also contributed to the 6% growth in the value of new business.

MOMENTUM CORPORATE AND HEALTH

NORMALISED HEADLINE EARNINGS

Momentum Corporate and Health's normalised headline earnings declined by 34% year-on-year to R601 million.

The normalised headline earnings of the traditional employee benefits business declined by 39% year-on-year, however, this is distorted by the material impact of positive operating basis changes in the prior year. Excluding operating basis changes, normalised headline earnings grew by 12%. This result was supported by improved mortality experience on the group life book, which was partly offset by slightly weaker lump sum disability experience. The business's controllable expense growth was contained well below inflation.

Normalised headline earnings for Momentum Metropolitan's health business, before earnings attributable to minorities are deducted, were up 8% on the prior year. After accounting for the full-year dilution impact in F2019 of our minority shareholders, normalised headline earnings declined by 15%. The strong underlying operational performance was supported by good expense management and operational efficiencies, as well as increased membership. Membership in the public and mining sectors grew steadily, with low cost products gaining members within targeted employer groups.

NEW BUSINESS

The significant increase in Momentum Corporate's PVNBP and value of new business was driven by the multibillion rand with-profit annuity transaction reported in 1H2019, as well as strong growth in recurring premium inflows for group insurance and a number of large annuity deals secured in the fourth quarter. The shift towards higher quality business is reflected in the improvement to 1.6% of the new business margin.

NON-LIFE INSURANCE

R million	F2019	F2018	Δ%
MSTI	(43)	(56)	23
Guardrisk	207	260	(20)
Normalised headline earnings	164	204	(20)

NORMALISED HEADLINE EARNINGS

Guardrisk produced positive underlying operational growth (15% for the year). Normalised headline earnings, however, was negatively impacted and declined by 20% year-on-year due to a provision of R97 million (net of tax) that was raised. This resulted from a more prudent approach to the treatment of cells in deficit. A fundamental principle of cell captive insurance is that cell owners are required to capitalise cells if they are in deficit. Under current economic conditions, and having reviewed specific facilities, it was deemed appropriate to apply a probability of default to cells in deficit.

Guardrisk delivered sound new business growth and maintained good persistency of its existing client base. There was good growth in the corporate and large commercial niche businesses for which Guardrisk is the direct underwriter, following the formal launch of this growth initiative in March 2019. This growth contributed to a very pleasing increase in Guardrisk's underwriting profits, as did recent acquisitions that have now been fully integrated into the business.

MSTI's losses narrowed by 23% from the prior year. Core insurance operations at MSTI were profitable, driven by a strong improvement in underwriting results as well as improving cost ratios resulting from continued growth in the client base. The overall MSTI result, which includes the administration business (MMISTIA), remains negative as a result of a lack of scale.

MSTI KEY RATIOS

MSTI	F2019	F2018	Δ%
Net earned premium (R million)	870	737	18
Claims ratio	63.7%	65.9%	

MSTI's net earned premiums rose by 18% on the prior year, which is largely attributable to a growing client base. The claims ratio improved to 63.7% despite two severe weather related events in the fourth quarter.

MOMENTUM METROPOLITAN AFRICA

R million	F2019	F2018	Δ%
Namibia	201	171	18
Botswana	59	53	11
Lesotho	89	79	13
Ghana	40	39	3
Kenya	24	(19)	>100
Other countries – ongoing	(2)	19	<(100)
Other countries – planned exits	(43)	(33)	(30)
Centre costs	(106)	(162)	35
Total normalised headline earnings	262	147	78
New business volumes (PVNBP)	2 498	2 337	7
Value of new business	4	(5)	>100
New business margin	0.2%	(0.2)%	

NORMALISED HEADLINE EARNINGS

Normalised headline earnings increased by 78% with most countries contributing to the improvement. When the impact of basis changes and investment variances were excluded, Momentum Metropolitan Africa's operational performance improved by 51%. The improvement in the Namibia life insurance business was supported by better demographic experience variances and product repricing. Life insurance growth from Botswana and Lesotho also contributed to the overall improvement. The health businesses in the segment, as well as the non-life business in Kenya, achieved notable improvement in claims experience through improved risk selection, expense management and premium growth. Losses incurred in the countries earmarked for exit were somewhat higher than the prior year, but were offset by a significant reduction in support costs.

NEW BUSINESS

PVNBP increased by 7% compared to the prior year following a strong recovery in Namibia and Lesotho in the second half of the year.

The value of new business turned positive during the second half of the year. However, the value of new business remains disappointingly low in the challenging environment that prevails across the countries in which we operate. Improving new business profitability is a key focus area for management in Momentum Metropolitan Africa.

NEW INITIATIVES

R million	F2019	F2018	Δ%
India (JV with Aditya Birla Capital)	(287)	(218)	(32)
aYo (JV with MTN)	(89)	(58)	(53)
Other ¹	(116)	(101)	(15)
Normalised headline earnings	(492)	(377)	(31)

¹ "Other" includes Exponential Ventures, Multiply Money and Momentum Consult.

The progress we have made with our New Initiatives is addressed in the productive capital section of this report. Please refer to pages 77 for information in this regard.

The expansion in distribution capacity of Aditya Birla Health Insurance, and the steady growth from the more profitable retail client base augurs well for its future profitability (with retail clients now contributing 64% to gross premium income). While aYo clients enrolments increased by a pleasing 233% to 4.0 million year-on-year, it has yet to achieve sufficient scale to fund the overhead costs.

SHAREHOLDERS

NORMALISED HEADLINE EARNINGS

The contribution of normalised headline earnings from this portfolio increased by 143% on the prior year to R534 million. Fair value gains on underlying investments in our Exponential Ventures funds contributed significantly to this result. Investment income from the rest of the shareholder portfolio was also up year-on-year, although this was slightly offset by higher finance costs on subordinated debt.

SOLVENCY AND CAPITAL MANAGEMENT

Regulatory solvency position (R million)	Momentum Metropolitan Life	Momentum Short-term Insurance	Guardrisk Insurance	Guardrisk Life
Eligible own funds (pre dividend)	32 948	487	3 034	2 906
Solvency Capital Requirement (SCR)	15 869	246	2 386	2 570
SCR cover (times)	2.08	1.98	1.27	1.13

REGULATORY SOLVENCY POSITION

Momentum Metropolitan Life has adopted a target range for regulatory solvency cover of 1.7 to 2.1 times the SCR. This makes allowance for the capital required to support the covered business against a range of severe but plausible scenarios, as well as the wider strategic deployments of the Group. Momentum Metropolitan Life acts as the capital centre of the Group, and as such is capitalised in excess of the requirements of the covered business.

MSTI has adopted a target range for regulatory solvency cover of 1.4 to 1.6 times the SCR. Momentum Short-term Insurance is currently capitalised in excess of its target range in order to support its new business growth targets on a forward-looking basis.

The lower SCR cover of Guardrisk Insurance and Guardrisk Life primarily reflects the treatment of cell captive insurers under the new regulatory framework. The own funds of individual cells are restricted to

the amount necessary to cover their individual SCR, and any own funds of individual cells in excess of the SCR must be disregarded. This results in the regulatory solvency position of the cell captive insurers being weighted towards 1.0 times the SCR. Under the Group's risk appetite framework, Guardrisk Insurance and Guardrisk Life seek to maintain SCR cover above 1.05 times SCR on the regulatory basis.

Momentum Metropolitan's group solvency position is determined by aggregating the results under the regulatory framework of all the underlying entities, after elimination of intra-group arrangements. At 30 June 2019, Momentum Metropolitan had group SCR cover of 1.7 times SCR. The Group targets a SCR cover range of 1.45 to 1.75 times SCR, which has been set to reflect the target solvency levels and operational requirements of the underlying entities, while ensuring appropriate resilience of the Group solvency position.

DIVIDENDS

Following the completion of our R2 billion share buy-back programme in November 2018, we indicated that our future capital distribution will be set at a level consistent with our capital deployment plan and a desire to maintain steady solvency ratios under the new regulatory framework. We target a dividend cover range of between 2.0 to 3.0 times normalised headline earnings.

We declared an ordinary dividend of 70 cents per ordinary share for the full year. The dividend cover for the year of 2.9 times is thus at the upper end of our target range.

CAPITAL DEPLOYMENT

The governance around approval of the capital deployment plan, capital calls and performance monitoring of deployed capital has been strengthened during the year with the establishment of the Board Investments subcommittee and the Capital and Investments committee which is a subcommittee of the Group's Executive Committee. Pro-active performance measurement ensures that capital is allocated to initiatives that deliver the best risk adjusted returns and continually drive the execution of the Group's strategic goals.

The following strategic investments were made during the year:

Area of capital deployment	R million
Capital support for subsidiaries	924
Exponential, UK & Africa operations	365
Aditya Birla Joint Venture	331
Momentum Short-term Insurance	225
Other M&A transactions	65
Total	1 910

CREDIT RATING

On 18 November 2018, Moody's affirmed ratings for Momentum Metropolitan Life Limited as set out in the table below, while the Guardrisk ratings were affirmed on 16 November 2018.

Entity	Type	National scale	Global scale	Outlook
Momentum Metropolitan Life Limited	Insurer Financial Strength	Aaa.za	Baa2	Stable
Momentum Metropolitan Life Limited	Issuer rating	Aaa.za	Baa3	Stable
Subordinated debt	n/a	Aa2.za	Ba1	Stable
Guardrisk ¹	Insurer Financial Strength	Aaa.za	Baa3	Stable

¹ Guardrisk includes Guardrisk Insurance Company Ltd, Guardrisk Life Insurance Company Ltd and Guardrisk International Ltd PCC.

After the F2019 year-end, the Group announced its intention to acquire AFI, Alexander Forbes' short-term insurance business, on 25 July 2019. Moody's drafted an issuer research note affirming Momentum Metropolitan Group's credit ratings and credit rating outlook after the proposed AFI transaction.

OTHER MATTERS

CHANGE IN EXTERNAL AUDITOR

The Board, together with its Audit Committee, has resolved to early adopt mandatory audit firm rotation, a rule from the Independent Regulatory Board of Auditors, effective from 1 April 2023. PricewaterhouseCoopers Inc. will rotate off the Company's audit on conclusion of its external audit responsibilities for the year ended 30 June 2019. We finalised an extensive external audit Request For Proposal process and selected a new firm of external auditors, whose appointment is subject to regulatory approval. The change of external audit firm will be tabled for approval by the Company's shareholders at the Company's next annual general meeting on 26 November 2019.

IMPLEMENTATION OF INTERNATIONAL FINANCIAL REPORTING STANDARD 17 – INSURANCE CONTRACTS

International Financial Reporting Standard (IFRS) 17 – Insurance Contracts will be effective for the Group from 1 July 2021. Significant effort is required to enable the production of financial statements complying with the standard ahead of implementation date. During the course of the year, good progress has been made towards its implementation. This includes improvements to line of business systems, the chart of accounts, and financial reporting models. We will continue with our implementation plan during the course of the year ahead and are engaging external advisers in this regard.

PROGRESS ON OUR STRATEGY TO EXIT CERTAIN AFRICAN COUNTRIES

The Group announced in 2017 that we would be reviewing our presence in some African markets. Significant progress has been made in this regard and we announced in February 2019 that we had concluded our eSwatini (Swaziland) transaction, subject to regulatory approval.

We concluded the sale of our business in Mauritius with an effective date of 30 June 2019 and regulatory approvals have been obtained.

We are in an advanced stage of discussions to exit three further countries.

OUTLOOK

The operating environment is expected to remain challenging into F2020, placing pressure on our ability to continue growing revenue. It is imperative for the Group that we increase our new business market share in order to compensate for the natural decline in client numbers resulting from retirements, claims and withdrawals. Our investment return and asset-based fee income are furthermore dependent on investment market growth for which the outlook is currently muted.

Our focus on expense management has delivered good results and we will continue to drive sound financial discipline. We shall in the coming years rely more heavily on revenue growth. This will be challenging in the current environment, and single digit earnings growth for F2020 might be a fair result. We remain committed to delivering on our three-year Reset and Grow targets, but if the current pedestrian macro environment persists, we are more likely to achieve the lower end of our target range of between R3.6 billion and R4.0 billion by F2021.

The proposed acquisition of Alexander Forbes Insurance, will have a negative impact on capital ratios in the short-term. All the Group level capital ratios are, however, expected to remain well within the target range. We will look to build up the balance sheet strength towards the upper end of the range in the coming years to ensure that we can continue to invest in our core operations and to grow our underwriting activities across life and non-life insurance.



Risto Ketola
Group Finance Director

The information in this overview, including the financial information on which the outlook is based, has not been reviewed and reported on by Momentum Metropolitan's external auditors. Some financial figures have been extracted from the audited annual financial statements.



PRODUCTIVE CAPITAL



PRODUCTIVE CAPITAL






Our productive capital, which is key to our sustainability, includes our buildings, our infrastructure and the goods we own or lease that make it possible for us to create value for our stakeholders by delivering products and services that provide practical financial solutions for people, communities and companies. Our products and services help them grow their savings, protect what matters to them and invest for the future.

If we make good use of our productive capital it allows us to be flexible, innovative, to devise new platforms and to increase the speed to market of our products and services.

The financial performance of the Group and its portfolio of businesses is addressed in the financial capital section of this report on pages 41 to 51.

momentum life

Life insurance-based savings and estate administration that safeguard families from the financial uncertainty that comes with serious illness, disability or death and offers peace of mind through unique flexible solutions

What we needed to reset	Progress	What we needed to grow	Progress
Establish full value chain business	 Good progress	Product innovation	 Good progress
Improve service	 Good progress	Digitalisation	 Good progress
Commercial ethos	 Done		

Over **1 million**
life policies in issue

Protection **300 000** policies
Savings **400 000** policies
Traditional **300 000** policies

Service improvement	F2019H1	F2019H2
Voice of client	7.9	8.1
Email turnaround	690 min	271 min
Lost call rate	16%	8%

Momentum Life is addressing its stated Reset and Grow objectives by driving four key themes across its portfolio by:

- **establishing a strong commercial ethos** in our decision-making by interrogating profitability outcomes across channel and product house value chains
- **reigniting the competitive energy in Momentum** by re-establishing our product marketing focus and creating dedicated product houses
- **building a strong culture of delivery** by ensuring that IT and business outcomes are well aligned and that our chosen delivery objectives enhance the competitive capabilities in the business in a practical way
- **embedding a culture of engagement** where leaders are encouraged to create a trusting environment and where employees can openly engage and challenge one another on business outcomes.

Momentum Life's portfolio includes:

- Momentum Protection (Myriad)
- Momentum Legacy (Investo and Traditional)
- Momentum Trust
- Momentum Financial Planning (MFP).

RESET

ESTABLISH FULL VALUE CHAIN BUSINESS

We made good progress with establishing clear business unit accountability. The Momentum Retail Life Insurance business (Myriad) has been able to achieve full value chain responsibility. There is a high level of buy-in from leaders within Myriad and as a result the environment is more energised and morale levels have improved. Key resources are empowered to focus on solving key Myriad business problems while collaborating with relevant areas outside of Myriad where needed.

Momentum Legacy (Investo and Traditional) and Momentum Trust have made good progress and are well on the way to achieving full value chain responsibility.

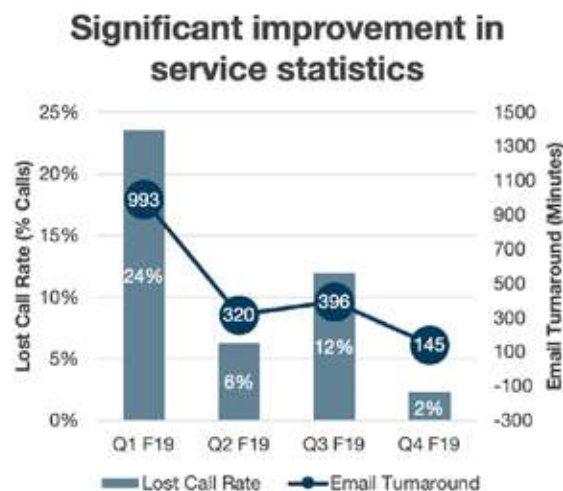
IMPROVE SERVICE

General service experience

A key Reset focus for Momentum Life is improving service outcomes across all its product service call centres. This environment underwent a significant business restructure at the start of the financial year, followed by a change in leadership. The improvement in the knowledge of employees through new training initiatives and the ongoing

enhancements to the new workflow system introduced to the business a year ago delivered good results. There was a steady improvement in service levels during the year. Service outcomes for the final quarter were particularly pleasing, showing great improvement across all internal call centre metrics as well as our voice of the client outcomes.

Quality will be our focus area for the coming year.



Improving the claims experience remains a top business priority for Momentum Life. We reorganised the leadership team and substantially increased the number of claims assessors. These changes resulted in improved turnaround times for the assessment of claims, supported by the embedding of a new claims structure, which has resulted in a corresponding decrease in claims escalations on the retail side of our business.

COMMERCIAL ETHOS

The Momentum Life earnings outcomes for the year under review were promising (54% year-on-year growth ahead of budget), off the back of normalised demographic experience and increased revenue and good expense management. The value of new business results improved substantially relative to the same period last year (see page 44 of financial capital for more information).

GROW

PRODUCT INNOVATION

Myriad

Sales of the Myriad range of products started to show a good recovery in the second half of the financial year. This flowed from significant product enhancements launched towards the end of 2018,

as well as increased support from independent financial advisers. The manner in which rewards (premium discounts) for healthy behaviour are allocated has been refined. This resulted in higher average client discounts to policyholders, while at the same time improving product margin.

Investo

During the year under review, we successfully launched Investo 10, introducing a new Investo recurring premium retirement annuity product. Investo 10's simplified fee structures and better client value proposition were well-received by the market in which it competes. It supported positive sales growth from both independent intermediaries and tied financial planners.

MOMENTUM TRUST

Momentum Trust made good progress, increasing its wills drafting year-on-year. Overall revenue also increased by 14.7% year-on-year and assets invested on the Momentum Wealth platform exceeded annual targets.

The Momentum Trust Estate Provider Benefit product, which was launched to selected financial planners in February 2019, has been well received. More financial planners will be accredited to provide advice on the product and quote activity is steadily increasing.

DIGITALISATION

There was good uptake by both financial planners and independent financial advisers of the new Myriad quote platform, which enables digital onboarding. The adoption of digital self-capture and tele-underwriting, however, remains low. We have enhanced the digital browser and mobile application solutions available to our intermediaries and MFP released the first version of a new digital advice process, a first step to digitalisation of the advice administration process.

THE WAY FORWARD

Having addressed some very real challenges in the year under review, Momentum Life is now well-positioned to finalise its Reset efforts and to start focusing on the development of its future Grow strategies.

Our key Reset focus in F2020 will therefore be the simplification and enhancement of our delivery environments, as well as the bedding down in particular of the quality of our service and clients interactions. Of great importance is the finalisation

of system migrations across the Momentum Metropolitan Group, notably the migration of the Metropolitan traditional products onto the Momentum Life legacy system platform and the successful decommissioning of a number of traditional digital channel engagement solutions.

Momentum Life will also be expanding its new digital onboarding solutions in the year ahead and improving the uptake of digital self-capture and tele-underwriting.

We expect that business unit accountability will be well-established in Momentum Life during the year ahead.

To grow its business, Momentum Financial Planning will continue to increase its number of financial planners, ensuring that new-to-industry planners are well-trained and skilled to use the digital systems, meet the fit and proper requirements within the determined timelines and have the support they need to service clients.

Momentum Trust will be seeking further opportunities to grow the number of active wills and estate planning opportunities. It will continue to leverage the growth opportunity arising from the newly launched estate provider product benefit.

Momentum Life wishes to build a work environment that is home to a talented, diverse, productive, competitive and engaged workforce whose members enjoy their work. We are excited to experience a renewed vigour within the business, with the leadership core highly engaged to take the business forward.



IF WE WANT TO HELP OUR CLIENTS REACH THEIR FINANCIAL GOALS WE NEED TO GET INVOLVED IN THEIR EVERYDAY LIVES

Momentum Multiply is a wellness and rewards programme that helps members live a better, happier life through reaching achievable targets and collecting benefits that make their money go further. We reward members through cashbacks and discounts for the steps they take to be healthier, safer and on top of their finances. We then grow their saved cashbacks in Multiply Money, through a market-leading interest rate, to use for big purchases, financial emergencies or to kickstart an investment portfolio.

What we needed to reset	Progress	What we needed to grow	Progress
Improve service		New product innovation	
Increase efficiency		Improve marketing	
Product innovation		Sales	

Meeting our service promise

We met our promise to:

- respond to email queries within 24 hours
- return missed calls from our clients within an hour

Encouraging saving

- Momentum Multiply clients are earning a market-leading interest rate on the funds in their Multiply Money savings wallets
- R32.4 million has been paid into the 123 760 Multiply Money wallets that clients have activated since October 2018

Multiply rewards you for taking everyday steps towards your money, safety and fitness management



RESET

IMPROVE SERVICE

Momentum Multiply has turned the corner in terms of providing its members with an improved service experience, measured by the improvement in its lost call rate and same day turnaround metrics. We implemented a service promise in January 2019 in which we pledged to respond to email queries within 24 hours and to return missed calls from clients within an hour. We achieved both the target we set for our lost call rate as well as the target set for the same-day turnaround on emails.

GROW

ENHANCE MOMENTUM MULTIPLY OFFERING

Our efforts to enhance Momentum Multiply include the introduction of Multiply Money, which by providing our clients with a digital transactional bank account with a savings wallet into which cashbacks and payouts are automatically deposited, is encouraging short-term saving. Funds in the Multiply Money savings wallet earn a market-leading interest rate on savings. We launched Multiply Money in October 2018. By June 2019 123 760 clients had opened accounts and 56 940 had received payments into their accounts.

Momentum Metropolitan clients who are members of Momentum Multiply on average have a higher product holding than those who are not members. Behavioural improvements resulted in claim rate being a third less than non-Momentum Multiply members (see the MSTI section of this report on page 71 for information on the impact on driving behaviours of the Safe Dayz telematics product, offered in conjunction with Momentum Multiply).

THE WAY FORWARD

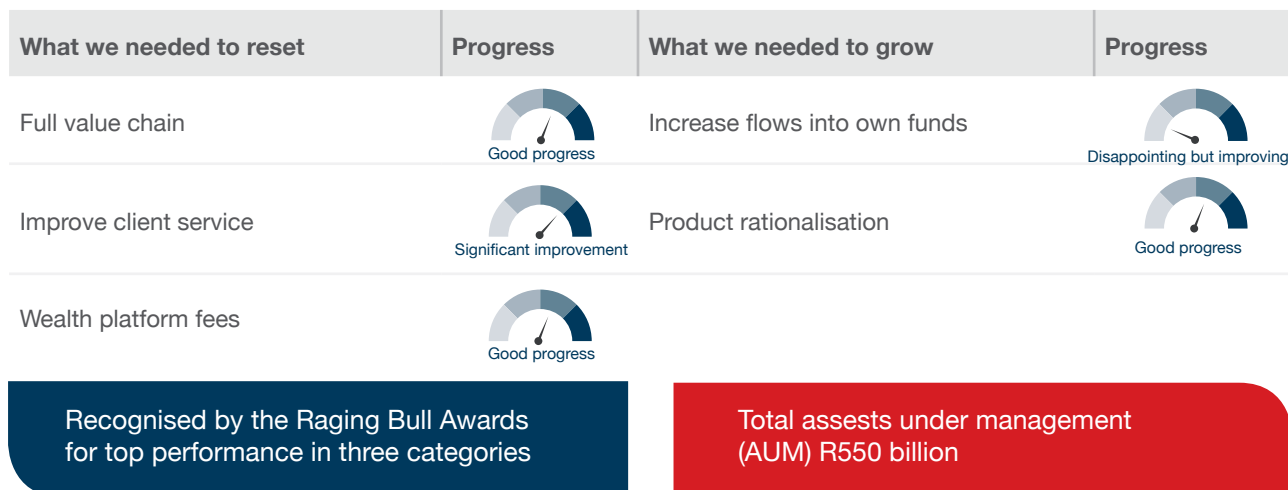
Building brand awareness and awareness around the advantages of membership will play an important role in our drive to grow membership in F2020.

A number of further enhancements to Momentum Multiply are planned for F2020, some of which will use digitalisation to increase the ease and efficiency of our clients' engagement with us.

momentum

investments

Delivering Outcomes-based Investment solutions



The Momentum Investments business builds portfolios for its clients that are specifically designed to deliver desired investment outcomes with the lowest possible level of risk of capital loss, volatility and of missing the intended target.

To achieve this result, we make a number of multi-asset portfolios available to our clients, blending both local and international asset classes. In general, where scale and efficiency are benefits the capability is manufactured within the team (e.g. fixed income and passives). Where different styles outperform over different periods and there are capacity constraints, management tends to be outsourced (such as equities).

For the retail market, these investment solutions are offered on our local and offshore platforms with a number of different pooling structures to ensure efficient delivery. The core driver of our revenue is the ability to attract assets onto our various platforms and to ensure that, as appropriate, they are invested in our internal investment solutions.

RESET

OFFER THE FULL VALUE CHAIN

Giving our investment business full control of the value chain has enhanced relationships with clients, product delivery and client service. We have adopted a market segmentation-led approach

to ensure that we offer a competitive, fit-for purpose and clearly-defined value proposition in all key segments of the South African retail and institutional adviser markets. To support this approach Momentum Investments has been reorganised into dedicated, accountable business areas. In addition to attracting flows into our platform, there is now a dedicated focus between our business areas on how to convert those flows to the appropriate Momentum Investments' portfolios.

Included in the Momentum Investments' capabilities is Eris, which manages shareholder and policyholder direct property exposures and Momentum Global Investment Managers (MGIM) who not only manage local clients' offshore investments but have built solutions for international investors distributed via a number of global partnerships.

IMPROVE CLIENT SERVICE

Momentum Investments' focus on offering an exceptional experience to advisers resulted in intensified focus and a positive improvement in this area during the year under review. We focused on efficiency metrics and were able to exceed our internal targets. In the year ahead, while we will continue to monitor efficiency metrics, our focus will shift to measuring the quality of interactions and the consistency of experience.

In order to better validate our investment philosophy with our clients the Outcomes-based Investment (OBI) score and OBI analysis tool have been enhanced by the OBI income tool, which enables advisers to select the appropriate portfolio of solutions for clients needing to draw an income (See page 84 of the intellectual capital section of this report for more information).

REPRICE WEALTH PLATFORM FEES

The repricing of our Wealth platform business is well under way. As this requires considerable interaction with advisers we have adopted a staggered approach, meeting with each financial adviser to explain the rationale and impact, and to use the opportunity to reposition our wealth capabilities and solutions. These interactions have been generally positive and have strengthened relationships, particularly where support had been waning. In keeping with the industry trend towards clean pricing, Momentum Wealth is proactively switching all its investors to clean-priced fund classes, where they exist.

GROW

INCREASE FLOWS INTO OWN FUNDS

We have made significant progress with ensuring growth in assets under management (AUM) by not only targeting sales, but ensuring we retain our existing clients. Poor market returns have constrained growth of total AUM. Unfortunately, the expected outflow of a large institutional client purchasing an annuity within our Corporate business and a large money market disinvestment mask the efforts in this regard.

In future, we will be placing greater focus on ensuring clients are invested in Momentum Investments' branded and growth portfolios as these portfolios tend to deliver better outcomes to clients at higher margins to shareholders.

There is also a heightened effort to raise our media profile to present our investment and product capabilities.

PRODUCT INNOVATION

We have a full range of product solutions for clients. In many instances there is unnecessary complexity, which we will streamline to generate further efficiencies.







We are working to reduce complexity in our product range that provides our clients with a full range of options. The appropriate range of solutions should be available to advisers and trustees to support the 'default regulations' for members retiring and exiting from retirement funds. We are actively responding to client and adviser behaviour changes as this market matures.

THE WAY FORWARD

In response to the challenging economic and investment environment, our Investments team is looking at ways to reduce costs and find more diversified and potentially yield-enhancing investment opportunities. We have developed specific and targeted investment programmes for alternative assets that will allow us to continue to meet our clients' needs and defined outcomes.

We are confident that the portfolios we hold for our retail institutional clients will continue to be well-positioned to deliver superior and credible outcomes. There are various nuances to the OBI philosophy that apply in different markets that will require different solutions to be provided. Refining the marketing and distribution of these solutions is under way.

Distribution of Momentum-branded retail products

What we needed to reset	Progress	What we needed to grow	Progress
Reshape Momentum Financial Planner sales channels (see page 55)	 Good progress	Momentum financial planner footprint growth (MFP)	 Good progress
Reshaping distribution channels (MIS)	 Good progress	Momentum Consult footprint growth	 Excellent progress
		Grow productive independent financial advisers	 Good progress
		Increase flows into own funds	 Good progress

The distribution of Momentum-branded retail products is driven by:

- MFP, our tied-agency distribution force, operating under the Momentum Metropolitan Life Limited financial service provider (FSP) licence
- Momentum Intermediary Services (MIS), whose aim is to be the preferred partner to independent financial advisers and who provides support services to independent financial advisers
- Momentum Consult, a stand-alone financial planning business, operating under its own FSP licence.

RESET

RESHAPE THE MFP DISTRIBUTION CHANNEL

The management team for MFP was reorganised successfully at the beginning of the financial year. In addition, the introduction of our new digital advice and enablement platform holds great promise for future easier advice and new business processing. The productivity of our less experienced financial planners has also improved, following focused initiatives to improve skills and experience levels.

RESHAPE DISTRIBUTION CHANNELS

Growing our number of productive intermediaries is key to growing the Momentum Investments business. During the year under review we were able to mostly exceed the growth target we set ourselves.

To effectively support our fund solutions, we have invested in upskilling and developing our Retail Sales team. The iKnow and iGrow initiatives being applied in our distribution channels are enabling learning by doing and ensuring that all our

distribution employees are competent to effectively distribute Momentum Investments' products. We have actively recruited to bolster our institutional distribution capability and be a stronger player in a market we previously neglected.

Momentum Global Investments Management (MGIM) has appointed a third-party distributor for its retail funds in the United Kingdom, which is in line with our approach to international markets.

GROW

MFP FOOTPRINT GROWTH

MFP increased the support and training available to its financial planners in order to enhance their skills and increase their productivity.

The overall footprint growth for MFP was unsatisfactory as its efforts to attract and retain new-to-industry recruits was disappointing. As a result, business changed its approach towards the recruitment, training and supervision of new financial planners to better secure the sustainability of the planner force. This will be further supported by a focus on the retention of financial planners and improving financial planner engagement with various digital platforms and solutions.

MFP is also changing its channel support structures to better align with its business models within the channel environment in order to unlock further value.

It remains a business imperative for Momentum to grow its agency footprint.

MOMENTUM CONSULT FOOTPRINT GROWTH

Growing our adviser footprint is central to the success of Momentum Consult. During the past twelve months we increased our footprint with 39 advisers to 255 advisers by year-end against the target we set for ourselves of increasing our footprint to 250 advisers by F2019.

GROW PRODUCTIVE INDEPENDENT FINANCIAL ADVISERS

Growing the number of productive supporting independent financial advisers is a key success factor for MIS and it was also introduced as a key performance indicator in the remuneration contracts of all our retail distribution support staff. During the year under review our number of productive independent financial advisers increased 3.4% year-on-year.

INCREASE FLOWS INTO OWN FUNDS

The percentage of investments from independent financial advisers flowing into local Momentum branded funds has improved by more than 55% from 6.1% in F2018 to 9.4% in F2019. This improvement resulted in positive net flows into our local in-house funds in the second half of the year.

The assets under administration on the Momentum Wealth platform, being advised by MFP advisers, increased by R991 million during F2019, representing a 3.5% increase year-on-year. There were positive net flows of R842 million, of which market movements accounted for R149 million. MFP's total in-house assets on the Momentum Wealth platform increased by R1.4 billion during F2019, which represents a 16% increase year-on-year.

THE WAY FORWARD

In addition to changing its approach to recruiting, training and supervising new financial planners, MFP's efforts to grow its overall footprint will include an increased focus on retaining financial planners and improving financial planner engagement with various digital platforms and solutions.

MIS recognises that we need to improve how we add value to our independent financial advisers in future. To achieve, this, we plan to further increase our business consultant footprint in F2020 to enable better and more regular intermediary engagements. We will also be focusing on improvements to our value proposition and support services to

independent financial advisers.

We have set ourselves a target to grow our number of productive independent financial advisers to 2 250 for F2020. In order to be able to add value by growing the number of productive independent financial advisers we depend on support from the Group in the form of products, service, marketing and technology.

During the first quarter of F2020 our focus will be on agreeing and implementing the MIS change plan, focusing on the pillars that underpin our Credo: Independent financial adviser partnerships; competitors; talent and execution plan.







Momentum Consult will continue with its drive towards a breakeven point. Over the next five years we aim to grow the footprint by 35 advisers per year to reach a total footprint of 425 by F2024.



Metropolitan Retail helps you achieve your financial life goals

Metropolitan Retail provides solutions for our clients in the emerging and middle-income markets. We offer a wide variety of solutions including funeral cover, death and disability cover, voluntary savings, retirement savings and post-retirement income solutions. The solutions are distributed through a combination of tied agents, brokers and an outbound call centre

Metropolitan Retail's progress with its Reset and Grow strategy

What we needed to reset	Progress	What we needed to grow	Progress
Stabilise our sales force leadership	 Good progress	Adviser productivity	 Good progress
Upgrade points of sale	 Good progress	Improved client value proposition	 Good progress
Legacy systems migration	 Good progress	Sales and service efficiencies	 Good progress

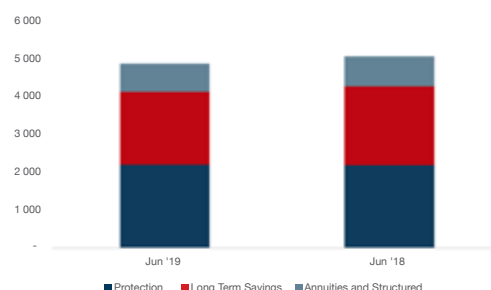
Core solutions:

- Unique customisable funeral offering
- Life and Disability Cover
- Savings for life goals
- Post Retirement solutions including Capital Preservation, Life and Living Annuities

2.1 million
clients across South Africa

Recognised for service excellence as an Industry leader on SAcSi, and first position in Ask Afrika Orange Index

New business mix



RESET

STABILISE OUR SALES FORCE LEADERSHIP

At the top of the list of what we at Metropolitan Retail had identified as the things we needed to reset was stabilising our sales force. To ensure stability within our sales force requires the right sales leadership. We have made good progress in stabilising the leadership through a process of replacement and upskilling. A crucial component is the upskilling of our branch managers. Emphasis was placed on changing our approach to adviser recruitment and the new processes put in place are yielding results in terms of adviser retention and quality of business.

UPGRADE POINTS OF PRESENCE

Our branches are a key element of our strategy as a majority of our clients have indicated they prefer face-to-face contact. During the year we have also made substantial progress with upgrading of our points of presence. Using geomapping to ensure our branches are well-positioned we relocated 16 branches and opened eleven new ones during the year. By year-end we had 120 points of presence, of which 35 were improved during the past year. There was an improvement in productivity in excess of 10% in our upgraded branches.

SYSTEMS MIGRATION

Metropolitan is migrating and modernising its policy administration platforms and using this opportunity to revitalise its client value proposition. During the year under review we launched our new funeral solutions on a new IT platform as a result of which we can now enrol business digitally. The migration to our new systems is providing us with a new service and channel environment, which in turn empowers our sales team.

The migration, which spans over three years, is a significant change for our business as we are effectively replacing our entire end-to-end process and value chain. Our change management processes are playing an important part in ensuring that we maintain the stability of our channels during the changeover process and in minimising the risk of disrupting our day-to-day operations.

GROW

ADVISER PRODUCTIVITY

There were marked improvements in our productivity during the year under review. The improvement in productivity on business that is collected from salary deductions (stop order business) is especially encouraging and it bodes well for the persistency of our clients. Our worksite strategy is a core enabler of this improvement in productivity.

IMPROVED CLIENT VALUE PROPOSITION

The launch of our new funeral policy gives our clients an opportunity to personalise their funeral solution through the wide range of benefits we offer. The new digital sales processes also improves our ability to offer clients expert financial advice.

SALES AND SERVICE EFFICIENCIES

Metropolitan was once again recognised as an industry leader in the South African Customer Satisfaction Index (SAcsi). We also received first place in the Ask Afrika Orange Index, and we were placed second in the *Sunday Times* Top Brands long-term insurance brand survey. Our strong emphasis on client service was envisioned in our *What Matters to You, Matters to Us* brand campaign launched during the year under review. This was followed by a successful call to action funeral policy marketing campaign building on the *What Matters to You* campaign.

The launch of our new funeral policy digital enrolment process has resulted in a number of efficiencies in the value chain and we envision replacing all other solutions with this process in the next 24 months.

The Metropolitan claims service was exceptional with almost 90% of funeral claims being paid within four hours. In addition, 95% of all our service interactions are resolved in the first interaction, whether in our branches or through our call centres.

IMPROVED MARKET ACCESS

We operate in an increasingly competitive market. Our ability to successfully implement our workplace strategy and increase our sale of stop orders is critical to our ability to grow our business, retain clients and achieve a better premium collection rate going forward. There has been a steady improvement in premium collection rates, especially in the second half of F2019.

THE WAY FORWARD

We will continue to implement our Reset and Grow strategy in the year ahead and are on track to deliver on our Reset and Grow earnings projections. The progress we made during the year under review will allow Metropolitan Retail to shift its focus towards growth while supporting our migration reset objective. To ensure our strategy remains relevant in a changing environment, we will continue to review it quarterly.







We do, however, expect increased competition in the market and a challenging low growth economic environment in which early retirements and the planned retrenchments announced are likely to negatively impact unemployment rates. We expect there to be opportunities for the sale of our competitive single premium products to those taking voluntary early retirement.



momentum

corporate

We partner with public and private sector organisations and their intermediaries in South Africa to provide employee benefit services and products through our comprehensive and flexible suite of solutions. We operate across all the major industries serving small, medium and large businesses.

What we needed to reset	Progress	What we needed to grow	Progress
Full value chain responsibility	 Done	Retailisation	 Some progress made
Strengthen leadership team	 Good progress	Increase underwriting margins	 Good progress
Rebuild distribution team	 Good progress	Organised labour and public sector	 Good progress
Improve underwriting experience	 Good progress	Diversify distribution channels	 Good progress

The Smart Underwriting solution won a silver award in the Service Design category at the 2018 Loeries

Partnering with Astute Financial Services Exchange to introduce the first ever Employee Benefit Switch in SA that enables financial advisers to holistically look at their clients' retail and group benefits when providing financial advice

Ask Afrika's inaugural Da Vinci Awards were held in November 2018. Momentum took top accolades for its innovative use of Ask Afrika's research on employee presenteeism

RESET

FULL VALUE CHAIN RESPONSIBILITY

Momentum Corporate was the first business within Momentum Metropolitan to embark on the journey to full value chain accountability, with the operating model substantially being in place for the year under review.

STRENGTHEN LEADERSHIP TEAM

Our focus on leadership development and organisation design is driving business performance and improving service to our clients.

REBUILD DISTRIBUTION TEAM

We have spent time rebuilding relationships with our supportive intermediaries positioning ourselves as a credible and valuable solutions provider.

This has been achieved through an improved and expanded intermediary servicing model, supported by robust technical product expertise and a focus on client service excellence. Our efforts to improve our service, market pricing, product enhancements, the annual review process and our engagement with intermediaries and clients are helping us retain and grow our existing clients, as well as generate new business. We have retained 100% of our top 50 clients through our key client management capability. New business volumes were boosted by a material with-profit annuity transaction and a number of large sustainably priced Group insurance wins.

IMPROVE UNDERWRITING EXPERIENCE AND INCREASE UNDERWRITING MARGINS

After a number of years during which the industry made substantial losses, most insurers in the group insurance market have now embarked on a fairly wide-scale rate increase programme.

For Momentum Corporate our focus is to have a healthy balance between premium income growth, profitability and sustainability of rates.

Our approach to improving our underwriting experience has been to rerate schemes where the rates are unsustainable while proposing alternative solutions to clients. This has been applied across the board, but especially for income disability benefits where a combination of a weak economy, stress-related illnesses and tax changes have led to an increase in claims, as well as claim durations. We continually work to enhance the quality of our data on which these pricing decisions are made. We also engage with our large corporate clients to ensure we obtain accurate payroll data on which to base our premium rates.

GROW

DIVERSIFY DISTRIBUTION CHANNELS

Our Momentum Consultants and Actuaries Proprietary Ltd business, reconfigured to help drive our direct client acquisitions strategy through a dedicated direct advisory capability, has further strengthened its team during the year under review and has been successful in securing a number of new advisory clients.

To address regulatory changes and meet the needs of a more digitally connected workforce we needed to find ways to communicate more directly with our members. This entailed fundamentally relooking the way we engage and service our members.

Our Smart digital client journeys, which are easy to use and provide digital education tools, are designed to help our members with making the right financial decisions throughout their life events. They have been successful in improving the preservation rates of our members, as well as generating a positive client experience, measured through a rating of 4.2 out of 5. We have launched our Smart Exits, Smart Retirements and Smart Underwriting initiatives (see page 84 of the intellectual capital section of this report for more information) and are close to launching our Smart Onboarding initiative. Smart Exits and Smart Underwriting won Gold and Silver Loeries, respectively in Service Design in 2017 and 2018.

Smart Counsel, the retirement benefit counselling offering we developed in response to the default regulations promulgated earlier in 2019, provides our members with a platform to improve preservation rates and steer retirement

savings into institutionally priced annuities using Momentum Metropolitan distribution channels. Smart Counsel is supported by the Smart Exits and Smart Retirements digital client journeys. Momentum Corporate, who was appointed by the FundsAtWork trustees as the Retirement Benefit Counsellors in F2018, has contributed positively towards preservation statistics. We have also been appointed as the out-of-fund default annuity provider to some external retirement funds and continue to innovate on our on-balance sheet investments products to grow our asset base.

RETAILISATION

Our retailisation engagement strategy is focused on one-to-many financial education workshops and one-on-one financial coaching at corporate clients' premises (worksites), enhanced through digital enablement (see page 84 of the Intellectual capital section for more information on our digital solutions). Our retailisation initiative is gaining traction and we are represented in over 80 worksites where the main aim is to educate and assist members on their FundsAtWork employee benefits and to identify gaps in their holistic financial wellness. Financial coaching plays a vital role in moving members towards financial success and achieving their financial goals.

Smart Counsel, our retirement benefit counselling offering, forms a key part of our retailisation strategy and goes beyond the letter of the law by providing telephonic counselling, digital counselling through Smart Exits and Smart Retirements as well as annual member conferences for our FundsAtWork members.

INCREASE UNDERWRITING MARGINS

The ability to articulate the value of our solutions to clients through our intermediaries, which allowed us to rerate our schemes to more sustainable long-term pricing, has resulted in the improvement of our underwriting performance for the year.

Our Disability Management team is equipped to assist members wherever possible to return to work. They also have the expertise to deal with complex claims. The team gives valuable assistance to employers on how to improve workspace conditions, making them safe and mitigating the risk of the business losing employees to disability events. We also recently launched a disability product that provides a simpler and more affordable disability benefit with innovative additional benefits and customisation.

ORGANISED LABOUR AND PUBLIC SECTOR

Our market shares in the organised labour and public sector segments remain low relative to the size of the respective markets and we have increased new business activity in this space. Our public sector focus is on employers and retirement funds in the local government, State-Owned Entities and university segments. Organised labour is predominantly large union

negotiated retirement funds, including bargaining council negotiated employee benefits. We are focused on achieving growth in these segments by improving the association of our clients and potential clients with the value we contribute to solving for employee financial outcomes within their particular environments, while building relationships of trust at the board of trustee and employer-levels.

ACTIVITIES MEASUREMENTS



THE WAY FORWARD

While Momentum Corporate is well-positioned to deliver on its Grow strategy, the retrenchments taking place across most industries could negatively impact the premium income from our employee benefit services and solutions. However, we believe we are well-positioned to address this loss of income through new growth opportunities in the private, organised labour and public sectors. We also acknowledge our increasing role in partnering with our clients and intermediaries to craft solutions that benefit and assist both employers and members during this difficult economic environment.

Our proactive approach to the educational task required of us is not only working towards achieving the government's goal of ensuring retirement savings are preserved, but it is also creating an excellent opportunity for other business units in the Group to benefit from the retailisation opportunities of members exiting funds.

We will continue to focus on improving the experience we offer our clients, whether it be through increased engagement, service delivery, product innovation, reduced product complexity, or increased convenience and efficiencies through digitisation.

Momentum Metropolitan's health business



Providing health administration, risk management and healthcare funding solutions

What we needed to reset	Progress	What we needed to grow	Progress
Systems consolidation	Good progress	Public sector	Good progress
Public sector value proposition	Good progress	Low-income health	Good progress
BEE transactions	Done	Focused distribution	Still needs attention

We manage the health of

2.6 million

South African beneficiaries with benefits to the value of R40 billion annually

On average we pay claims amounting to

R110 million

every day

Our South African operations

Momentum Metropolitan's health business focuses on four different segments in South Africa:

- Public sector
- Corporate
- Mining
- Retail

and also supports our Africa and India operations with solutions, risk management and systems.

RESET

Momentum Metropolitan's health business has made good progress in its journey of migrating its South African health schemes onto one platform. We have introduced a number of digital applications, including a digital communication solution that makes accessing our services more convenient and efficient for our members. Our operational performance during the year under review was stable and largely within our service level agreements.

We have made improvements to our public sector value proposition through a focus on achieving

service excellence through service enhancements, which included our on boarding process, significantly improving our call centre hold times and reducing the number of complaints.

Momentum Metropolitan Health has completed its intended black economic empowerment transactions.

GROW

Public sector membership grew at an average of approximately 2 000 new members per month during the year under review and in the wellness and employee assistance space various new public sector contracts were signed.

The Government Employees Medical Scheme (GEMS), which is partly administered by Metropolitan Health (a business unit within Momentum Metropolitan's health business), has improved its solvency levels close to 25%. Momentum Metropolitan's health business currently administers nine restricted **corporate medical aid schemes**. Overall, the trend is a reduction in membership numbers in these schemes mainly due to tough economic conditions.

Our joint venture with Thebe Health in Momentum Thebe Ya Bophelo (Momentum TYB), which operates in the **mining sector** has been well-received by the market and we added 9 000 new members from Sibanye Stillwater in the second half of the year.

The **Momentum Health open scheme**, which has both individual and corporate members, has a strong retention rate of 98% and has experienced growth in individual membership. The scheme also offers medical cover to foreign students for the period they are in South Africa.

Membership of our Health4Me **low-income offering** that provides a range of day-to-day benefits available through a network of doctors, dentists and optometrists grew 8% year-on-year.

MOMENTUM METROPOLITAN AFRICA (REST OF AFRICA)

Areas receiving attention in our Rest of Africa health operations are strategic oversight and growth initiatives. Our focus has been to migrate the health schemes administered onto a new health platform and one country has been successfully migrated during the year.

THE WAY FORWARD

Our future focus will be on our key areas for growth, to improve clients engagement and efficiencies for all our schemes that we administer, and participating in the primary care delivery system in South Africa.

Post year-end the revised National Health Insurance (NHI) Bill was published on 8 August 2019. While a section of the draft bill suggests that current medical aid schemes will gradually be transformed to only provide complementary services, other parts of the bill are clear on private sector participation. We therefore remain confident that the private healthcare sector and private funding models, which currently contribute significantly to the health and well-being of a large and increasing percentage of the population, will have a substantial role to play in the much-needed quest for universal health coverage.

We have made submissions on the previous versions of the bill and have engaged with government and various industry forums, in which we are involved, to share our views on how we can help build a better, more universal healthcare system. Alongside the Board of Healthcare Funders (BHF), the Health Funders Association

(HFA) and Business Unity South Africa (BUSA), we will continue to make a contribution by carefully working through the bill and actively working with government towards removing inequalities and creating sustainable universal health cover for all South Africans during the three months the bill is open for public debate and comment.

We believe that if the public and private sectors (including providers, members, advisers, regulators and funders) work together, we can create a system that provides quality healthcare for all South Africans.





Leading providers of cell captive business and alternative risk solutions

What we needed to reset	Progress	What we needed to grow	Progress
Reprice loss-making schemes		Increase underwriting revenue	
		Bolt-on transactions	
		Linked investment products – June 2019	
		Open architecture insurance platform	

Assets of approximately
R22.5 billion
in 300 cell captives

Guardrisk General Insurance generated
R1.9 billion
in gross written premiums for the year ended 30 June 2019

Guardrisk's gross written premium before premium refund for the year ended 30 June 2019 was

R23.2 billion

*Includes all Guardrisk-related and associated business, locally and internationally, and is based on the Statutory EWP account

RESET

RE-PRICE LOSS-MAKING SCHEMES

In order to meet its reset plan, Guardrisk needed to turn around some schemes which previously experienced losses, specifically in the health product range and the municipal business within Guardrisk General Insurance (GGI).

Guardrisk has participated in the municipal market for a number of years and is now a major provider of insurance products to the market. We currently insure over 140 of the country's municipalities. Our aim is to find ways to ensure that our policies are adding value to the municipalities by providing protection for their assets and limiting down time, to avoid delays in service delivery. Through engagement with the municipalities, via their brokers, we have been able to implement the changes required to underwrite this business on a more sustainable basis.

GROW

INCREASE UNDERWRITING REVENUE

This has been achieved as Guardrisk has substantially increased its underwriting revenue

in comparison to the previous financial year. The biggest development in the Guardrisk business during the year under review was the expansion of our offering in traditional insurance underwriting in the specialist corporate and large commercial markets with GGI, which was formally launched to the market in March 2019. Having previously specialised in assisting clients to self-insure through cell captive solutions and earning most of our income from fees and investment income, we are now increasingly underwriting certain risks and accepting underwriting risk for our own account. GGI will operate as a niche business-to-business insurer offering products through Guardrisk's extensive broker network. Building on the healthy premium base Guardrisk already had through its Guardrisk Allied Products and Services business, GGI has generated approximately R1.9 billion in gross premiums for the year ended 30 June 2019.

BOLT-ON TRANSACTIONS

Good progress has been made with the bolt-on transactions, specifically in the construction, engineering and guarantees, and marine sectors.

LINKED INVESTMENT PRODUCTS

Using the cell captive model to offer life licence-wrapped investment products

Guardrisk Life's proprietary structures and ability to develop innovative products based on our clients' needs, gives us the competitive advantage of being able to take value-added products to market timeously, which should ensure that we remain a partner of choice in the future. During the year under review, Guardrisk Life selected a few partners with which to offer specific investment products to the market. Most of these products were only launched during the last quarter of the financial year, but premiums earned from these already exceed R1 billion.

OPEN ARCHITECTURE INSURANCE

Insurtech partnership

In the Group's 2018 integrated report we reported on the partnership with Root Insurance, a Fintech start-up. This partnership, which has allowed Guardrisk to roll out an insurance administration platform that opens up new digital distribution channels, has made it possible for Guardrisk clients to rapidly develop and take to market innovative niche demand insurance products. We have already had success with the platform with some of our major affinity clients using the platform in their own businesses to launch new products and expand distribution of their products. It is an exciting opportunity for both Guardrisk and our clients to digitise existing business models and find affordable digital solutions for policyholders requiring niche products.

THE WAY FORWARD

Using our cell captive expertise to achieve economic transformation

Guardrisk is using its cell captive model, which is the ideal enabler for setting up an insurance business of any size, to embrace economic transformation. We can offer the necessary infrastructure requirements of systems, sales, administration, financial processes and reporting within a regulated framework that an insurance business requires. Following the inception of a cell captive, the client is immediately ready to distribute its products to its target markets and grow the business, all the while being guided by the enabling factor of the cell captive model.

Our first client to take up this opportunity is WAY Financial Services (WAYFS), which is a 100% black women-owned business. About a year after meeting up with Guardrisk to present their dream

of becoming the first 100% black women-owned insurance business, WAYFS launched its initiative and went to market with its first offering, Assistance Business funeral products, which offers individual and employee group schemes. More products are in the pipeline.

USING THE CELL CAPTIVE MODEL TO FUND MINING POST-CLOSURE REQUIREMENTS

The finalisation of government's regulatory requirements relating to the rehabilitation of land disturbed by mining activities is long overdue and could have significant financial ramifications for mining companies. To assist mining companies, Guardrisk has structured a solution, which has been accepted by the Department of Mineral Resources (DMR). Using a structured solution housed either in a cell captive or a contingency policy, we are able to provide mine owners with the required full value guarantee. The premium payments are comparable with the payments that the mine would have made to a trust. Guardrisk has already issued guarantees of around R10.5 billion to the DMR. Ideally this solution will allow the matching of the environmental rehabilitation liability against company assets over time. The advance tax ruling obtained from SARS makes the solution as tax efficient as possible, if all conditions are met.

PROVIDING TAILOR-MADE INSURANCE FOR GRAIN FARMERS

To mitigate and reduce the financial risks faced by South African grain farmers, who are vulnerable to the effects of drought and grain price volatility, Guardrisk has partnered with Agnovate to develop a multi-peril yield insurance (MPYI) product. This is a new generation crop insurance product based on state-of-the art technology. MPYI calculates insurance rates according to the historical yield performance of a predefined production area, which considers similar soil and climate in one geographical area. Claims are based on the weighted average of yield shortfall determined across the production area and clients pre-agree to absorb a percentage of the total financial loss themselves. Following a successful 2018/2019 pilot season, the product launched in August 2019.








The number of new, innovative and diverse initiatives we have initiated, in equally diverse sectors of the economy, present Guardrisk with several of opportunities for sustainable growth in the year ahead. We look forward to building on these initiatives to contribute to the creation of sustainable value for our stakeholders.

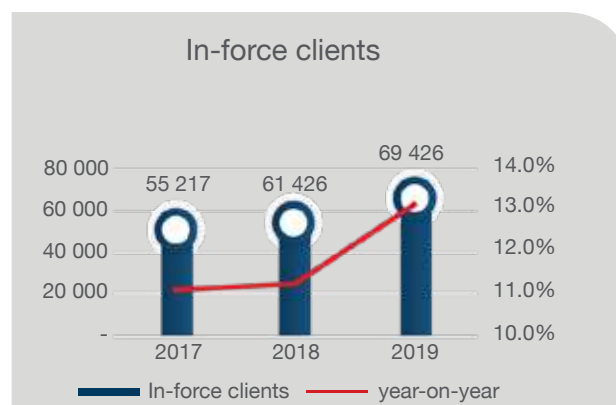
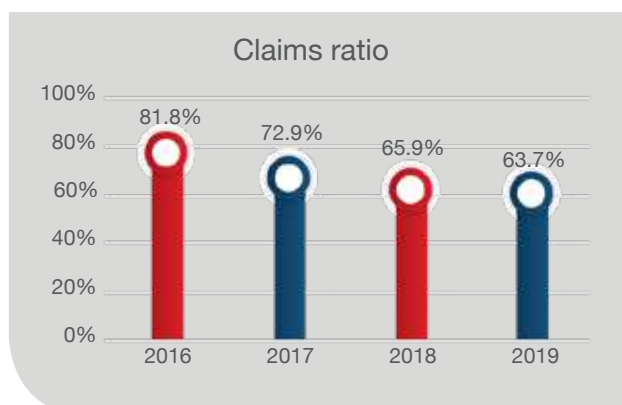
momentum

short-term insurance

An innovative underwriting model providing competitively low premiums based on individual risk profiles

Momentum Short-term Insurance (MSTI) is Momentum Metropolitan's product provider in the South African retail short-term insurance market. We provide personal and commercial short-term insurance solutions, distributed through Momentum's financial adviser network (both tied agents and independent advisers) and direct to consumer marketing campaigns. In the middle, upper and high net worth market segment, MSTI's value proposition is centred around promoting safety as a key differentiator. This is articulated through MSTI's innovative Safety Score and Safe Dayz benefits for clients as well as several mobile app and online self-service features.

What we needed to reset	Progress	What we needed to grow	Progress
Full value chain responsibility	 Done	Grow client base	 Good progress
SA focus only	 Done	Improve claims ratio	 Good progress
Exit unprofitable portfolios	 Good progress	Enhance client value proposition	 Good progress
Enhance pricing and underwriting capability	 Done		



RESET

MSTI, having begun resetting its business a year ahead of the rest of Momentum Metropolitan, has successfully completed most of the elements of its Reset plan. We are operating as a full value chain business with management control over all our key capabilities driving profitability and growth.

We have exited and repriced all unprofitable portfolios, such as business received via brokers focusing predominantly on new business generated via motor dealerships. We now only focus on South Africa with one exception, which is Tanzania where we continue to provide a system solution for short-term insurance products.

GROW

GROWING OUR CLIENT BASE

The MSTI business has continued to grow aggressively in a tough economic environment with gross written premium growth of 18%, supported by improved client retention. Our gross new business annual premium income in commercial lines increased more than 30% year-on-year. This was as a result of growth across all our distribution channels and improved price competitiveness.

IMPROVING OUR CLAIMS RATIO

Our claims ratio, which is one of the key drivers of our profitability, continues to improve (see graph on page 71). This is as a result of ongoing investment into our risk selection, pricing and underwriting capabilities. We implemented significant improvements in our new business pricing models, policy renewal capabilities and fraud management processes. The improvement is slightly lower than the previous year due to the accumulation of weather-related claims in the last quarter, which negatively affected the year under review. It is becoming clear that a vast improvement in future would be more difficult than previously due to the book being fairly clean of obvious unprofitable cohorts and the price competitiveness in the market being fairly high.

ENHANCING OUR CUSTOMER VALUE PROPOSITION

During the year under review we continued to focus on enhancing our client value proposition, with a particular focus on safety and convenience.

Ease of use and convenience

MSTI launched an online quote platform on momentum.co.za in June 2019, which has created an easy to use and convenient additional channel where clients can obtain a quote. We will be expanding this facility to our intermediaries in the second half of F2020.

The increased use of our self-service channels by both clients and intermediaries, both online and on our app, resulted in approximately 70% of all qualifying transactions being serviced digitally.

Our efforts to increase the convenience of making a claim for our clients include providing digital solutions on the Momentum app and website for the reporting of various types of claims.

During the year under review the number of windscreen claims we processed via our website and app increased by more than 20%. On average when our clients used our digital offering to make their windscreen claims they were contacted by their service provider to arrange for a windscreen replacement within two minutes of making the claim.

Rewarding safe behaviour



Our Safe Dayz telematics product, which is offered in conjunction with Momentum Multiply, is driving better client engagement, improving persistency and claims experience. The full MSTI/Multiply Safety product offers clients up to 30% back in cash every year of their premiums, even if they claim.

There has been strong growth in both MSTI and Momentum Multiply clients using Safe Dayz to measure their safety on the road, resulting in a 50% increase year-on-year in MSTI clients taking up the full MSTI/Multiply Safety offering. During the year under review we paid clients nearly R7.5 million in bonuses as a reward for safe behaviour and a good claims experience.

We recorded approximately 45 000 journeys per day during F2019, and since Safe Dayz was launched in November 2017 we have recorded 27.3 million journeys, covering a total distance of 396 000 000 km and 8.6 million hours of driving.

MEETING OUR CLIENTS' EXPECTATIONS

Our promise to our clients is one of affordability, convenience, being there when they need us most and understanding their needs. The results of the Consulta South African Customer Satisfaction Index (SAcsi) for short-term insurance indicate that we are meeting our promise to our clients, as MSTI featured prominently as one of the top three insurers currently meeting client expectations. MSTI was also nominated as a finalist in the 2018 Financial Intermediaries Association of Southern Africa awards in the Short-Term Insurer of the Year – Personal Lines category.

THE WAY FORWARD

In the year ahead we will continue to focus our efforts on ensuring MSTI becomes a sustainably profitable business. Critical to our success will be to grow our client base further. We have exciting plans in place to enhance our key differentiator, namely our safety value proposition, both on the road and at home. We believe that these changes will create more tangible value for clients and if, combined with the excellent client service with which we are synonymous, will result in more clients choosing us and our existing clients staying longer.

As part of our medium-term growth strategy, we also intend to place more emphasis on our commercial offering (focusing on the SMME market) in the year ahead.

Lastly, from a convenience perspective, both clients and financial advisers can look forward to positive changes as we continue to drive our digital strategy by offering more self-service functionality and an improved experience.

Alexander Forbes Short-term Insurance (AFI) business acquisition

Our acquisition of AFI, which is subject to regulatory approval, will fast track the growth of our short-term insurance interests, position Momentum Metropolitan as a significant player in the short-term insurance market and facilitate the achievement of our Grow strategy.

Our focus in the year ahead will be on fulfilling the conditions precedent, specifically ensuring approval from the Prudential Authority and Competition authorities, which is progressing well. We hope to have concluded this process by the latest in the first quarter of 2020.

Momentum Metropolitan's experience in integrating a short-term insurance business into the Group positions it well for its planned integration of MSTI and AFI into an integrated unit trading under the Momentum brand. In anticipation of obtaining regulatory approval for the acquisition, we are planning for the migration and integration of AFI into our short-term insurance business. Once we have regulatory approval for the transaction and can begin the integration process, our key focus will be on minimising the risk of losing AFI clients and key AFI employees. To achieve this we will be engaging with AFI clients and the AFI team and supporting the process with a detailed change and communication plan.



Momentum Metropolitan Africa

Momentum Metropolitan Africa had operations in over 11 countries outside South Africa, providing life insurance, short-term insurance, health, asset management and pension administration. The countries included Botswana, Ghana, Kenya, Lesotho, Namibia, Nigeria, eSwatini, Mauritius, Mozambique, Tanzania and Zambia.

R4.69 billion

gross written premiums for Life, Health and Short-term Insurance

> 600 000

retail policies

> 838 000

group members

Heritage of

51 years







in Namibia and Lesotho

R4.14 billion

recurring

R0.55 billion

single

What we needed to reset	Progress	How we plan to grow	Progress
Exit selected countries	 Good progress	Strengthen distribution	 Still needs attention
In-country governance and control	 Done	Improve product mix and margins	 Done
Strengthen leadership teams	 Done		
Finalise operating model	 Still needs attention		

Over the past few years Momentum Metropolitan Africa experienced a number of challenges with the performance of some its operations, which compelled us to make some difficult decisions to ensure the sustainability of our business. To this end, in 2017 a decision was taken to rationalise the portfolio through a more condensed Africa portfolio. We identified eSwatini, Mauritius, Mozambique, Tanzania and Zambia as the countries we would exit. At the same time, we resolved to defend our market share in our remaining southern Africa business and deliver shareholder value in our east and west African operations.

During the 2019 financial year, our focus was on the rationalisation of our portfolio and improving our control environment, strengthening our leadership teams and distribution, reviewing the segment's operating model and improving our product mix and margins.

RESET

EXIT SELECTED COUNTRIES

We have made significant progress during the year under review with our exit from eSwatini, Mauritius, Mozambique, Tanzania and Zambia. In February 2019 we announced the sale of the eSwatini business to a consortium consisting of management and Vunani Capital (Telos) and are now awaiting regulatory approvals. We have signed two additional share purchase agreements and have recently received regulatory approval for the sale of our business in Mauritius and all conditions precedent have been met. As we conclude the balance of these transactions a growing focus for our business is on managing the transition of services to the new owners.

IN-COUNTRY GOVERNANCE AND CONTROL

We have made measurable progress towards improving our governance and control environments and increasing in-country ownership of these environments. We initiated a controls

improvement programme to address a number of control gaps we had identified, 84% of which have now been closed. We also delivered a new health system in Lesotho and Botswana that will further improve these countries' control environments, drive efficiencies, reduce costs and enhance our client and employee experience. To ensure that our focus on the control environment continues, we have introduced an audit findings tracker, which we will use to monitor our progress in addressing audit findings as well as the proactive identification of these by management.

STRENGTHEN LEADERSHIP TEAMS

We conducted a leadership profiling exercise aimed at understanding the leadership bench-strength across our operations, with a particular focus on executive leadership both in-country and at the centre. We have successfully concluded the exercise and are now using the outcomes of the exercise to bolster development plans and develop medium-to long-term succession plans.

During the year under review the CEO of our Namibia operation retired and the CEO in Lesotho resigned. Interim CEOs are in place in both countries and we are in the process of finding permanent replacements for both roles.

FINALISE OPERATING MODEL

It has been important for Momentum Metropolitan Africa to define an operating model suitable for the delivery of our strategy, subsequent to the change in the Group's operating model.

While we waited for the Group's operating model to settle our focus for F2019 was to review the in-country organisational structures and evaluate how these will enable delivery of the respective in-country strategies in an efficient and cost-effective manner. Significant progress has been made in Botswana, Ghana and Namibia in this regard.

GROW

STRENGTHEN DISTRIBUTION AND IMPROVE PRODUCT MIX AND MARGINS

Southern Africa and Ghana

A key deliverable we have been able to achieve in the period under review was an improvement in the product offering across our businesses. To name a few we:

- launched a wealth offering and unit trusts in Namibia
- launched Outcomes-based Investment (OBI) in

Namibia, Lesotho and Botswana

- re-priced our voluntary group (VG) offering in Namibia, Lesotho and Botswana
- re-rated our retail savings and risk products in Namibia
- re-priced our retail funeral product (Mmelegi) in Botswana and launched an improved funeral product in Ghana
- launched FNB bancassurance products in Ghana
- improved and simplified the group risk tools for an enhanced intermediary experience

We achieved an improvement in sales relative to F2018, however, much work still has to be done to get our mass retail business to deliver an optimum sales mix and improve productivity.

NIGERIA AND KENYA

Having identified the need to stem losses in Nigeria and Kenya, which were the most significant loss makers in our portfolio in the recent past, we took action during the past two years to turn these businesses around. We decided to focus on corporate business in Nigeria, which benefitted from the regulatory change to minimum pricing for group life, resulting in favourable premium increases relative to F2018. The control environment in the company has also greatly improved.

In Kenya, we cancelled unprofitable short-term insurance business, repriced the book and reduced our exposure to loss-making private motor insurance. We have also revised our group Life pricing and are now exploring opportunities to expand our corporate offering in Kenya. The essence of our strategy in these countries and in the broader portfolio is that of a focus on delivering profitable growth.

COUNTRY UPDATES

NAMIBIA

Key drivers for the business performance have been the product launches and re rates that took place, as well as the improvement in the control environment, which had historically impacted earnings. Retail sales were a challenge for the business in the period under review, while Corporate sales peaked at the beginning of 2019 when we landed two major group life clients.

In F2020, a key focus for the Namibian business will be to successfully implement our Retail Transformation Plan, which seeks to address a variety of challenges faced by this sizeable portion

of the business. A key element of the plan is to improve our distribution capability. This will include reviewing the Sales and Distribution team structure, the adviser remuneration model and the business's expense base. A number of products will be launched during the year and others refreshed to ensure that we remain competitive in the market.

LESOTHO

The year under review was a difficult one for the Lesotho business because of very harsh economic conditions under which we had to operate. Despite these conditions the Retail business received significant single premium inflows, while the Corporate and Health businesses improved steadily on both written premiums and claims experience. Our performance was impacted by the current product mix, which is skewed towards savings products, as well as high fixed sales-related expenses.

During F2020 the Lesotho business will prioritise expense management and bolster its distribution capability. In addition, we will be modernising some of our operating systems to enhance client experience for our Life business clients. Our Health business's venturing into the underserved sector of the market with a low-cost solution.

BOTSWANA

Our Retail business finished the year strongly on the back of re-rating our voluntary group and Mmlegi products during the year, while our Corporate business, and in particular single premiums, remained under significant pressure. Expense management and improved claims experience also contributed to the business' sound performance.

In the year ahead Botswana will focus on implementing a revised organisational structure, which will be aligned to the business' Grow strategy. To bolster distribution capability we will focus on manpower and productivity and enhanced management skills for the Retail business. Our Corporate strategy will focus on profitable SMME business. We have launched a new Health system to improve client experience and drive operational efficiencies. We expect to see the impact of the new system in F2020.

GHANA

We have made significant progress towards achieving our strategic objectives, which are focused on achieving a superior client experience in

order to deliver sustained value. We made progress with key strategic initiatives to reset solutions and systems toward client needs. Additionally, we revised our funeral and employee benefits solutions.

In F2020, our focus will be on bolstering our distribution capability, modernising our Health business's operating system and further digitising our operations. In addition, we will focus on improving our way of working to ensure that we have happy and engaged employees, while we continue to maintain a strong governance and control environment.

KENYA

Key drivers for the improved performance of the business included a focus on better underwriting for short-term and long-term insurance and exiting loss-making business, together with a reduction in management expenses. Focus was also placed on enhancing people practices and improving staff morale, while we enhanced the internal control environment. A key challenge for the business, however, is scale.

In F2020 we will focus on enhancing our client value propositions by delivering innovative solutions with value-added features for our clients. These enhanced client value propositions will also enable us to improve our client experience as we create a client-centric culture and align to the Treating Customers Fairly (TCF) regulatory requirement. We will also modernise our Life business platform as we seek to improve client experience, following the revamp of our general business operating system during the period under review.

NIGERIA

The minimum pricing for group life, a pricing regime implemented in Nigeria to ensure the competitive growth of the insurance industry in an environment where competitors were under-pricing solutions to attract clients, was largely complied with by the market, resulting in favourable premium increases relative to F2018. Furthermore, the control environment within the company has greatly improved.

During F2020, the business will be focused on enhancing its distribution capability, implementing revised client value propositions in order to remain competitive, optimising the capital base in order to align and ensure compliance with the new minimum capital base requirement effective 30 June 2020.

NEW INITIATIVES

INDIA HEALTH INSURANCE JOINT VENTURE

Aditya Birla Health Insurance Limited (ABHI), founded in 2016, is a joint venture between Momentum Metropolitan and Aditya Birla Capital, the financial services arm of Aditya Birla Group, a multinational Indian conglomerate operating in 35 countries with more than 120 000 employees worldwide and with interests in fashion, textiles, metals, cement, telecoms and financial services. Momentum Metropolitan has a 49% shareholding in ABHI.

ABHI, which is enjoying strong growth, has a presence through 59 branches in 41 cities in India, with a health provider network spanning over 5 800 hospitals in 800 cities. At the end of March approximately 2.3 million lives were covered by one or more of the ABHI product offerings, a 130% increase year-on-year. While stand-alone health insurers like ABHI are relative newcomers to the Indian insurance industry, growth from this market segment is outpacing general industry growth.

The venture is progressing in accordance with its business plan and is expected to achieve the scale that will allow it to achieve profitability over the next few years.

AFRICAN MOBILE INSURANCE JOINT VENTURE



aYo is Momentum Metropolitan's mobile insurance joint venture with MTN, in which we have a 50% shareholding. Its products, which are designed for the lower-income segment of mobile phone users, focus on digitally-enabled, high volume, low value transactions offering flexible payment and cover options. By year-end approximately four million clients had signed on to aYo's mobile insurance offerings. Currently, aYo has operations in Ghana and Uganda, with plans to launch in Zambia. There are further plans for it to expand into four more African countries in the medium term. The rollout of aYo to additional markets should help it achieve the necessary scale.

INVESTMENT IN VENTURE CAPITAL FUNDS



Momentum Metropolitan's Exponential Ventures has invested in two venture capital funds, the 4Di Exponential Technology and Anthemis Exponential Venture funds. These venture capital funds focus

on Fintech, Insurtech and Healthtech start-up enterprises. They are currently invested in 21 different ventures across Africa, Europe, the UK and the United States.

The 4Di Exponential Technology local rand-denominated fund is viewed as a strategic investment by Momentum Metropolitan, from which it expects to earn adequate returns. It has served as the initial trigger for a number of Momentum Metropolitan technological initiatives and ongoing engagements between our business units and other start-ups to explore the commercial viability of projects.

Our investment in the UK-based euro-denominated Anthemis fund is a financial one, however, it does provide us with a gateway to commercial interaction with the fund's underlying investments, as well as deep insight into the newest industry trends.

Over the next 12 months a number of entities underlying each of the funds are expected to enter further funding rounds, which may affect the valuations of these ventures.

Kimi



Kimi is a technology-enabled health engagement application that Exponential Ventures developed with internal resources. Kimi can create a unique profile for an individual based on his or her heart health, sleeping habits and levels of activity using a mobile device or wearable sensor to take these measurements. Kimi has a number of applications in insurance and wellness.

TaxTim



TaxTim is another Exponential Ventures investment, in which Momentum Metropolitan has a 49% shareholding. TaxTim is an online application that provides taxpayers with real-time assistance as they complete their tax returns. It is available free of charge to Momentum Multiply clients and as a paid for service for others. Momentum Multiply clients who make use of TaxTim earn Multiply points and if they wish, they can share their tax score with their advisers, enabling an improved analysis of their financial needs. In addition to its Momentum Multiply clients, TaxTim has a substantial diversified client base.



HUMAN CAPITAL



Our human capital is made up of our people's competencies, capabilities and experience, their motivation to innovate, and their commitment to creating value for all our stakeholders by enabling businesses and people from all walks of life to achieve their financial goals and life aspirations by achieving the objectives of our Reset and Grow strategy and applying the values that define the way we work (see page 8).

At Momentum Metropolitan we realise that there is power in the possibility of what can be achieved when we put our minds to it, so we strive to create a place where people love to work and where people feel at home. We believe that people are the pulse of our business and that human capital is a critical enabler of our Reset and Grow strategy and creating value for all our stakeholders.

The Momentum Metropolitan Group had

13 002

employees in South Africa at 30 June 2019 and

2 883

employees in its African operations

to perform to their potential. These include the My Edusaver Education Tax Benefit Solution, which has had a material impact on those who make use of it, as have our discounted employee offerings on Momentum Multiply, Admed Gap Cover, Wills, TaxTim, Hello Doctor, our employee assistance programme and financial and physical wellness offerings. We amended our leave categories to be to be more robust in terms of providing parental leave in terms of the right to 'parental leave', 'adoption leave' and 'commissioning parental leave'.

Various initiatives have also been implemented to empower employees to engage with us as an employer and contribute towards making Momentum Metropolitan a great place to work.

We believe that it is the care we show to our employees that distinguishes us as an employer of choice and makes Momentum Metropolitan a great place to work.

OUR EMPLOYEE EXPERIENCE AND CULTURE

On the back of our values of accountability, integrity, teamwork, diversity, innovation and excellence we are striving to build a growth-focused performance culture that both enables and powers our Reset and Grow strategy. By putting accountability back into the business we are empowering individuals to take ownership of end-to-end businesses and drive the specific cultures and behaviours that will make each business successful, while still supporting the common purpose of our collective DNA.

OUR EMPLOYEE VALUE PROPOSITION

From a Group perspective, to enhance our employee value proposition we have introduced solutions that save our employees time or money or provide them with added resources to enable them

EMPLOYMENT EQUITY

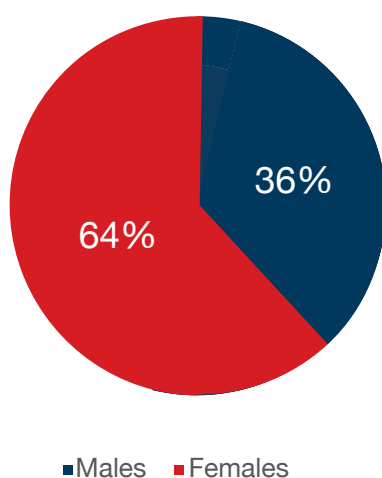
At Momentum Metropolitan we recognise that there is power in diversity and as such strive to build a culture of inclusivity that empowers individuals from all walks of life to call Momentum Metropolitan their home.

We have made good progress with the overall transformation of our workforce as can be seen in the graphs below. We are proud that female black South Africans make up 49% of our workforce and 81% of our junior managers are black South Africans. There is still work to be done at both senior management (38% black South Africans) and middle managers (41% Black South Africans) but we are committed to the transformation of both of these areas going forward.

- **38%** of our South African senior managers are black
- **41%** of our South African middle managers are black
- **81%** of our South African junior managers are black
- **49%** of the members of our South African workforce are black females

help the unemployed to increase their employability, we offer a range of learning interventions to talented youth needing to acquire work relevant skills. Some of the interventions we use within our Group to close the skills gap are learnerships, internships, bursaries and short programmes. Our social investment programme is also aimed at reducing the number of young people not in employment, education or training (see page 93 of the social and relationship capital section).

Gender breakdown of South African employees

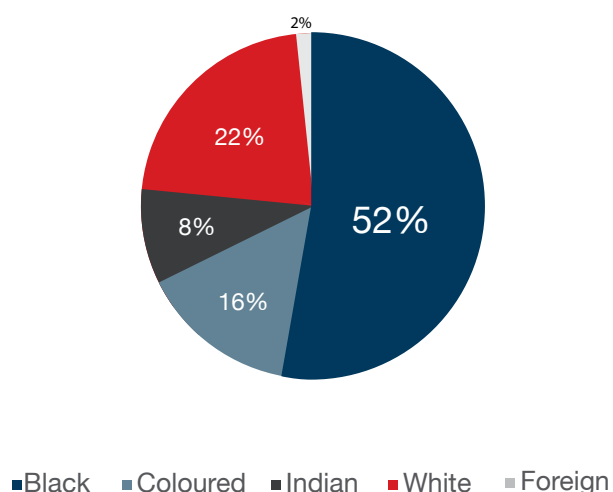


The Momentum Metropolitan Learning and Development team has a key role to play in providing a learning and development function that supports the Group's business units in achieving their Reset and Grow strategies. During the year under review this included a development programme, the first of its kind both globally and locally, which developed key managers in partnership with Duke Corporate Education and Rhodes University, offering an accredited qualification while delivering an immersive learning experience:

Programme participants:

- 53 first line managers – Junior Management Programme
- 48 middle managers – Middle Management Programme
- 23 senior managers – Senior Management Programme.

Racial breakdown of South African employees



We also rolled out interactive and engaging compliance training for POPIA, our clean desk policy and the first chapters of the FIC amendment Act to encourage uptake and completion.

We have moved the Group from a skills score of 6.3 to 12.9 significantly contributing to the level 1 B-BBEE scorecard.

ADDRESSING THE WORLD DATA SKILLS SHORTAGE

During F2019 we invested in upskilling over 120 people, the majority of whom were female by providing them with training in data science, metadata management, and data quality. Our Group Data Management team provided most of the training. The 42 people who were trained in data quality training had no previous exposure to working with data.

LEARNING AND DEVELOPMENT

Momentum Metropolitan's commitment to developing its people includes the Group's investment of R52 million (F2018: R42 million) during the year under review in skills development. In addition, as part of our support of the B-BBEE and Financial Sector Codes and our commitment to

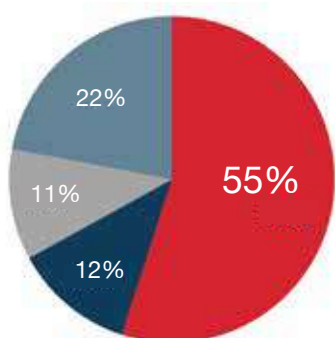
MAKING A DIFFERENCE

Our efforts earned Momentum Metropolitan the South African award for offering best in class learnership and internship programmes in the insurance industry. Through the rollout of these programmes, we have been able to strengthen the Group's talent pool while at the same time helping to contribute to the transformation of South Africa. To improve the employability of people with disabilities by giving them the opportunity to gain experience and qualifications, we were able to place 18 disabled black people on learnerships and internships with Momentum Metropolitan during the year under review. We have a 110 employees with disabilities.

Momentum Metropolitan also contributes to the SAICA Thuthuka programme which provides financial aid to young black learners wishing to become chartered accountants.

59% of the people who benefitted from our investment in learning and development were female.

Racial breakdown of learning and development beneficiaries



■ Black ■ Coloured ■ Indian ■ White

- 178 previously unemployed people were placed on internships and learnerships in the Group during F2019
- 20 of these were people living with a disability
- 77 learners are studying for Long-Term Insurance Certificate NQF L4
- 57 learners are studying for Short-Term Insurance Certificate NQF L4

KEEPING OUR PEOPLE SAFE

Momentum Metropolitan complies with the Occupational Health and Safety (OHS) Act 85 of 1993 and its regulations, as well as the Compensation for Occupational Injuries and Diseases Act 130 of 1993. Health and safety is governed by the Group's health and safety policy, in which emergency procedures, employer and employees' rights and responsibilities, as well as all OHS-related roles are clearly defined.

Our employees, who volunteer or are nominated for the various OHS positions in the company, are appointed and trained to perform key OHS functions. During the year under review over 200 OHS officials were trained and we made good progress with ensuring that our offices and branches are compliant with the OHS Act and its regulations

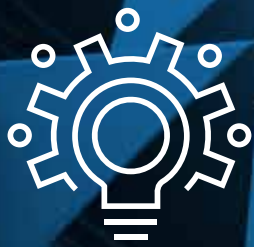
HUMAN CAPITAL GOES MOBILE

The Human Capital Enablement team is constantly improving the digital experience of our employees as it relates to human capital services and solutions. Through the HC Mobi platform all our South African employees have access to our human capital services on their mobile phones, regardless of their location. The team has also built various innovative solutions that help us better understand our structures through PeopleConnect, and gain insights into our talent and trends related to our workforce through people analytics.

In line with our decentralised operating model each business unit needs to define and enable the culture and people practices that will allow them to win in the market.

BUILDING HIGH PERFORMANCE CULTURES IN OUR BUSINESS UNITS

F2019 has seen various business unit specific programmes being implemented and has yielded wonderful results to enable each business to win in their chosen markets. Aligned to a common group DNA, these initiatives are important to ensure that each business is able to define and drive the culture required for them to grow.



INTELLECTUAL CAPITAL

INTELLECTUAL CAPITAL

Our intellectual capital is a key driver of our sustainable growth. It includes our organisational knowledge, culture, governance and leadership structures. It includes our policies and processes, approach to remuneration, corporate governance, risk and sustainability management. It also includes our ability to innovate and the systems and technology that support our ability to deliver on our business strategy and our all-important relationships.

INFORMATION TECHNOLOGY

OUR STRATEGIC TECHNOLOGY PRIORITIES FOR F2020

Two of our three strategic priorities for F2020 are increasing the digitalisation of our business through digital initiatives that will enable growth and modernise our IT architecture, moving our health solutions onto a single platform and completing the migration of Metropolitan Retail onto new channel technology with a new digital front end.

COMPLIANCE PROJECTS UNDER WAY

There are currently a number of projects under way to ensure the various business units of Momentum Metropolitan meet their legislative and compliance commitments.

The new requirements of the Financial Intelligence Centre Amendment Act 1 of 2017, which were implemented on 2 April 2019, impacted all our Momentum Life products and had a significant impact on business processes where products were previously exempt (Myriad funeral policy) or partially (Investo) exempt under the legislation. Business processes most impacted by the changes were new business, service and claims processes. The changes impacted intermediaries who needed to address additional documentation requirements.

MANAGING CYBER RISK

The management of cyber risk is of critical importance to Momentum Metropolitan. In order to effectively manage this risk and to provide oversight to its governance structures the Group has intensified its focus on cyber and information security by making several key appointments.

PRODUCT INNOVATION

We are passionate about using forward-thinking new technology and ideas to create exceptional value for our clients, our shareholders and society as a whole.

BUILDING ON OUR WORLD-LEADING EXPERTISE

Guardrisk, a world leader in cell captive insurance, has found an innovative way of using its expertise in this area to facilitate economic transformation by using the cell captive model to set up an insurance business (see page 69 and 70 of the productive capital section of this report for more information on this solution).

Increasing speed to market: Root Insurance

In partnership with Root, a Fintech start-up, Guardrisk has developed an Insurtech solution, which allows its clients to digitise their existing business models. This has the potential to rapidly develop affordable niche insurance products that could disrupt the market and expand distribution of their products (see page 70 of the productive capital section of this report for more information on this solution).

Also in partnership with Root, Guardrisk extended its on-demand CarSure product to include a WhatsApp chatbot offering, providing excess buy down cover to protect against often astronomically high excess payments for car rental. This product, which is believed to be South Africa's first non-life insurance WhatsApp chatbot, takes the CarSure commitment to quick and easy access to products a step further.

New Generation Crop Insurance

Guardrisk's new generation crop insurance product, multi-peril yield insurance, uses state-of-the-art technology to reduce the financial risks faced by



South Africa's grain farmers (see page 70 of the productive capital section of this report for more information on this solution).

DESIGNING TOOLS TO INCREASE THE EASE OF DOING BUSINESS

To support the predictability our Outcomes-based Investment (OBI) product and increase the ease of doing business for advisers, Momentum Investments has developed a suite of digital tools, which include the OBI score, analysis tools and income tools, which enable advisers to select the appropriate portfolio of solutions for clients needing to draw an income.

ENCOURAGING OUR CLIENTS TO SAVE

By introducing Multiply Money, an innovative digital transactional banking account with a saving wallet into which cashbacks and payouts are automatically deposited, Momentum Multiply hopes to encourage its clients to develop a savings habit (see page 56 of the productive capital section of this report).

SMART DIGITAL CLIENT JOURNEYS

Momentum Corporate has a long legacy of delivering innovative digital solutions. Our **FundsAtWork** umbrella fund portal for our corporate clients remains ahead of its peers.

Digital member level engagement in the South African employee benefits context needs to take into account the current realities of our membership base and their financial needs, as well as solve for more frequent, real-time and client-friendly experiences.

Our digital strategy currently focuses on mobile channels. We are building interactive app-like facilities that are available via mobile phones and through unstructured supplementary service data (USSD), i.e. everything is mobile compatible. We have created layers of financial education through our digital solutions to cater for different target audiences with different levels of financial education. The layered information we provide helps our clients understand the impact of financial decisions on their future,

Our digital solutions are also an enabler of policy protection rules (PPR), moving it beyond compliance to putting the client at the centre of everything we do. Through our digital client journeys we have helped our clients in the following way:

- **Smart Exits:** We have inspired our clients to understand the importance (and tax implications) of preserving assets, resulting in significantly improved preservation rates (more than double).
- **Smart Retirements:** We are helping solve the advice gap for the lower income/mass market through access to our benefit counselling services as part of our digital service.
- **Smart Underwriting:** What used to take up to three months can now take less than 10 minutes and just a couple of clicks. We now have immediate access to the member at the time that the cover is due to increase and can provide education around the benefits and member lifestyle choices and the implication of the medical underwriting in simple language.
- Other smart initiatives include work being done at the onboarding stage of a client's journey through mobile technology including USSD, which helps guide them on their successful journey to financial success from the start of our relationship.

CORPORATE GOVERNANCE



INFORMATION AND TECHNOLOGY GOVERNANCE

Board level responsibility	Board has delegated responsibility for IT governance to the Risk, Capital and Compliance Committee
Executive responsibility for the implementation of effective governance practices	Chief Operating Officer supported by Chief Technology Officer
Executive oversight structures	IT Exco and Architecture Exco Business unit CIOs are all members of the IT Exco
Group IT responsibilities	Shared services responsible for consolidating of data across the Group and providing certain on-demand services Infrastructure and Operations: responsible for Group IT infrastructure and procuring software in consultation with business unit IT teams
Business unit IT resources	Chief Information Officer (CIO) and IT team in each business unit

The Board of Momentum Metropolitan has assumed responsibility for the governance of technology and information in the Group and the strategy and operation of Information and Technology (IT) within Momentum Metropolitan are subject to Board level oversight. The Board has delegated responsibility for IT governance to the Risk, Capital and Compliance Committee. This includes ensuring our IT governance results in the integration of people, technologies, information and processes across the Group and the leveraging of information to sustain and enhance our intellectual capital. The status of IT in the Group is reviewed by the Risk, Capital and Compliance Committee every quarter, which provides oversight in a number of key areas including IT strategy, key projects, IT operations, security, resilience and risk management.

THE CONTRIBUTION RISK GOVERNANCE AND COMBINED ASSURANCE MAKES TO OUR ABILITY TO CREATE VALUE

Our Board is responsible for the governance of risk and capital management in Momentum Metropolitan. It sets the direction for how we approach and address risk and capital management, and mandates the Board Risk, Capital and Compliance Committee to exercise ongoing oversight of risk, capital and compliance management. This section sets out the outcome of this oversight.

The purpose and scope of our risk strategy, which is subject to approval by the Risk, Capital and Compliance Committee acting on behalf of the Board, is to guide the way in which the Group assumes risk through the qualitative expression of its appetite for exposure to the different types and sources of risk. It also provide a high-level perspective on both types of risk and the types of business in which the Group is willing to participate.

The Board's Risk, Capital and Compliance Committee is accountable for addressing and managing the risk related to ensuring data privacy and cyber security in the Group. The Group's Chief Operating Officer is the business representative on the committee for data privacy and data and cyber security. The Chief Risk Officer provides guidance and input regarding the appropriate risk management.

¹² **COMBINED ASSURANCE**

The Board provides leadership, direction and oversight of the strategy, design, development and operation of assurance structures, processes and activities. Momentum Metropolitan established combined assurance to enable integrated thinking and integrated reporting of all assurance activities across the business. Integrated planning and reporting optimises assurance activities allowing for:

- wider coverage of risks in the business
- taking into consideration the Group's risk appetite with a more specific focus by the relevant assurance providers
- collaboration of assurance effort.

The Momentum Metropolitan Combined Assurance framework, which is approved by the Audit

¹¹ Committee, includes among others:

- stakeholder inclusivity in planning and executing of assurance services across the Group
- combined planning and sequencing of assurance work by the various service providers to avoid duplication of effort and to maximise assurance cover
- effective reporting of assurance planning and progress.

F2019 COMBINED ASSURANCE ACTIVITY REPORT

The following key activities were performed during F2019:

- the combined assurance forum operating model was aligned with the new Momentum Metropolitan Group operating model and the alignment proposals were approved by the Audit Committee
- a high level assessment of the maturity level of the combined assurance processes within the Momentum Metropolitan Group entities was conducted by Group Internal Audit as part of the combined assurance programme improvement process
- the Combined Assurance Forums annual work plans were also aligned to those of the Audit Committee, which ensures the combined assurance framework is applied in a way that supports oversight duties of the Audit Committee
- The various business unit forums assessed the assurance progress and results of the combined assurance work undertaken during the financial year and also approved their F2020 combined assurance plans.

High-level responsibilities and how they link to the internal control framework

	Role	Responsibilities
Board and its sub committees	<ul style="list-style-type: none"> • Leadership, direction and oversight of the strategy, design, development and operation of assurance structures, processes and activities 	<ul style="list-style-type: none"> • Leadership • Direction • Oversight
Audit Committee	<ul style="list-style-type: none"> • Assists the Board in executing of its fiduciary duties regarding assurance, providing leadership, direction and oversight 	<ul style="list-style-type: none"> • Leadership • Direction • Oversight
Combined Assurance Forums	<ul style="list-style-type: none"> • Assists the Audit Committee with the governance and management of combined assurance processes and activities in the business units 	<ul style="list-style-type: none"> • Risk identification and management • Control self-assessment • Management assurance
Executive Committee	<ul style="list-style-type: none"> • Assists the Combined Assurance Forums and the Audit Committee with the management of combined assurance processes and activities and oversees all combined assurance activities 	<ul style="list-style-type: none"> • Risk identification and management • Control self-assessment • Management assurance
Internal Audit	<ul style="list-style-type: none"> • Formulates and maintains the combined assurance framework • Implements combined assurance in the Group • Reviews effectiveness of assurance processes and standards • Reviews legislative requirements 	<ul style="list-style-type: none"> • Risk assessment • Control assessment • Control assurance
Risk management	<ul style="list-style-type: none"> • Performs risk management responsibilities according to the Momentum Metropolitan ORSA Policy and Framework 	<ul style="list-style-type: none"> • Risk assessment and support • Risk assurance and monitoring
Compliance and Legal Actuarial and Risk type heads	<ul style="list-style-type: none"> • Participates in combined assurance workshops to determine and provide input in assurance activities to be included in the combined assurance plan 	<ul style="list-style-type: none"> • Compliance • Risk assessment and support • Assurance and monitoring
Management, external audit and other internal or external assurance providers	<ul style="list-style-type: none"> • Performs and reports on progress and results of the assurance activities per the assurance plan 	<ul style="list-style-type: none"> • Financial risk identification • Financial control assessment • Financial control assurance

The results of the assurance work:

- informs the accuracy of business unit risk profiles and the need to make any adjustments to the assurance focus
- facilitates the escalation of significant risks and material matters to the Audit Committee and the Board.

F2020 COMBINED ASSURANCE OBJECTIVES

In the year ahead our focus in terms of combined assurance will be on:

- embedding and optimising of the combined assurance process
- enhancing the assurance providers reliance model
- integrating of the newly-appointed external auditors into the Momentum Metropolitan combined assurance process.

APPLYING CORPORATE GOVERNANCE PRINCIPLES TO CREATE SUSTAINABLE VALUE

In the Leadership review section of this report (on page 13) we have addressed Momentum Metropolitan's application of the corporate governance principles that are intended to achieve effective control and legitimacy. In the section that follows, we assess how we have applied our intellectual capital to corporate governance principles in order to:

- address the challenging task of governing ethics in a manner that supports the establishment of an ethical culture
- ensure Momentum Metropolitan is a responsible corporate citizen and is seen to be one
- create sustainable value for our stakeholders

GOVERNING ETHICS IN MOMENTUM METROPOLITAN IN A MANNER THAT SUPPORTS THE ESTABLISHMENT OF AN ETHICAL CULTURE

K²

Challenges with regard to ethics, fraud and corruption, and addressing the threat they pose to the integrity of our business, remain a key focus for the Board and its Social, Ethics and Transformation and Audit committees. Both these committees receive quarterly reports on ethics management and fraud prevention in Momentum Metropolitan.

We communicate with our employees on the importance of complying with our code of ethics and standard of conduct policy, fraud and corruption and conflicts of interest. Whistleblowing facilities and internal reporting facilities are provided throughout our business units in line with the terms of the Protected Disclosures Act 26 of 2000.

As a Group we regularly review our approach to doing business to ensure it is in line within our commitment to being a responsible corporate citizen and doing business ethically.

As part of our governance processes, Internal Audit regularly conducts a group-wide review of ethics and our management of fraud and corruption,

which is presented to the Audit and Social, Ethics and Transformation committees.

We have robust processes in place for the onboarding of suppliers to check for any conflicts of interest or negatives exposures, and suppliers are required to commit to complying with our code of conduct and standard of conduct, fraud and corruption, conflicts of interest and gift policies. We monitor the compliance of both our suppliers and our employees with these policies.

ENSURING MOMENTUM METROPOLITAN IS A RESPONSIBLE CORPORATE CITIZEN AND IS SEEN TO BE ONE

K³

Meeting the obligations and responsibilities we have towards society and the natural environment on which society depends can be challenging, however, we are committed through the application of our values of accountability and integrity to being a responsible corporate citizen. It also includes meeting our responsibility to comply with all laws and regulations that apply to Momentum Metropolitan and our support and application of non-binding codes and standards we choose to apply.

Consumer protection

Addressing our responsibilities in terms of the Protection of Personal Information Act (POPIA)

K¹³

The aim of the POPIA is to ensure that all South African institutions conduct themselves in a responsible manner when collecting, processing, storing and sharing personal information, by holding them accountable should they abuse or compromise personal information in any way. POPIA protects the constitutional right of all South Africans to privacy within South Africa. Momentum Metropolitan has begun implementing it across all its legal entities. To ensure we meet our responsibilities in this regard we have put in place a group-wide programme responsible for its implementation under the sponsorship of our Group Chief Operating Officer.

Our implementation efforts include employee training programmes, data and cyber security, the implementation of relevant policies, and reporting and breach procedures.

APPRECIATING THAT OUR CORE PURPOSE, OUR RISKS AND OPPORTUNITIES, STRATEGY, BUSINESS MODEL, PERFORMANCE AND SUSTAINABLE DEVELOPMENT ARE ALL INSEPARABLE ELEMENTS OF OUR VALUE CREATION PROCESS

Ⓚ⁴

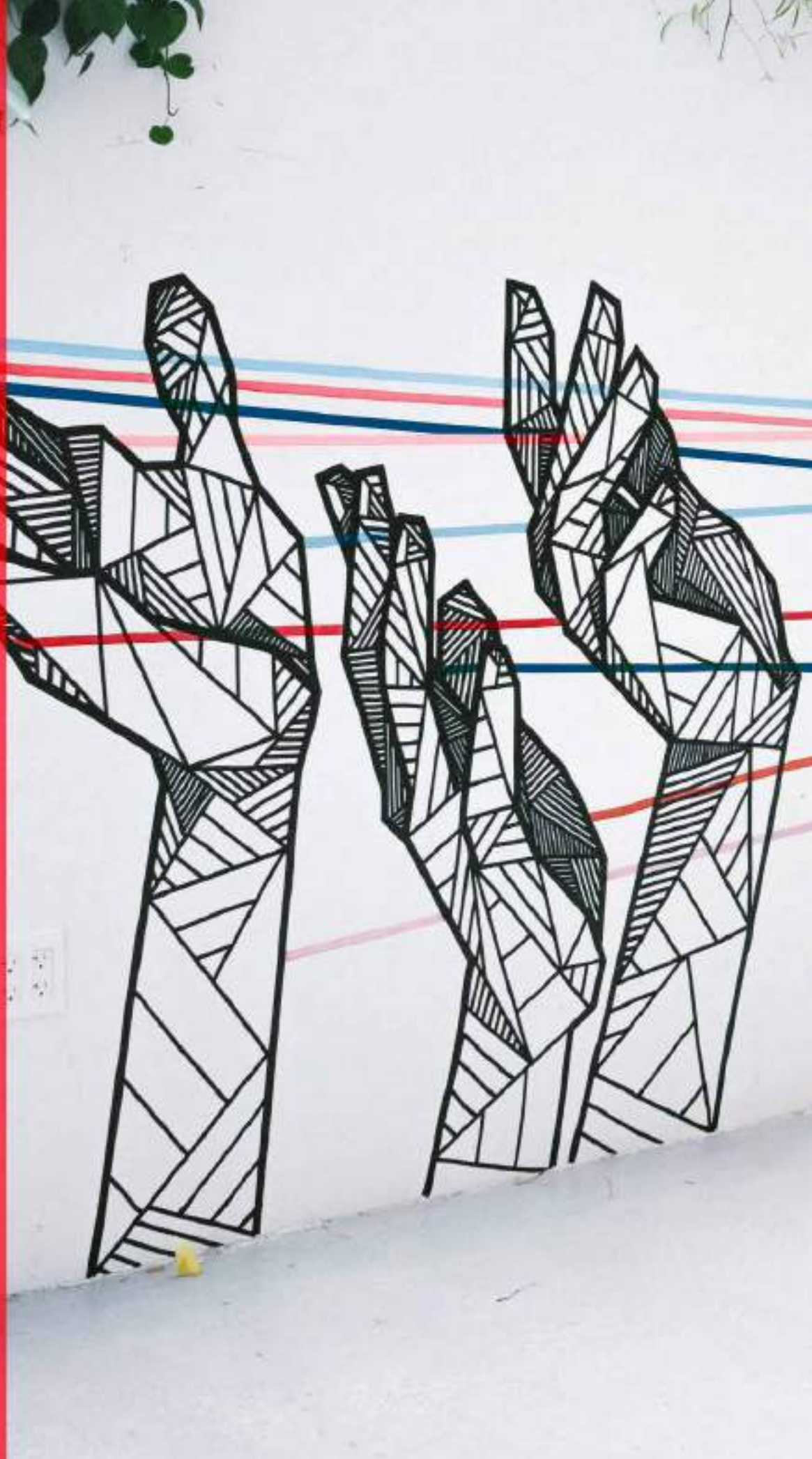
It is our responsibility to not only deliver a good financial performance, but to also make a positive contribution to society and create lasting benefits for our stakeholders by being responsible, transparent and respectful of the rights of all. We recognise that our activities and outputs can have both positive and negative impacts on the triple context economy – environment, social impact and economy – in which we operate and the capitals we employ in our business to create value for our stakeholders by achieving a good performance.

A key component of meeting our responsibilities is our approach to sustainable development. Our contribution to the sustainable development of the communities in which we operate and ensuring we treat our clients fairly are key responsibilities Momentum Metropolitan addresses as a responsible corporate citizen (see the social and relationship capital section of this report on pages 91 to 103 for information on our performance in both these areas).





SOCIAL AND RELATIONSHIP CAPITAL



SOCIAL AND RELATIONSHIP CAPITAL

Our social and relationship capital is about our social licence to operate, the intangibles associated with our brands and our reputation, our key stakeholder relationships and our engagement with our stakeholders

A RESPONSIBLE CORPORATE CITIZEN ^K3



The main focus areas of Momentum Metropolitan's investment in its social capital are aligned with Chapter Three of the South African National Development Plan (NDP): Economy and Employment and the United Nations (UN) Sustainability Development Goal (SDG) 8.3: *Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services and SDG 8.6 by 2020, substantially reduce the proportion of youth not in employment, education or training*

SOCIO-ECONOMIC DEVELOPMENT

In FY2019, we invested R26 790 710 into developing the socio-economic standing of South Africans through our youth focused programmes, financial education and volunteer community support from employees.

In 2018 the Momentum Metropolitan Foundation (The Foundation), mobilised both by the need to urgently address this shocking statistic and its commitment to supporting the NDP and the UN SDGs, concentrated its efforts on making a positive, measurable difference to youth unemployment in South Africa by focusing on the most vulnerable 16 to 25 year-old segment.

This was to be achieved through an aggressive, proactive and creative youth employment strategy that would:

- equip young people to access, maintain and further develop their income-earning opportunities

- develop future potential clients
- develop future talent for both the financial and other sectors of the economy.

We recognise that it will take time to make a meaningful difference to the number of young people not in employment, education or training and that it will take time for our CSI team to develop deep critical insights into this issue and use this insight for greater social and business impact. We have therefore committed to partnership agreements of between three and five years. However, we continually monitor and review the effectiveness of our partnerships.

In the first quarter of 2018, 3.3 million 18 to 24-year-old South Africans were not in employment, education or training. By the first quarter of 2019 this number increased to 3.4 million

SOCIO-ECONOMIC DEVELOPMENT

Our strategic framework and holistic approach attempts to address the social crisis of a jobless generation and to reduce the number of young people not in employment, education or training.

What we will do	Where we will do it	For whom we will do it	How we will do it
<ul style="list-style-type: none"> Invest in the delivery of actual, sustainable jobs or income-generating activities 	<ul style="list-style-type: none"> In South Africa (currently in the provinces of Gauteng, Eastern Cape, KwaZulu-Natal and the Western Cape) We balance where the highest need is with where the skills are available to deliver on our programme 	<ul style="list-style-type: none"> 16 to 25 year-old black disadvantaged youths Matriculants Specific profiling according to programme focus Our gender target is for 50% female participation in our ICT programmes and 40% female participation across all our programmes 	<ul style="list-style-type: none"> Partner with like-minded organisations that can deliver on our strategic objectives

The research the Foundation commissioned to help it understand the complex problem of youth unemployment indicated that in order to achieve our objective we need to adopt a holistic approach to youth development.

Prepare for employment

- Personal grooming
- Interview skills
- CV preparation and job searches
- Career guidance, recruitment and assessment

Qualify for employment

- Skills development (both life and personal skills including financial literacy)
- Technical training and education
- Personal support

Connect to employment and sustained support

- Internships/learnerships
- Permanent jobs or sustainable enterprises
- Career management, coaching and lifelong learning

The Foundation also laid down parameters designed to ensure a focused approach to delivering actual sustainable jobs or income-generating activities for young people:

- projects enabling young people to take their place in the digital economy were to be balanced with vocational skills training that would provide quick access to an income and jobs for vulnerable young people and their families
- training initiatives must address the needs of local industry and entrepreneurship programmes should focus on filling gaps in the market
- to enable young people to sustain the socio-economic gains they make through their participation in our youth employment programmes financial literacy training and money management is to be an integral part of their training
- social innovation and entrepreneurship.

Our impact on youth employment, education or training after one year:

1 371

young people trained in skills that will provide them with access to an income and jobs

629

young people placed in jobs

After a young person obtains his or her first entry level job we continue to provide support that will help them to continue growing and increasing their earnings. Through the information communication technology (ICT) programme young people, by learning programming and coding skills that are in short supply, can earn between R8 000 and 10 000 a month.

RURAL DEVELOPMENT LEARNERSHIPS

Momentum Metropolitan partnered with the Insurance Sector Training Authority (INSETA) in April 2018 to provide the first rural learnerships in the Eastern Cape. Fifteen unemployed youths from the Nkantolo community in the Mbizana municipality were enrolled in a further education and training college to study for a long-term insurance qualification (NQF Level 4 – 140 credits). The learners also had workplace experience as sales advisers in the Metropolitan branches in Mbizana, Mount Frere and Lusikiki. The attendance rate on the programme was 99%, and 93% of the learners completed the programme. The learners received their certificates of completion at a formal graduation ceremony. Five of the learners are already permanently employed.

OUR VOLUNTEER PROGRAMME

Our employee volunteer programme connects the talent in our organisation with community members and organisations that need assistance. Volunteers are encouraged to support the Foundation's youth employment focus, however, in addition they contribute their skills to a variety of charities and advocacies of their choice. Through the Foundation our volunteers have access to resources such as match funding to assist with their volunteering efforts.

Through our online management programme we invite not-for-profit organisations (NPOs) to present us with their business challenges. Our volunteers develop solutions to their challenges and the NPOs select the solutions they believe should be implemented. The Foundation then provides seed funding and support from skilled consultants for their implementation.

In 2016 we established the Lesedi awards, which recognise employees who, through their volunteerism, have worked to improve the lives of those less fortunate in their communities. The awards recognise individuals, teams and business leaders who consistently support their employees' volunteering efforts, and the most consistent payroll givers.



RESPONSIBLE CORPORATE CITIZENSHIP THROUGH RESPONSIBLE INVESTING

K¹⁷ Momentum Metropolitan applies responsible investment practices across all its savings and investments products.

We reaffirmed our long-standing commitment to being a responsible investor when we became one of the first signatories of the United Nations-supported Principles for Responsible Investment (UNPRI). Momentum Metropolitan also supports the Code for Responsible Investing in South Africa (CRISA); participates in the Responsible Investment Committee of the Association of Savings and Investment South Africa (ASISA) and is a member of the International Corporate Governance Network (ICGN), a leading authority on global standards of corporate governance and investor stewardship.

As a signatory to the UNPRI (www.unpri.org) we produce a publicly available annual report that details our integration of environmental, social and governance (ESG) criteria into our investment process to apply sustainable and responsible investment practices. In 2018 we were able to improve on the assessment scores we previously achieved for our PRI report.

MOMENTUM METROPOLITAN UN PRI ASSESSMENT RESULTS

Description	2019	2018
Company strategy and governance	A+	A
Listed equity (manager selection, appointment and monitoring)	A	A
Listed equity (direct incorporation)	A	B
Listed equity (active ownership)	A	B
Fixed income	A	B

OUR GOVERNANCE APPROACH TO RESPONSIBLE INVESTING

The Responsible Investment Committee (RIC), has member representation from across our business, which is responsible for setting policy, and providing oversight of our approach to responsible investment practices.

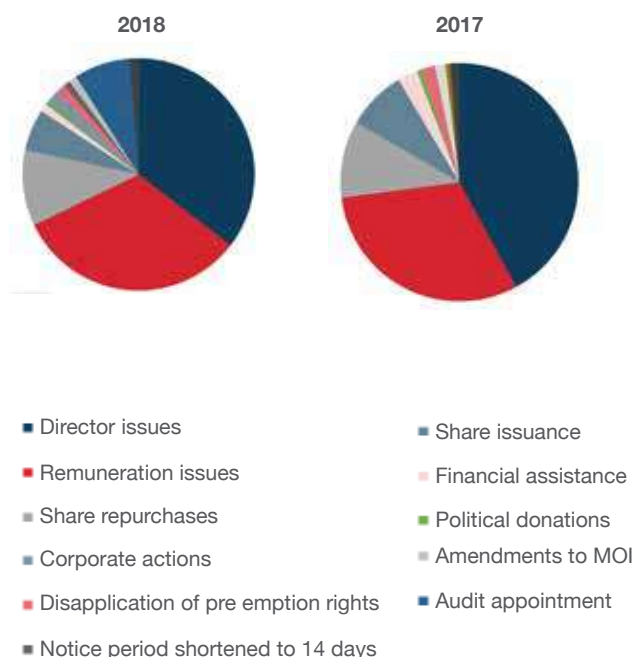
The RIC reports into the Outcomes-based Investment Committee, which in turn reports to the Momentum Investments Executive Committee. Members of the RIC also attend all sub-investment committee meetings to ensure that ESG considerations are taken into account and relevant feedback is provided to the RIC every quarter.

Our responsible investment policy, proxy voting and engagement policy, together with the voting records, are available on the Momentum Metropolitan website. The proxy voting and engagement policy aligned with the Companies Act, UNPRI, King IV™ and other global industry codes. A summary of our proxy voting during the 2018 calendar year is set out below and a detailed history of our proxy voting is available on our website. The only time we abstain from voting is when there is a conflict of interest.

Proxy voting summary for 2018

Number of shareholder meetings	236
Total resolutions	3 779
Abstentions	79
Votes in favour	3 150
Votes against	551

The following graphs depict our reasons for votes against proxy resolutions.



We have set goal posts to help us build our responsible investment approach. We have a list of actions for each of the goal posts depicted below. In order to strengthen our approach to responsible investment initiatives these are reviewed annually.



The investment teams in Momentum Metropolitan, with the support of the Responsible Investment team, engage with the management of listed companies in which they are invested throughout the year to raise and, where possible, resolve any concerns they may have with regard to ESG matters.

While it is our fiduciary duty to follow up on any material ESG concerns we may have, we have adopted a pro-active approach to ESG with the aim of, where possible, managing and mitigating events before they escalate and more materially impact our clients and/or stakeholders.

When we make presentations to our clients we incorporate any material ESG risks or concerns we have regarding their underlying portfolios and discuss the management of these risks with the client.

A RESPONSIBLE INVESTMENT PORTFOLIO

In addition to integrating ESG criteria across our products to help us better assess the future financial performance of companies, we also offer a responsible investment-themed portfolio. We also offer investments in real assets with a positive social and environmental impact. Through our empowerment finance programme we

are deliberately focusing on infrastructure projects that address environmental issues, such as renewal energy projects (see page 98 of this report).

In support of youth in education every year many new students entering tertiary education struggle to appropriate accommodation with the shortage of accommodation approaching 300 000 beds annually. To address this situation, we have committed an investment of R150 million in the Momentum Student Accommodation Impact Fund.

RESPONSIBLE INVESTMENT ADVOCACY

We work together as a collective with other investment managers, and to advocate responsible investment practices we have contributed a case study to the Chartered Financial Analyst (CFA) Institute and the PRI report: *Guidance and Case Studies for ESG Integration: Equities and Fixed Income*. We also participated in an interview for the CFA and PRI report: *ESG Integration in Europe, the Middle East and Africa: Markets, Practices and Data*.

We encourage transparency and disclosure of responsible investment practices across the investment industry, including internal and external investment professionals, service providers and consultants and are promoting information integration across all decision-making.

EMPOWERMENT THROUGH TRANSFORMATION

Transformation is integral to Momentum Metropolitan achieving its purpose of enabling businesses and people from all walks of life to achieve their financial goals and aspirations.

While we still have work to do in transforming our business we are proud of what we have achieved as a Level 1 contributor, which is prepared in terms of the Broad-Based Black Economic Empowerment Act of 2003 as amended by Act 46 of 2013).

Momentum Metropolitan
Level 1 B-BBEE contributor

The FSC commits all its participants to actively promote a transformed, vibrant and globally competitive financial sector that reflects the demographics of South Africa, contributes to the establishment of an equitable society by providing accessible financial services to black people, and by directing investment to targeted sectors of the economy.

In this section of our integrated report we report on our transformation progress in terms of, enterprise and supplier development, preferential procurement and empowerment financing. Our progress with regard to skills development, our internships and learnerships, and employment equity can be found on pages 79 to 81 of the human capital section of this report.



ENTERPRISE AND SUPPLIER DEVELOPMENT (ESD)

Recognising that entrepreneurship is a key driver of economic and socio-economic improvements, our ESD strategy moves beyond compliance to support the development of small and medium-sized enterprises (SMEs). The key elements of our ESD Trust, which is governed by a Board of Trustees, include:

- an enabling platform
- business development
- improving the ability of entrepreneurs to gain access to markets and funding
- assisting with the transformation of the untransformed
- sustainability (beyond survival).

Through our partnership with a 100% youth-owned ESD service provider the Trust invested in an ESD programme for cleaning and security services, with the aim of providing the black-owned SMEs

selected to participate in the programme with the necessary skills to:

- improve their readiness to provide best-in-class services to the market
- grow their businesses into sustainable businesses with the ability to exist beyond the business owner.

Within the 18 months duration of the programme, the six companies created a total of 345 jobs and 40 new clients were obtained. Two of the companies that participated in the programme, Kusile Hygiene and Octavian Group, are 100% black women owned.

The impact of the programme on these businesses

Kusile Hygiene: Established in 2003 as a pest control company it had already diversified and offers a wide range of services including laundry, hygiene, cleaning, indoor office plants, gardening and carpet cleaning. During its participation in the ESD programme

Kusile Hygiene:

- achieved a 47% increase in revenue
- increased its workforce by 32%
- acquired additional businesses that provided it with a bigger scope of work.

Octavian Group had been in business for four years when it participated in the programme. During its participation in the ESD programme

Octavian:

- acquired six new contracts
- increased its workforce from nine employees to 53 (nearly a 500% increase).

To deliver on its strategy by providing access to business skills development training, our ESD Trust invested in business skills development training for transitioning entrepreneurs (fulltime employees transitioning into business owners).

The Momentum Metropolitan ESD Trust invested R50 million in ASISA ESD fund. ASISA ensures that these funds are invested in suppliers operating in the financial services sector.

Octavian Group founder Grace Seleka said of the programme: "My business has not only grown in size but also in structure. We have better systems and processes, which now support this growth, resulting in the improvement of the quality of our service."

Impact of this investment:

- 60 000 hours of SME developmental support provided
- A 29% increasing the average revenue of the SMEs supported by the fund
- 594 SMEs developed
- 3 448 jobs supported
- 985 jobs created
- R190 million in industry procurement from the supported SMEs

This investment proved to be successful with 13 entrepreneurs taking their businesses to the next level and moving from survival towards sustainability.

During the year under review our group-wide efforts to procure from black-owned businesses and businesses empowered in terms of the broad-based principles of the B-BBEE Codes of Good Practice resulted in us meeting the FSC scorecard target of 15.

Group preferential procurement for the period

	% Achieved	Target	% of Target
Total measured procurement spend			
Weighted BEE spend	82.40	75.00	109.86
QSE BEE Spend	13.59	14.00	97.04
EME spend	9.48	8.00	118.48
51% black owned	18.03	20.00	90.15
30% black owned	13.35	9.00	148.38
Designated Group supplier spend	1.78	2.00	88.85
Black Stockbroker spend	41.09	5.00	821.73

EMPOWERMENT FINANCING

The empowerment finance component of the FSC B-BBEE codes requires financial services companies to invest in targeted investments and BEE transaction funding/black business growth funding. Targeted investments include those in education, energy, infrastructure, agricultural development and affordable housing, while BEE transaction/black business growth funding includes the provision of transformation acquisition finance, joint venture investments and funding of the black industrialist programme.

By year-end our investments included:

- R28 billion in targeted investments
- R2.7 billion in BEE transaction funding.

Targeted investments

The targeted investments included investments in South African government and municipal bonds that enabled the government and municipalities

to provide services such as education, water, sanitation and housing, the State-Owned Entities such as Eskom, Transnet and the Trans-Caledon Tunnel Authority, which enabled the development of the inter-government Lesotho Highlands Water Project. We have also invested in the Bombela Concession for the construction of the Gautrain, which alleviated traffic congestion, contributed to rail infrastructure and created jobs.

BEE transaction funding

The BEE transaction funding includes a number of investments that have enabled the transformation of the South Africa economy and provided previously disadvantaged individuals with access to ownership of JSE-listed companies.

RENEWABLE ENERGY INVESTMENTS

In support of the South African government's Integrated Resource Plan and the country's commitment to reducing carbon emissions, Momentum Metropolitan has invested over R1.6 billion in renewable energy power stations (onshore wind and solar photovoltaic).

This investment in renewable energy which is made from the shareholder portfolio will generate sufficient electricity to power around 700 000 South African households and will help South Africa to reduce its carbon emissions.

Momentum Investments has identified the renewable energy sector, in particular solar, wind and hydro projects in South Africa, as a sector with attractive investment opportunities that meet Momentum's return and impact objectives.

Momentum Investments is an equity investor in Umoya, a wind power independent power producer situated in Hopefield on the west coast. The plant was the first Renewable energy independent power producer (REIPPP) wind project to receive Environment Authorisation in South Africa, the first to prove radar compliance with the SA Air Force, the first to achieve rezoning of land to 'Special – Renewable Energy Generation', and was an early player in the interactions with the grid operator to prove grid code compliance and gain support for embedded renewable energy generation.

The facility has contracted capacity of 65.4 MW and commenced commercial operations in February 2014. It has operated stably since commencement and provides clean power to thousands of South African homes. Furthermore, it continues to bring socio-economic benefits to the local communities within which it operates.

CONSUMER EDUCATION

Consumer education, which is the process of transferring knowledge and skills to consumers, future consumers and potential consumers for their individual well-being and the public good as a whole is a key element of our role as a responsible corporate citizen.

Our commitment in terms of consumer education is to:

- improve the financial literacy of young South Africans through our Making Money Matter and Motheo Financial Dialogues
- inclusivity and diversity.

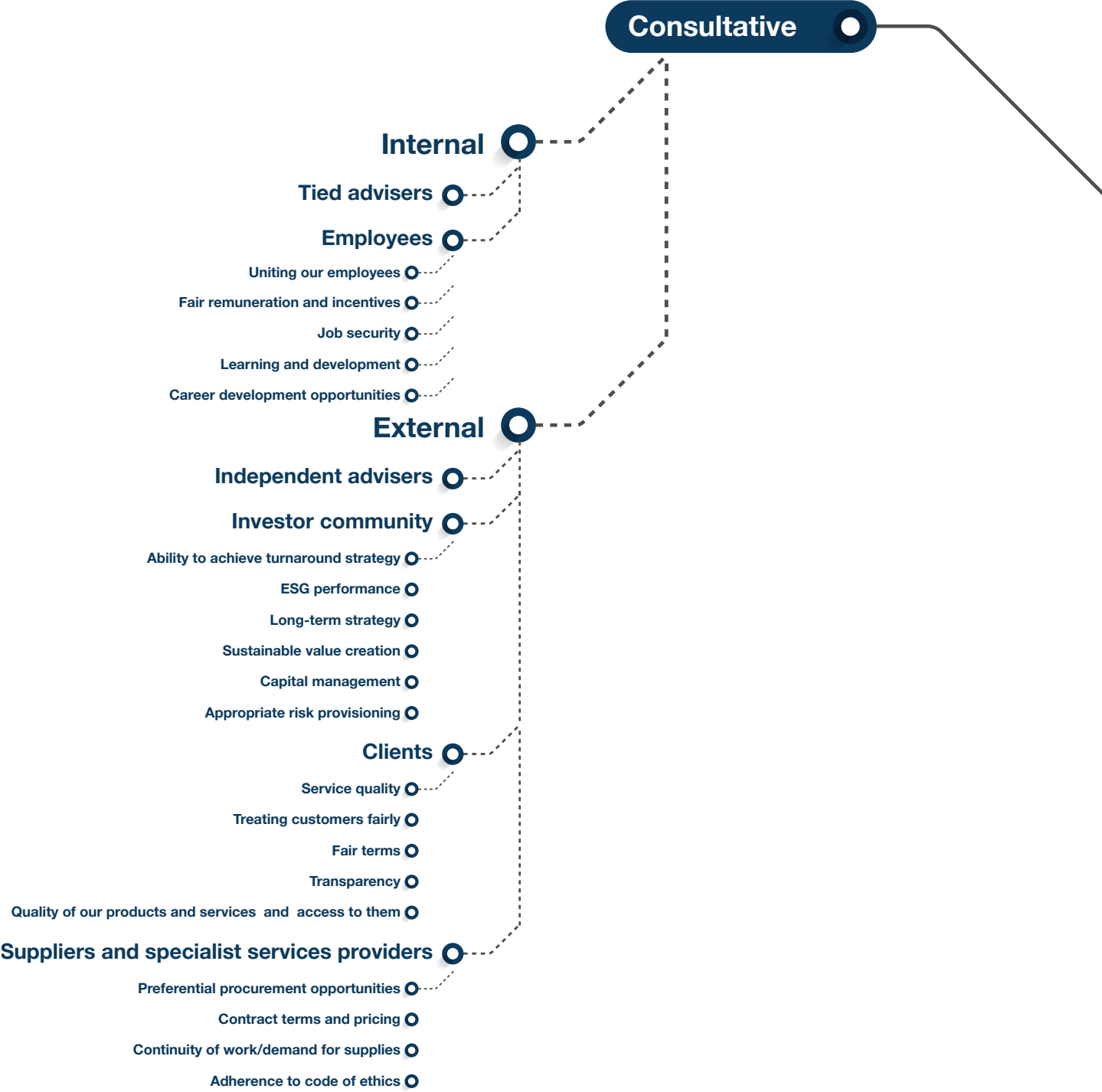
We ensure that 40% of our participants are female, include not-for-profit organisations that support people with disabilities and 25% of our education programmes reach the rural population.

Introducing teenagers to entrepreneurship

The Metropolitan KickStarz programme uses teenagers' love of sneakers to introduce them to the possibilities of becoming an entrepreneur. The programme challenges them to start their own fictional sneaker company and market their own uniquely designed product to their school mates. They also go through several interactive money management lessons, which include learning how to read a bank statement, follow a budget, build a good credit record and stay out of debt. Metropolitan branch and key account managers participate in the programme. In the year under review, we ran 10 KickStarz programmes throughout the country.



THE NATURE OF OUR STAKEHOLDER RELATIONSHIPS





RELATIONSHIP CAPITAL

Our relationship capital is about engaging with the people connected with us in every way possible, receiving their input, listening to them, keeping them informed, respecting and upholding their human rights, acting with integrity and taking action to deliver value to our stakeholders.

Throughout our business we are continually engaging with internal and external stakeholders and it is the relationships we form through this engagement that impact directly and indirectly on our business, its reputation and its ability to create value.

We have learnt that as an industry there is much more we can do to bridge the gap between what clients understand and expect and what the industry delivers and communicates. In general, there is a lack of awareness around industry principles, such as non-disclosure. Because of this realisation, we are connecting with consumers, advisers and media to understand where the gaps are, what the expectations are, and to develop targeted tactics to address these shortfalls.

We invest in understanding our stakeholders' views and needs and recognise that the quality of these relationships determines the continued success of our business and our brands.

TREATING CUSTOMERS FAIRLY

Momentum Metropolitan Group sees its responsibility for treating clients fairly as a key element of its responsibility as a responsible corporate citizen.

The Momentum Metropolitan Treating Customers Fairly (TCF) Framework governs TCF in the Group. The Group's Market Conduct unit is responsible for TCF governance, oversight, implementation and reporting on TCF as documented in the Framework.

To ensure our clients are treated fairly throughout the Group, the Market Conduct unit is responsible for:

- promoting a client-centric culture based on fair practices
- creating awareness and educating our employees and management on the requirements and impact of the TCF regulations
- articulating and managing the TCF plan
- reporting on the progress made with respect to implementing TCF requirements.

The Group regularly conducts independent verifications of each outcome of an incident where a client believes he/she has not been treated fairly and the results are reported to the Fair Practices Committee.

From a product point of view, we are improving by:

- simplifying our communication
- improving the process to ensure better quality of disclosure
- improving the claims experience
- engaging with the Financial Sector Conduct Authority and industry bodies to work together on improving disclosure and rebuilding the trust relationship with consumers.



¹⁶ THE BOARD'S ROLE IN STAKEHOLDER ENGAGEMENT

The Board also identified its role in managing the relationship with investors as a material corporate governance matter, and has delegated responsibility for engaging with investors to the Executive Committee and the Investor Relations team. Momentum Metropolitan recognises the investor community as a strategic stakeholder and is committed to creating sustainable value for our investors by delivering return on their investment. Momentum Metropolitan engages with our existing and potential investors as well as financial analysts to keep them informed regarding our business, operating context, progress on our strategic objectives and financial performance. A range of communication channels are used to share information, including the JSE's Stock Exchange News Service (SENS), the Momentum Metropolitan website, media releases, social media platforms and online investor information exchange platforms. We also host group presentations, conference calls, one-on-one meetings and attend selected investor conferences. Investors can also communicate directly with us, by emailing InvestorRelations@momentummetropolitan.co.za





NATURAL CAPITAL



Our natural capital includes all the renewable and non-renewable environmental resources and processes that provide goods or services that support the past, current or future prosperity of our organisation. The focus of this section of our report is on climate change, emissions and our management of scarce resources, such as water and the recycling of waste.

OUR APPROACH TO ENVIRONMENTAL MANAGEMENT

Momentum Metropolitan's approach to environmental sustainability is governed by our environmental and sustainability policies. We recognise that responsible management of the environment and use of scarce natural resources is key to the sustainability and wellness of our business, clients, employees and communities. We have adopted a precautionary approach to environmental management and comply with all applicable environmental legislation and regulations.

OUR RESPONSE TO CLIMATE CHANGE

While Momentum Metropolitan is classified as having a low environmental impact, we are aware of the risks posed by global climate change and recognise that we have a role to play in

Ⓚ⁴

safeguarding our environment and in particular reducing our carbon footprint. Our voluntary participation in the Carbon Disclosure Project (CDP) since 2014 has helped us better understand our carbon footprint. We initially set ourselves a target of 12% reduction in our carbon emissions from our F2014 baseline by 2020. By December 2017 we had already achieved this target, at which time we set ourselves a new target of achieving a 25% reduction in our carbon emissions by 2030. Each year our carbon footprint is verified by an independent external emissions verifications agency. Our 2018 GHG emissions, which have been consolidated using the operational control approach, are set out below.

Green house gas (GHG) Emissions	2018 Tonnes CO ₂ e	2017 Tonnes CO ₂ e
Scope 1	2 757	1 591
Scope 2 (location- and market-based)	45 745	47 068
Total scopes 1 & 2	48 502	48 659
Category 1: Purchased goods and services (water & paper)	871	159
Category 3: Fuel and energy-related activities	4 595	735
Category 5: Waste generated in operations (landfilled)	61	8 464
Category 6: Business travel (flights and car hire)	9 490	4 264
Scope 3	15 018	13 623
Total Scopes 1, 2 and 3	63 520	62 282
Outside of scopes - fugitive emissions (R-22 gas)	1 292	735

Our climate-related risks are identified and assessed by the Group Sustainability team under the two main categories recommended by the Task Force on Climate-related Financial Disclosures, which are transition risk, which could expose the Group to increased operational costs and reputational damage should we fail to behave as a responsible corporate citizen, and physical risk, which through damage to its assets could expose the Group to increased expenditure. To this end, we ensure that climate change and the mitigation of its impacts are part of our group-wide risk identification and business plan process.

RESPONSIBLE CORPORATE CITIZENSHIP

Momentum Metropolitan is a member of the National Business Initiative (NBI), a voluntary coalition of South African and multinational companies working towards sustainable growth and development in South Africa and the shaping of a sustainable future through responsible business action. In terms of our responsible investment policy the environmental, social and governance (ESG) aspects of investments are taken into consideration when our investment teams make investment decisions. As part of our empowerment finance programme (see page 97 of the social and relationship capital section of this report) we have invested in a number of renewable energy projects. The replacement of electricity from fossil fuel power stations will reduce South Africa's carbon emissions by over two million tonnes annually.

THE IMPACT OF CARBON TAX

The impact of the Carbon Tax Bill for Momentum Metropolitan in the cost of carbon tax on scope 1 emissions is estimated to be R126 000 in 2019. This is based on year-end 2018 emissions levels, annualised, escalating annually thereafter. National Treasury has stated that carbon tax incurred by Eskom will not be passed onto the consumer in Phase 1 (until December 2022). Assuming that tax on Eskom emissions is taxed at the full rate and passed on to the consumer from 2023, the annual cost (based on 2018 emissions) would be R2.12 million.

ENERGY MANAGEMENT

An energy audit was undertaken of the Group's main offices. Based on the outcome of this audit, we have retrofitted the lights in two of our offices. We stipulate that energy and emission reduction initiatives are incorporated into new or refurbished offices as well as any major equipment

Energy and water efficient

The Marc, a new development constructed in Sandton by our subsidiary Eris, in collaboration with our Group Facilities Management team, was designed and constructed to be environmentally sustainable. It has a 5-star Green Rating from the Green Building Council SA for the environmental sustainability of the design, construction and management of the building. Our multiple offices in Johannesburg will be relocating to The Marc, which will help to further reduce our carbon footprint.



replacements such as chillers (aircon equipment) and uninterruptable power supply (UPS) systems.

WATER MANAGEMENT

Increases in climate variability and climatic extremes in South Africa are impacting both water quality and availability through changes in rainfall patterns, with more intense storms, floods and droughts. We are thus reducing the potable water consumption by improving water use efficiency in our offices.

At our Parc du Cap offices, the following reduction in average monthly consumption year-on-year and against a 2016 baseline have been recorded:

- 2017 – 3.2% reduction vs baseline
- 2018 – 36.8% reduction vs baseline and 34.7% reduction vs 2017
- 2019 – 46% reduction vs baseline and 14.6% reduction vs 2018.

The Western Cape faced a severe water shortage in 2018 and was declared a national disaster area. As a result of the mitigation project we implemented, our offices in Parc du Cap are now water wise. This project included the following initiatives:

- Changed the water-cooled systems with air-cooled chiller plant in the identified buildings
- Fire system modification – created our own mechanism to keep water pressure at levels suitable for operation of the fire system
- Sanitation system modification
- Borehole installations.

At our Centurion office, we have yet to establish a baseline, however we have fitted water-efficient taps in the bathrooms and water-efficient sprinklers for irrigation purposes.

WASTE MANAGEMENT

Momentum Metropolitan monitors the volumes of waste it generates and recycles at its two main offices: Parc du Cap and Centurion. The amount of waste recycled at our Centurion office has increased from 26% to 45% year-on-year, which in turn has led to a decrease in our waste to landfill.

As part of Momentum Metropolitan's efforts to reduce our impact on the environment our Executive Committee has banned the purchase of bottled water in plastic bottles in our offices and would encourage employees to also make use of glass bottles.



REMUNERATION REVIEW

The group's remuneration philosophy is to recruit, motivate, reward and retain employees who believe in, and live by our culture and values. We endeavour to encourage entrepreneurship by creating a working environment that motivates high performance so that all employees can positively contribute to the strategy, vision, goals and values of the group.

THE IMPACT OF BUSINESS PERFORMANCE ON REMUNERATION IN F2019

After two challenging years in which the financial threshold performance in terms of the group scorecard was not achieved, the initial results of the Reset and Grow strategy, introduced in the beginning of F2019, are encouraging. Diluted normalised headline earnings increased by 53%, and the value of new business increased by 57%. Despite lacklustre investment market returns for the year, the return on embedded value per share amounted to 9.4%.

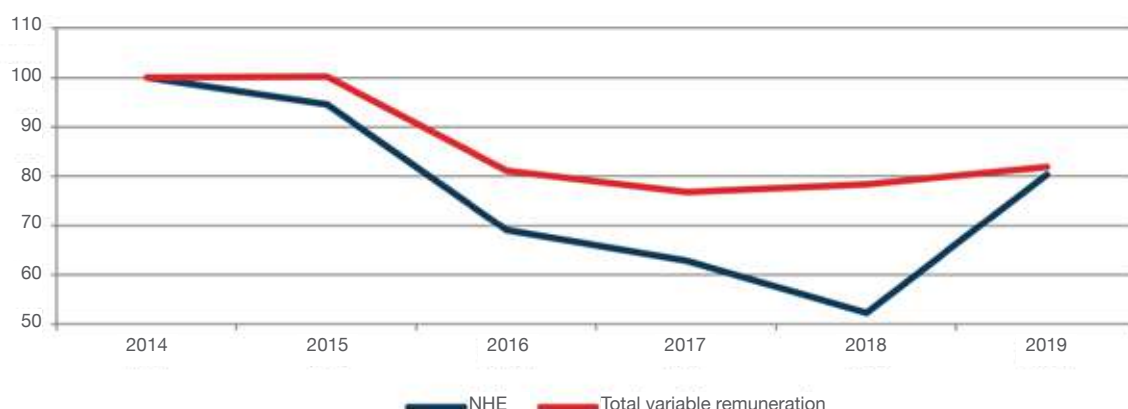
Overall, the group scorecard for F2019 reflects a 2.9 rating (on a five-point scale, with three being on target), and a financial sub score rating of 3.0. This compares with a 1.9 overall rating for F2018, and a 0.9 financial sub score.

The financial performance conditions imposed on the performance units in the long-term incentive plan allocated in October 2016 and April 2017 were not achieved, which will result in the full forfeiture of performance units with regard to tranches vesting in October 2019 and April 2020.

IN RESPONSE TO THESE FACTORS, THE REMUNERATION COMMITTEE TOOK THE FOLLOWING DECISIONS:

- The variable remuneration pool (short-term incentives (STI) plus long-term incentives (LTI)) was increased by 5% to R650m despite the significantly improved earnings performance. This decision takes into account the fact that discretionary variable remuneration pools were granted by the Remuneration Committee over the past two years, notwithstanding the group not meeting the threshold financial performance targets in those years.
- This year's additional 5% variable remuneration pool has been fully allocated to increase the LTI participation from 38 to 108 participants, while the STI pool has remained flat.
- A call option-based phantom share scheme (Share appreciation rights or SARs) was used last year as the foundation of the LTI. The highly geared nature of call options on Momentum Metropolitan Holdings (MMH) shares (subject to the achievement of performance conditions), is not considered appropriate for the current year's larger participant pool. Consequently, the committee decided to revert to issuing long-term incentive plan (LTIP) performance units as a basis for the LTI. The performance conditions for the current year's LTIP will remain similar to the SAR scheme, however, instead of call options, participants will be allocated free units, each performance unit being equal in value to one share. The LTIP scheme does not include any retention units as a basis. The LTIP performance units will be allocated in October 2019, based on the weighted average share price in the 20 business days preceding the award date.

The graph below illustrates the decline in the overall remuneration pool (STI plus LTI awarded) since 2014, in line with the decline in normalised headline earnings (NHE) over the same period (indexed to 100 in 2014):



OTHER MATTERS CONSIDERED BY THE REMUNERATION COMMITTEE IN F2019 INCLUDED:

- Ongoing discussions around the implementation of changes to the remuneration policy and remuneration disclosure in terms of King IV™
- Benchmarking the executive management compensation to comparator groups
- Benchmarking the non-executive directors' fees with the relevant survey data
- Engaging with dissenting shareholders regarding the reasons for the less than 75% vote in favour of the group's remuneration policy at the AGM that took place on 26 November 2018 (see below for the actions taken by the Remuneration Committee to address the concerns raised by shareholders)
- Reviewing the short-term incentive scheme balanced scorecard outcome for F2019, and the formulation and approval of the F2020 scorecard
- Reviewing the calculation of the performance criteria related to the vesting of performance units in the long-term incentive scheme in October 2019 and April 2020, and approving the performance criteria applicable to the October 2019 long-term incentive scheme allocation
- Introducing a clawback policy with regard to incentive payments from 1 September 2019, whereby incentives paid to executives, senior managers and heads of control functions can be recovered from individuals, if it is found that these incentive payments were based on erroneous, inaccurate or misleading financial information attributed directly to these individuals. This policy complements the malus (pre-vesting forfeiture) policy that was already in place with regard to unvested incentive payments.

ACHIEVEMENT OF THE STATED OBJECTIVES OF THE REMUNERATION POLICY:

The Remuneration Committee is committed to ensuring that the group remuneration policy and remuneration structures are fair and responsible and that there is alignment between shareholder and employee interests. The Remuneration Committee believes that the policy supports the delivery of the group strategy in a responsible and sustainable manner.

FUTURE FOCUS AREAS

The Remuneration Committee will be focusing on the following areas:

- the review and approval of the performance criteria applicable to the long-term incentive scheme, to ensure appropriate alignment with shareholder interests
- ongoing engagement with shareholders regarding the current year remuneration policy vote, prior to the annual general meeting scheduled to be held in November 2019 in light of the fact that, for the past three years, the remuneration policy has received an advisory vote below 75%
- a review of the performance measures applicable to executive management, to ensure that the performance outcomes for executives reflect the financial outcome for shareholders.

SHAREHOLDER VOTING

At the group's 26 November 2018 AGM, the Remuneration Policy received a 99% non-binding advisory vote from shareholders, while the Implementation Report received a 62% non-binding

advisory vote from shareholders. We have solicited feedback from shareholders (and proxy voting advisers) regarding their concerns. Set out below are our responses to shareholder concerns:

Shareholder concern raised	Feedback and actions
The newly appointed Deputy CEO received a R7.5 million cash sign-on award. Rather than a cash award, such sign-on awards should be in the form of shares.	The Deputy CEO's employment agreement required her to invest the full after-tax proceeds of the sign-on award directly in MMI shares, which she did directly after receipt of the payment in F2018. Details of this shareholding are included in the Interest of Directors in Share Capital section below.
The company entered into a mutual separation agreement with the previous CEO, in terms of which he retained his right to retention shares that vested until 31 December 2018, and an ex-gratia payment of R7 million was made for which no convincing rationale has been provided.	The share scheme vesting amounts were paid in terms of the rules of the long-term incentive scheme, given that the ex-CEO remained in service until December 2018. Other than the remaining salary payments and normal vesting of LTIP retention units up to 31 December 2018, no further payments were made during F2019.
The payment of bonuses to executives, despite the financial performance of the Group being well below target, is considered inappropriate.	The bonuses paid to executives in relation to the F2018 results were well below the on target level, given the below-target performance of the Group. In addition, 50% of these bonuses were deferred into the long-term share scheme for three years. The Remuneration Committee is of the view that this outcome strikes an appropriate balance between the need to retain executives (especially those in performing business units), and holding executives accountable for the financial performance of the Group.
The quantum of total remuneration for on target performance is high versus peers in financial services and other industries, and especially so considering what some shareholders regard as conservative performance targets.	The on target remuneration of the executive directors is benchmarked against peers, and is considered appropriate given the significant effort required to turn around the financial performance of the Group in the medium term. It should also be noted that the long-term incentives are subject to stretching financial performance measures and a compulsory holding period of two years after the three-year vesting period.

EXECUTIVE DIRECTORS – REMUNERATION DISCLOSURE

The South African Companies Act, 71 of 2008 (Companies Act) has defined the term "prescribed officer". The duties and responsibilities of directors under the Companies Act also apply to "prescribed officers". The Remuneration Committee has considered the definition of "prescribed officers" and resolved that the executive directors are the prescribed officers of the group. Remuneration earned by the executive directors in accordance with the single figure remuneration disclosure guidance set out in King IV™, is set out below:

SINGLE FIGURE REMUNERATION: EXECUTIVE DIRECTORS

GUARANTEED PACKAGE (A)

Executive Director	Months as executive director		Salary		Retirement fund contribution		Medical Aid contribution		Subtotal: Guaranteed package	
			R'000		R'000		R'000		R'000	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Hillie Meyer ¹	12	5	7 033	2 600	–	–	–	–	7 033	2 600
Jeannette Cilliers (Marais)	12	4	3 820	1 235	212	83	51	16	4 083	1 334
Risto Ketola	12	6	3 447	1 627	278	129	141	73	3 866	1 829
Nicolaas Kruger ²	–	8	–	3 981	–	356	–	206	–	4 543
Mary Vilakazi	–	9	–	2 963	–	520	–	58	–	3 541
Total			14 300	12 406	490	1 088	192	353	14 982	13 847

INCENTIVE AND CONTRACTUAL REMUNERATION (B)

Executive Director	Short-term incentives ³		Retention payments		Long-term incentives reflected ⁴		Contractual payments		Subtotal: incentive & contractual remuneration	
	R'000		R'000		R'000		R'000		R'000	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Hillie Meyer ¹	5 950	2 000	–	–	–	–	–	–	5 950	2 000
Jeannette Cilliers (Marais)	4 000	1 250	–	–	–	–	–	7 500	4 000	8 750
Risto Ketola	4 175	3 750	–	–	–	1 101	–	–	4 175	4 851
Nicolaas Kruger ²	–	–	–	3 500	–	2 793	5 506	9 292	5 506	15 585
Mary Vilakazi	–	–	–	–	–	–	–	–	–	–
Total	14 125	7 000	–	3 500	–	3 894	5 506	16 792	19 631	31 186

* For footnotes refer next page.

TOTAL REMUNERATION (A + B)

Executive Director	Total guaranteed package		Total incentive & contractual remuneration		Total remuneration	
	R'000		R'000		R'000	
	2019	2018	2019	2018	2019	2018
Hillie Meyer ¹	7 033	2 600	5 950	2 000	12 983	4 600
Jeannette Cilliers (Marais)	4 083	1 334	4 000	8 750	8 083	10 084
Risto Ketola	3 866	1 829	4 175	4 851	8 041	6 680
Nicolaas Kruger ²	–	4 543	5 506	15 585	5 506	20 128
Mary Vilakazi	–	3 541	–	–	–	3 541
Total	14 982	13 847	19 631	31 186	34 613	45 033

1 The Group CEO's contract has been extended until 30 June 2023.

2 As mentioned in the prior year, in terms of the mutual separation arrangement, the ex-CEO received his monthly salary (R3,437,500) and LTIP vesting entitlements (R2,068,392) until 31 December 2018. LTIP benefits vesting beyond this date were forfeited. These payments have been shown collectively under "contractual payments" above.

3 The short-term incentive represents the approved performance bonus in the year to which it relates, including the portion deferred into the LTIP

4 The calculation basis for long-term incentives is:

2018:

- For LTIP performance units - the value of the number of October 2016 performance units vesting in October 2019, on the basis of performance conditions measured on 30 June 2019. In terms of these LTIP performance conditions all performance units will be forfeited.
- No LTIP retention units were issued to executive directors in the 2019 year, other than the deferred bonus units, which are included in the short-term incentive amounts above.

2019:

- For LTIP performance units - the value of the number of October 2015 performance units vesting in October 2018, on the basis of performance conditions measured on 30 June 2018. In terms of these LTIP performance conditions no performance units vested.
- For OPP performance units - the value of the number of October 2014 performance units vesting in October 2018, on the basis of performance conditions measured on 30 June 2018. In terms of these OPP performance conditions no performance units vested.
- For LTIP retention units - the number of retention units awarded during the 2018 year at the share price on award date being R18.42 per share.

COMPANIES' ACT DISCLOSURE: EXECUTIVE DIRECTORS

GUARANTEED PACKAGE (A)

Executive Director	Salary		Retirement fund contribution		Medical Aid contribution		Subtotal: Guaranteed package	
	R'000		R'000		R'000		R'000	
	2019	2018	2019	2018	2019	2018	2019	2018
Hillie Meyer	7 033	2 600	–	–	–	–	7 033	2 600
Jeannette Cilliers (Marais)	3 820	1 235	212	83	51	16	4 083	1 334
Risto Ketola	3 447	1 627	278	129	141	73	3 866	1 829
Nicolaas Kruger	–	3 981	–	356	–	206	–	4 543
Mary Vilakazi	–	2 963	–	520	–	58	–	3 541
Total	14 300	12 406	490	1 088	192	353	14 982	13 847

INCENTIVE AND CONTRACTUAL REMUNERATION (B)

Executive Director	Short-term incentive payments		Retention payments		Long-term incentive payments		Contractual payments		Subtotal: Incentive & contractual remuneration	
	R'000		R'000		R'000		R'000		R'000	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Hillie Meyer	1 050	–	–	–	–	–	–	–	1 050	–
Jeannette Cilliers (Marais)	675	–	–	–	–	–	–	7 500	675	7 500
Risto Ketola	1 925	–	–	–	–	–	–	–	1 925	–
Nicolaas Kruger	–	–	–	3 500	–	10 616	5 506	9 292	5 506	23 408
Mary Vilakazi	–	–	–	–	–	4 391	–	–	–	4 391
Total	3 650	–	–	3 500	–	15 007	5 506	16 792	9 156	35 299

TOTAL REMUNERATION (A + B)

Executive Director	Total guaranteed package		Total incentive & contractual remuneration		Total remuneration	
	R'000		R'000		R'000	
	2019	2018	2019	2018	2019	2018
Hillie Meyer	7 033	2 600	1 050	–	8 083	2 600
Jeannette Cilliers (Marais)	4 083	1 334	675	7 500	4 758	8 834
Risto Ketola	3 866	1 829	1 925	–	5 791	1 829
Nicolaas Kruger	–	4 543	5 506	23 408	5 506	27 951
Mary Vilakazi	–	3 541	–	4 391	–	7 932
Total	14 982	13 847	9 156	35 299	24 138	49 146

The tables above set out the remuneration of the executive directors in terms of the requirements of Section 30 (4)(4)(6) of the Companies' Act 2008. The tables include all remuneration paid to executive directors during the year, whereas the single figure remuneration disclosure is based on the King IV™ definition of executive remuneration.

TOTAL GUARANTEED PACKAGE – EXECUTIVE DIRECTORS

The total guaranteed packages (TGP) of the executive directors are set out in the table below.

Executive Director	Total guaranteed package		% increase
	1 September 2019	1 September 2018	
	R'000	R'000	
Hillie Meyer	7 430	7 075	5.0%
Jeannette Cilliers (Marais)	4 340	4 100	5.9%
Risto Ketola	4 175	3 900	7.1%

The overall average % increase for executive directors is 5.8%.

SHORT-TERM INCENTIVES AWARDED IN CASH AND DEFERRED – EXECUTIVE DIRECTORS

Set out below are the short-term incentives awarded to executive directors for the 2019 financial year, payable in the 2020 financial year, subject to the short-term incentive deferral rules as referred to in Part 2 of the remuneration report.

Executive Director	Approved STI	% of TGP	Settled as follows:	
	2019 R'000	2019 %	Cash R'000	Deferred into LTIP R'000
Hillie Meyer	5 950	80%	3 025	2 925
Jeannette Cilliers (Marais)	4 000	92%	2 050	1 950
Risto Ketola	4 175	100%	2 138	2 037

The performance ratings for the executive directors are determined based on a mix between their achievement of individual objectives, and the overall group scorecard. This ensures strong alignment between the incentive outcomes for individuals and the overall performance of the group.

NON – EXECUTIVE DIRECTORS' FEES

Non-executive directors are paid an all-inclusive retainer, which is annually benchmarked by participation in various market surveys. The non-executive directors' fees are not linked to the performance of the company in any way. The following table reflects the fees paid to non-executive directors during the year.

Non-Executive Director	Months service		Fees R'000		Ad hoc fees R'000		Total fees R'000	
	2019	2018	2019	2018	2019	2018	2019	2018
Peter Cooper	12	12	1 136	1 077	–	–	1 136	1 077
Lisa Chiume ⁵	4	–	366	–	–	–	366	–
Fatima Daniels	12	12	994	968	–	–	994	968
Linda de Beer ⁵	4	–	292	–	–	–	292	–
Stephen Jurisich	12	12	1 595	1 523	–	–	1 595	1 523
Niel Krige	12	12	791	690	–	–	791	690
Voyt Krzychylkiewics ⁴	–	3	–	–	–	–	–	–
Kgaugelo Legoabe-Kgomari	–	–	–	–	–	–	–	–
Sharron McPherson ⁵	4	–	248	–	–	–	248	–
Jabu Moleketi	12	12	808	786	–	–	808	786
Sello Moloko ⁵	4	–	280	–	–	–	280	–
Syd Muller ³	5	12	1 139	1 697	–	45	1 139	1 742
JJ Njeke	12	12	2 197	1 982	–	–	2 197	1 982
Vuyisa Nkonyeni	12	12	766	658	–	–	766	658
Khehla Shubane	12	12	865	786	–	–	865	786
Frans Truter	12	12	2 223	2 154	–	–	2 223	2 154
Ben van der Ross ¹	–	5	–	630	–	–	–	630
Johan van Reenen	12	12	952	980	–	–	952	980
Louis van Zeuner ²	8	12	1 447	2 152	–	–	1 447	2 152
Total			16 099	16 083	–	45	16 099	16 128

¹ Resigned November 2017

² Resigned February 2019.

³ Retired November 2018

⁴ Resigned October 2017

⁵ Appointed March 2019

⁶ Appointed June 2019

INTEREST OF DIRECTORS IN SHARE CAPITAL

Director's MMH shareholding at 30 June 2019 – Number of ordinary shares ('000)			
Director	Direct beneficial	Indirect beneficial	Total
Hillie Meyer	248	390	638
Jeannette (Cilliers) Marais	189	–	189
Peter Cooper	292	150	442
Stephen Jurisich *	–	–	–
Niel Krige	–	408	408
Jabu Moleketi	–	112	112
Khehla Shubane	78	7	85
Frans Truter	44	433	477
Johan van Reenen	–	144	144
Total Ordinary Shares	851	1 644	2 495

* 169 shares held in MMH.

MMH shareholding of directors who resigned or retired during F2019 – Number of ordinary shares ('000)			
Director	Direct beneficial	Indirect beneficial	Total
Syd Muller *	50	–	50
Total Ordinary Shares	50	–	50

* Retired as director of MM Holdings Limited on 26 November 2018.

Trades in MMH shares during 2019					
Director	Transaction date	Price	Number of shares	Nature of transaction	Extent of interest
Hillie Meyer	07/09/2018	17.1729	58,240	On market	Direct
Hillie Meyer	14/09/2018	16.5726	293,300	On market	Indirect

Director's MMH shareholding at 30 June 2018 – Number of ordinary shares ('000)			
Director	Direct beneficial	Indirect beneficial	Total
Hillie Meyer	190	150	340
Jeannette (Cilliers) Marais	189	–	189
Peter Cooper	292	150	442
Stephen Jurisich *	–	–	–
Niel Krige	–	408	408
Jabu Moleketi	–	112	112
Syd Muller	50	–	50
Khehla Shubane	78	7	85
Frans Truter	44	433	477
Johan van Reenen	–	144	144
Total Ordinary Shares	843	1 404	2 247

* 169 shares held in MMH.

MMH shareholding of directors who resigned during F2018 – Number of ordinary shares ('000)			
Director	Direct beneficial	Indirect beneficial	Total
Nicolaas Kruger	64	4 573	4 637
Mary Vilakazi	–	1 703	1 703
Total Ordinary Shares	64	6 276	6 340

Directors' RMI shareholding at 30 June 2019 – Number of ordinary shares ('000)			
Director	Direct beneficial	Indirect beneficial	Total
Hillie Meyer	26	18	44
Peter Cooper	758	3 061	3 819
Stephen Jurisich	3	–	3
Jabu Moleketi	6	14	20
JJ Njeke	17	–	17
Khehla Shubane	13	10	23
Frans Truter	21	164	185
Total Ordinary Shares	844	3 267	4 111

Directors' RMI shareholding at 30 June 2018 – Number of ordinary shares ('000)			
Director	Direct beneficial	Indirect beneficial	Total
Hillie Meyer	26	18	44
Peter Cooper	758	3 061	3 819
Stephen Jurisich	3	–	3
Jabu Moleketi	6	14	20
JJ Njeke	17	–	17
Khehla Shubane	25	10	35
Frans Truter	21	164	185
Total Ordinary Shares	856	3 267	4 123

All changes in directors' MMH and RMI shareholding between 1 July 2018 and 30 June 2019 were published on SENS as prescribed. No changes in the above shareholding/interest occurred between 30 June 2019 and the date of approval of the annual financial statements.

MINIMUM SHAREHOLDING REQUIREMENT MEASUREMENT

The following table reflects the current shareholding by executive directors in MMH shares, relative to the minimum shareholding requirement (MSR) at 30 June 2019:

Number of MMH ordinary shares ¹ at 30 June 2019 ('000)			
Director	Minimum shareholding requirement	Current qualifying shareholding	Date by which the minimum shareholding requirement must be met
Hillie Meyer	746	638	1 March 2023
Jeannette (Cilliers) Marais	216	189	1 March 2023
Risto Ketola	206	–	1 July 2022

¹ Based on the MMH share price of R18,97 per share at 30 June 2019.

REPORT OF THE AUDIT COMMITTEE

This report is provided by Momentum Metropolitan's Audit Committee (the Committee) for the financial year ended 30 June 2019

The Committee has discharged its responsibilities as mandated by the Board, its statutory duties in compliance with the Companies Act 71 of 2008, as amended, and the JSE Listings Requirements and best practices in corporate governance, set out in King IV™.

The Committee's terms of reference, which can be found on the Momentum Metropolitan Holdings website, are aligned with the above legislation, regulations and practices.

The Committee comprises of three independent non-executive directors. The Chair of the Committee is not the Chair of the Board of Momentum Metropolitan Holdings Ltd (the Company).

Linda de Beer has been appointed as a member to the Audit Committee during the year and will take over as Chair as soon as practically possible. Lisa Chiume, who is a non-executive director of the Company, is a permanent invitee. Both these additions will enhance the knowledge, skills and experience of the Committee. To ensure that the Committee continues discharging its duties and for the purposes of continuity and the benefit of their experience, the Board will recommend the long-serving members, Frans Truter and Fatima Daniels, for reappointment at the annual general meeting. Louis van Zeuner resigned and Syd Muller retired as directors and Committee members during the year.

A brief profile of each of the members can be viewed on pages 18 to 22 of this Integrated Report and the Group's website. The Committee met on six occasions during the year and most members were present at each of these scheduled meetings as reflected on pages 19 to 23 of this Integrated Report.

Key members of management attend meetings of the Committee by invitation. During the year closed sessions were also held for Committee members only, as well as with internal audit, external audit, finance and management.

Key items of focus for the year were the Group's preparation for the introduction of International Financial Reporting Standards (IFRS) 17 in 2021 and the appointment of new external auditors in line with the JSE Listings Requirements.

EXTERNAL AUDIT QUALITY AND INDEPENDENCE

PricewaterhouseCoopers (PwC), together with Andrew Taylor, as the designated auditor,

satisfactorily fulfilled their responsibilities as the external auditors and designated auditor, respectively, during the financial year.

In accordance with Section 94(8) of the Companies Act, the Committee was satisfied with the independence and objectivity of PwC in carrying out their duties as external auditors. All the non-audit services (disclosed on page 122, note 25 to the Annual Financial Statements) provided by the external auditors were approved by the Committee, in accordance with the policy for the provision of non-audit services. Requisite assurance was sought and provided by the external auditor that the internal audit governance processes within the audit firm support and demonstrate its claim of independence. External audit fees are disclosed on page 122 within note 25 to the Annual Financial Statements (AFS).

The Committee assessed and is satisfied with the suitability of PwC and the designated auditor, Andrew Taylor, following inspection of the required reports, in line with the JSE Listings Requirements. The Committee considered the matter of mandatory audit firm rotation. Based on a number of considerations relevant to the Group the Committee agreed to rotate the audit firm earlier than the required date.

On the recommendation of the Committee and following an extensive selection process, the Board approved the appointment of new external auditors for the 2020 financial year. PwC will retire as the auditors of Momentum Metropolitan on conclusion of its external audit responsibilities for the year ended 30 June 2019, which is expected to be at the conclusion of the Company's annual general meeting to be held on 26 November 2019. Shareholders will be informed who the new external auditors are once all regulatory approvals have been obtained. The change of external audit firm will be tabled for approval at the Company's next annual general meeting.

The Committee records its appreciation to PwC, and particularly the partners and employees who have been part of the Momentum Metropolitan Group audit teams, for their service and dedication over many years.

THE COMMITTEE'S RESPONSE TO KEY AUDIT MATTERS (KAMS) REPORTED BY THE EXTERNAL AUDITORS

Key audit matters (KAMs) are matters that, in the external auditor's professional judgement, were of most significance in the audit of the AFS for

the current financial year. PwC has reported the valuation of insurance contract liabilities as the KAM for the Group and impairment of investment in subsidiaries as the KAM for the Company in the current year (refer to the independent auditor's report in the AFS). The Committee considers these matters by ensuring sufficient controls exist to prepare accurate financial information.

VALUATION OF INSURANCE CONTRACT LIABILITIES

The valuation of insurance liabilities is a critical focus area for the Committee. The Committee reviews the key assumptions used and reasons for basis changes and other adjustments to understand the impact it would have on the calculations. The Momentum Metropolitan Actuarial Committee (the Actuarial Committee) is relied on to interrogate the calculations and feedback from the Chair of that committee is received at the Audit Committee meetings. The Committee applied its mind to this KAM and is comfortable that it has been adequately addressed and disclosed.

IMPAIRMENT OF INVESTMENT IN SUBSIDIARIES

This KAM relates to the separate AFS of the Company. The Committee has reviewed the directors' valuations of subsidiaries in the current year and also received feedback from the Actuarial Committee on the appropriateness of the valuations. The Committee is comfortable with the impairment tests performed and that this has been adequately addressed and disclosed.

INTERNAL AUDIT

Otsile Sehularo, Chief Audit Executive (CAE) oversees the Group Internal Audit (GIA) and the internal audit co-sourced relationship with KPMG. The Committee annually assesses the performance of the CAE and GIA and remains satisfied that the co-sourced GIA model with KPMG results in the appropriate independence of GIA; access to subject matter assurance expertise; and the authority to fulfill its duties as per its mandate, which is outlined in the GIA charter. The charter and the risk-based GIA plan are reviewed annually and approved by the Committee. Progress in terms of the GIA plan is monitored by the Committee.

INTERNAL FINANCIAL CONTROLS (IFC)

The Committee has carried out its responsibilities with the support of the combined assurance forums that represent the various operating structures

within the Group. The Combined Assurance Forums report to the Committee every quarter. Through the Combined Assurance Forums, the Committee was able to assess that the review of the design, implementation and effectiveness of the Group's combined internal financial controls was performed in all material segments of the business. The Committee is comfortable that the internal financial controls are adequate to support the integrity of the preparation and presentation of the AFS.

GROUP FINANCE DIRECTOR AND FINANCE FUNCTION

The Committee considered and satisfied itself that Risto Ketola has the appropriate expertise and experience to fulfil the role of Group Finance Director; that the finance function is adequately resourced; and the finance team has established appropriate financial reporting procedures, which are operating effectively.

INTEGRATED REPORT AND AFS

The Committee reviewed the Group's Integrated Report and AFS for the year ended 30 June 2019 and submits that management presented an appropriate view of the Group's position and performance. The Committee considers that the Group accounting policies and AFS comply, in all material respects, with IFRS.

GOING CONCERN

The Committee reviewed a documented assessment prepared by management, including key assumptions, of the going concern status of the Company and has made a recommendation to the Board in accordance with this assessment. The Board's statement on the going concern status appears on page 1 of the AFS.

Additional details in relation to the Committee can be found on pages 30 and 32 of this Integrated Report.



FRANS TRUTER

Chairman: Audit Committee
03 September 2019

SHAREHOLDER ANALYSIS

SHAREHOLDER	Number of share-holders	% of issued share capital	Shares held (million)
Non-public			
Directors	9	0.1	2
Kagiso Tiso Holdings (Pty) Ltd	2	7.6	114
RMI Holdings Ltd	1	26.8	401
Government Employees Pension Fund	5	8.5	128
Public			
Private investors	16 772	3.1	46
Pension funds	172	4.6	69
Collective investment schemes and mutual funds	1 286	47.2	707
Banks and insurance companies	124	2.1	32
Total	18 371	100.0	1 499

An estimated 365 million shares (2018: 399 million shares) representing 24.4% (2018: 25.6%) of total shares are held by foreign investors.

SIZE OF SHAREHOLDING	Number of share-holders	% of total share-holders	Shares held (million)	% of issued share capital
1 - 5 000	15 893	86.6	12	0.8
5 001 - 10 000	842	4.6	6	0.4
10 001 - 50 000	869	4.7	19	1.3
50 001 - 100 000	228	1.2	16	1.1
100 001 - 1 000 000	407	2.2	138	9.2
1 000 001 and more	132	0.7	1 307	87.2
Total	18 371	100.0	1 499	100.0

BENEFICIAL OWNERS	Shares held (million)	% of issued share capital
RMI Holdings Ltd	401	26.8
Government Employees Pension Fund	128	8.5
Off The Shelf Investments 108 (Pty) Ltd	81	5.4
Total	610	40.7

Pursuant to the provisions of section 56(7)(b) of the Companies Act, 71 of 2008 beneficial shareholdings exceeding 5% in aggregate, as at 30 June 2019, are disclosed.

CORPORATE INFORMATION

SHAREHOLDERS' DIARY

Financial year-end: 30 June each year

Interim period end: 31 December each year

COMPANY REGISTERED OFFICE

Momentum Metropolitan Holdings Limited

(formerly MMI Holdings Limited)

Incorporated in the Republic of South Africa

Registration number: 2000/031756/06

268 West Avenue

Centurion, 0157

JSE share code: MTM

NSX share code: MMT

ISIN code: ZAE000269890

("Momentum Metropolitan" or "the Group")

Momentum Metropolitan Life Limited

(formerly MMI Group Limited)

Incorporated in the Republic of South Africa

Registration number: 1904/002186/06

Company code: MMIG

COMPANY SECRETARY

Gcobisa Tyusha

Email: Gcobisa.Tyusha@momentummetropolitan.co.za

Telephone: 012 673 1931

INVESTOR RELATIONS

investorrelations@momentummetropolitan.co.za

AUDITORS

PricewaterhouseCoopers Incorporated

4 Lisbon Lane

Waterfall City

Jukskei View, 2090

Private Bag X36, Sunninghill, 2157

TRANSFER SECRETARIES

South Africa

Link Market Services SA Proprietary Limited

13th Floor

19 Ameshoff Street

Braamfontein, 2001

P O Box 4844, Johannesburg, 2000

Namibia

Transfer Secretaries Proprietary Limited

4 Robert Mugabe Avenue

Burg Street Entrance

Windhoek, Namibia

SPONSORS

Merrill Lynch South Africa Proprietary Limited

1 Sandton Drive

Sandhurst

Johannesburg, 2196

DEBT SPONSOR

Rand Merchant Bank

1 Merchant Place

Rivonia Road

Sandton

Johannesburg, 2000

NAMIBIA SPONSOR

Simonis Storm Securities Proprietary Limited

4 Koch Street

Klein Windhoek

Namibia