momentum

METROPOLITAN



2020

INTEGRATED REPORT

We have chosen Resilience as the theme for this report. We made this choice in recognition of the resilience we have established through the resetting of our business over the past two years. It is also in recognition of the resilience our people and the people of South Africa have shown since Covid-19 arrived in South Africa in March 2020. The resilience we have built into Momentum Metropolitan has positioned us well to continue creating value, despite the exceptionally difficult challenges we all face as a result of the devastating impact of the Covid-19 pandemic on an already struggling economy.

We also believe that the exceptional resilience and determination South Africans have demonstrated in the past and are demonstrating now will win through to a brighter future. The images we have used in this report recognise the resilience not only of the people of South Africa but also of our precious natural environment.



MOMENTUM METROPOLITAN HOLDINGS LIMITED
Integrated report 2020

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OUR REPORTING FOR THE YEAR ENDED 30 JUNE 2020

Our integrated report forms part of our reporting suite which includes our Annual Financial Statements and other supplementary reports.



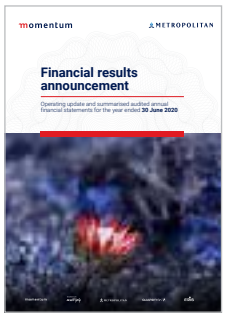
Our Integrated report for the 2020 financial year is available online at

www.momentummetropolitan.co.za/en/investor-relations/financial-results and in print



Our Annual Financial Statements for the 2020 financial year is available online at

www.momentummetropolitan.co.za/en/investor-relations/financial-results



Our Financial results announcement is available online at

www.momentummetropolitan.co.za/en/investor-relations/financial-results



King IV™ Application Summary is available online at

www.momentummetropolitan.co.za/en/investor-relations/financial-results

NAVIGATION ICONS

Directs you to information on our website

Identifies the application of King IV™ principles

Financial Capital

Productive Capital

Intellectual Capital

Human Capital

JSE Corporate Governance Listings Requirements

Social and Relationship Capital

Natural Capital

Reset Strategy

Grow Strategy

Resillience

Covid-19



INTRODUCTION

About our integrated report

The aim of this report, which is prepared in accordance with the International <IR> Framework of the International Integrated Reporting Council (IIRC), is to provide our stakeholders with a concise and transparent assessment of our ability to use our expertise to achieve our purpose, deliver on our role as a responsible corporate citizen and create value for all our stakeholders over the short, medium and long term.

Scope and boundary of our reporting

We publish our integrated report annually. Our integrated reporting provides material financial and non-financial information relating to our strategy and business model, operating context, material matters, risks and opportunities, governance, business performance and future prospects.

This report covers the primary activities of Momentum Metropolitan Holdings Limited (referred to as Momentum Metropolitan or the Group in the report), our portfolio of businesses, key support areas, and subsidiaries in our African and international operations during the period 1 July 2019 to 30 June 2020. Information on items with a material impact on the business that took place after 30 June 2020 and up to the date our Board approved this report has also been included.

Our value creation process

We leverage and apply our stock of capitals to deliver on our strategic objectives and optimise value for our stakeholders. Our value creation process, which is driven by our purpose (page 2) is an integral part of our strategy (page 10). Its outcomes and impacts are described in our business model on pages 16 and 17.

Materiality and material matters

We apply the principle of materiality when assessing what information should be included in our integrated report. Our material matters, which are identified through an internal and external engagement process (set out on page 20, influence our Group strategy and inform the content of this report.

The Covid-19 pandemic significantly impacted our business and our stakeholders during the second half of our financial year. This impact is reflected in a change in our view of some of the material matters (see page 20).

Reporting frameworks and combined assurance

Our integrated reporting process, as well as the contents of this report, is guided by the principles and requirements of the IIRC's <IR> Framework, the International Financial Reporting Standards (IFRS) and the King Code of Governance Principles for South Africa (King IV) . As a South African insurance company with a primary listing on the Johannesburg Stock Exchange and secondary listings on A2X and the Namibian Stock Exchange, we align with the Listing's Requirements of these exchanges as well as the South African Companies Act 71 of 2008.

We use a combined assurance model to ensure that the information we provide, and our underlying processes, support the credibility and integrity of our reporting. Our financial, operating, compliance and risk management controls are assessed by our internal audit function, and overseen by our Audit Committee. The Audit Committee also monitors the execution of our combined assurance plan and reports to the Board every quarter.

External assurance of our non-financial information includes our broad-based-black economic empowerment (B-BBEE) scorecard, which is verified by AQ Rate Verification Services, an accredited ratings agency; and our carbon footprint, which is verified by Global Carbon Exchange and submitted to the Carbon Disclosure Project (CDP). Certificates from both these agencies are available in our sustainability section on our website at www.momentummetropolitan.co.za.

Ernst & Young, our independent external auditor, has performed the statutory annual audit of Momentum Metropolitan Holdings Limited's annual financial statements (and the separate financial statements of certain Group entities, as applicable). See page 2 of the annual financial statements at www.momentummetropolitan.co.za/en/investor-relations/financialresults for the auditor's report.

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.

This report contains certain forward-looking information with respect to Momentum Metropolitan. These statements and forecasts involve risk and uncertainty, as they relate to events and depend on circumstances that occur in the future. There are various factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Consequently, all forward-looking statements have not been reviewed or reported on by the Group's external auditors.

Board approval

The Board acknowledges its responsibility for ensuring the integrity of this integrated report, which in its opinion addresses all the issues material to the Group's ability to create value and fairly presents the integrated performance of Momentum Metropolitan. The Board has applied its collective mind to the preparation and presentation of this report and believes it has been prepared in accordance with IIRC's <IR> Framework.

The Board has critically assessed and satisfied itself as to the effectiveness of the Group's risk management processes and the assurance obtained from its 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 our integrated reporting.

This report was approved by the Board of Directors of Momentum Metropolitan Holdings Limited on 08 September 2020.

JJ Njeke
Chairman

Hillie Meyer
Group Chief Executive Officer

Risto Ketola
Group Finance Director

Jeanette Cilliers (Marais)
Deputy Chief Executive Officer

Sello Moloko
Lead Independent Director

Lisa Chiume

Peter Cooper

Fatima Daniels

Linda de Beer

Stephen Jurisich

Paballo Makosolo

Sharron McPherson

Vuyisa Nkonyeni

David Park

Khehla Shubane

Frans Truter

Johan van Reenen

When we released our interim results on 5 March 2020 we were on track to achieve our Reset and Grow target of growing our normalised headline earnings to between R3.6 billion and R4.0 billion by F2021. Since then our performance has been affected by the impact of the Covid-19 pandemic on investment markets, the tough operating conditions during the Covid-19 lockdowns in our areas of operation and the need to raise significant additional reserves for potential Covid-19-related claims. As a result, it is unlikely that we will achieve our F2021 targets.

OUR PERFORMANCE AGAINST OUR KEY FINANCIAL METRICS

Normalised headline earnings

R1.5 billion
(F2019: R3.1 billion) — a 51% reduction year-on-year

Present value of new business premiums (PVNBP)

R50 447 million
(F2019: R55 783 million) — 10% reduction year-on-year

Value of new business

R280 million
(F2019: R541 million) — 48% reduction year-on-year

Dividend per share

40 cents
(F2019: 70 cents) — 43% reduction year-on-year

OUR ESG PERFORMANCE

Environmental

11% reduction in our carbon emissions since we set our baseline in 2014

39% reduction in our water use since we set our baseline in 2014

Social

R70 million invested in employee learning and development (F2019: R52 million)

64% of our employees were female (F2019: 64%)

78% of our employees were black (F2019: 76%)

19% increase in the number of young people placed in jobs (F2020: 750, F2019: 629)

R40.8 billion cumulative investment in empowerment finance (F2019: R30.7 billion)

Over **R70 million** spent cumulatively on enterprise and supplier development

R388 million in client financial relief and support provided during F2020

Governance

70% of our directors are independent non-executive directors (F2019: 73%)

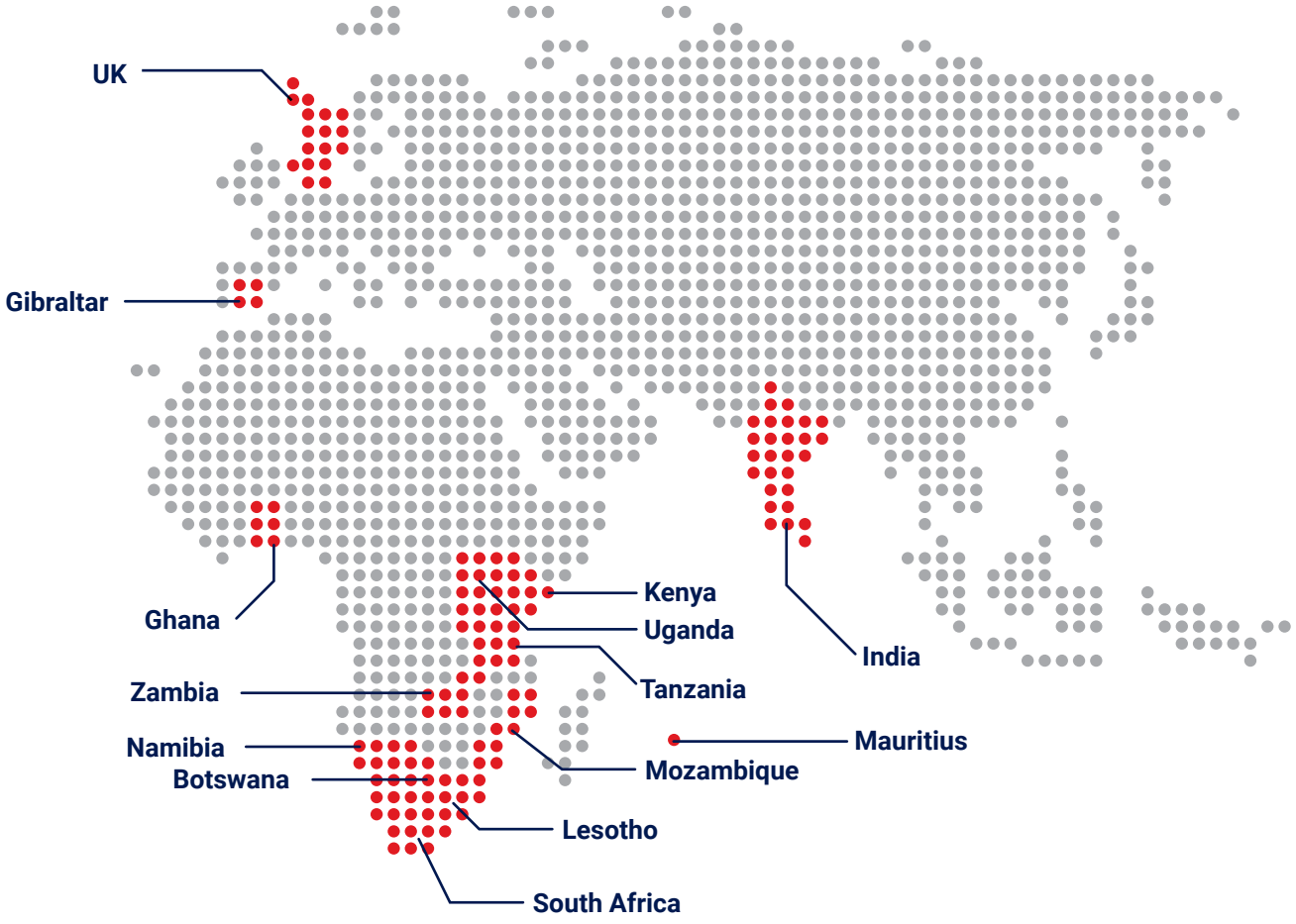
53% of our Board members are black (F2019: 50%)

35% of our Board members are female (F2019: 33%)



We are one of South Africa's largest insurance-based financial services companies listed on the JSE, A2X and the Namibian Stock Exchange. Momentum Metropolitan Africa operates in Botswana, Namibia, Lesotho, Mozambique, Zambia, Kenya, Tanzania, Uganda and Ghana. Outside Africa, Momentum Investments has operations in the United Kingdom; the Group has a health insurance joint venture in India; and Guardrisk has businesses in Gibraltar and Mauritius.

Our federal operating model promotes an entrepreneurial mindset in our business units, which are accountable for the entire value chain of their businesses.



OUR PRODUCTS AND SERVICES

We deliver our products and services, which include:

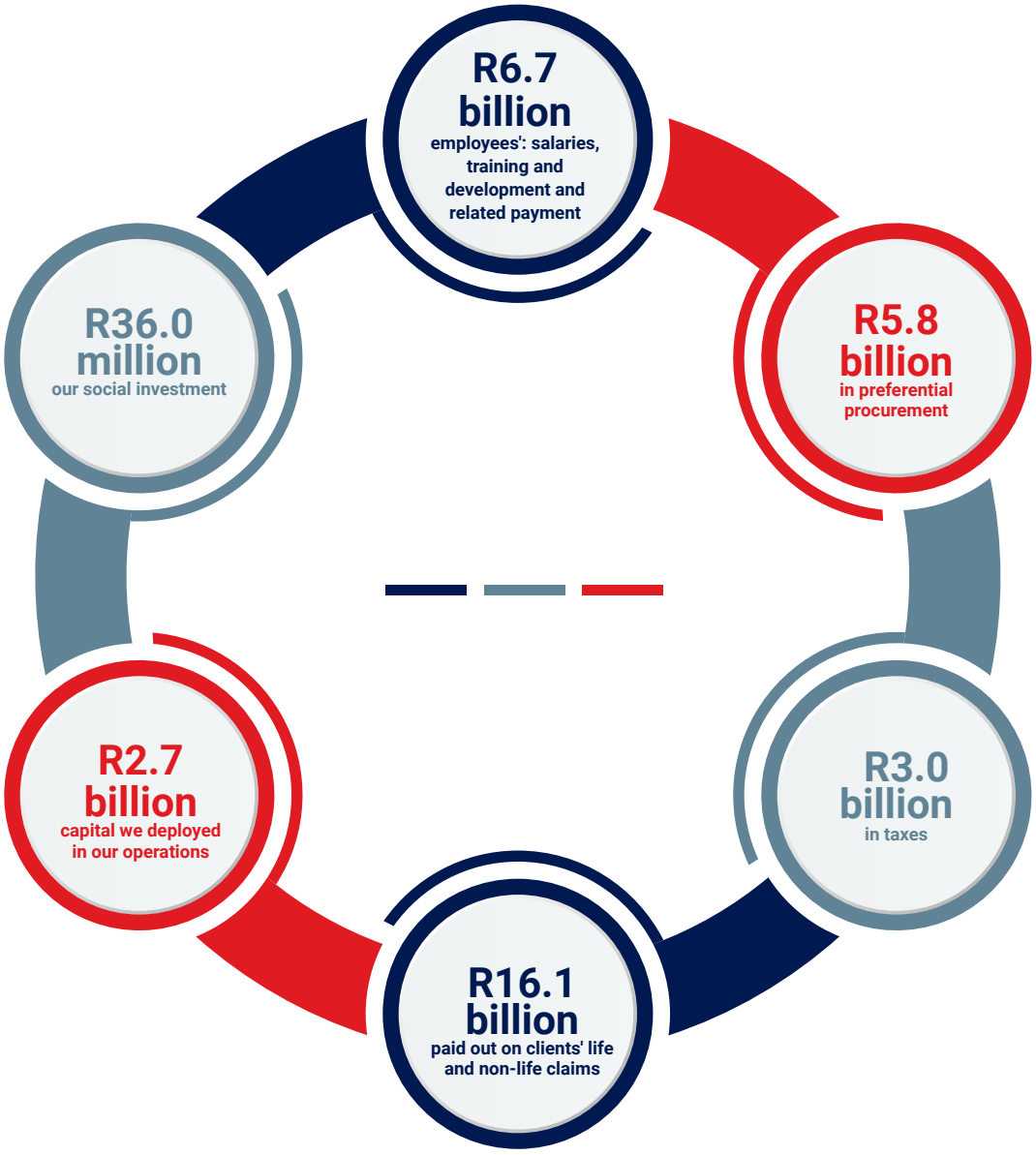
- Life insurance protection
- Non-life insurance
- Employee benefits including healthcare and retirement provision
- Asset and property management, investment and savings
- Healthcare administration, managed care and health risk management
- Value-adding client engagement solutions

through our portfolio of businesses.

CREATING VALUE BY DELIVERING ON OUR PURPOSE

Our purpose guides our strategy and decision-making through which we aim to achieve a balance between short-term results and long-term value creation. It also influences the role we play in society and the value we create through our contribution to society.

Our contribution to the South African economy



- We are a proud Level 1 contributor to B-BBEE in South Africa
- Signatories to the United Nations Principles for Responsible Investment (UNPRI)
- FTSE4Good Index Series constituent
- One of the top 30 companies on the FTSE/JSE Responsible Investment Index
- Voluntary participants in the Climate CDP
- First SA signatory of the Just Transition Global Investor Statement, which commits us to ensuring that as we transition to a low carbon economy we engage with companies

THE VALUE WE CREATE FOR OUR CLIENTS THROUGH OUR PRODUCTS AND SERVICES

Innovation, which includes investing in the ongoing development of innovative and value-creating products and services for our clients, is a key value driver for Momentum Metropolitan. To this end we invest in fintech, insurtech and healthtech start-up enterprises (see the intellectual capital section of this report, page 85, for more information).

	Life insurance protection	Savings and Investments
Targeted value creation	Financial protection for the family when a loved one passes away By protecting our clients' income we secure their family's future against the unexpected Financial cover for a critical illness A guaranteed income in retirement Financial inclusion Credit life and retrenchment insurance cover	Our wide range of saving and investment solutions and our unique approach to investing helps our clients achieve their investment goals We help our clients grow their savings and get the most out of their hard work
The value we created for our clients in F2020	R7.4 billion paid in death claims R2.4 billion paid in disability claims R820 million paid for critical illness claims R1.9 billion in dividends paid to cell owners Myriad and Momentum Corporate clients that are also members of Momentum Multiply can qualify for a discount of up to 60% off their monthly premiums	Momentum Investments had assets managed and under administration of R564 billion Momentum Corporate assets under management of R55.9 billion (FundsAtWork) R13.5 billion paid out on savings and investment products Increased clients' loyalty bonuses by R40 million together and clients' built-up retirement boosted by R210 million
The business units we depend on to create value	momentum life METROPOLITAN Together we can momentum investments Momentum Metropolitan Africa GUARDRISK TAILORED RISK SOLUTIONS aYo	momentum investments Momentum Metropolitan Africa momentum life METROPOLITAN Together we can momentum corporate GUARDRISK TAILORED RISK SOLUTIONS ERIS
Wellness and rewards	momentum multiply Engagement and rewards that encourage a healthier, safer lifestyle • Cashbacks • Value-adding discounts Covid-19 reflief measures included 3% cash back on essential goods • Two more Weekly Wins partners Adjustment to Active Dayz, Safe Dayz and ensured clients did not lose out on product rewards	
Covid-19 relief measures	Myriad clients were offered a temporary premium pause with payment of 20% of the sum assured. The design of Momentum Corporate's group scheme solutions already provided cover to members for Covid-19 related funeral and disability claims and critical illness from Covid-19. To help employers manage their cash flow, Momentum Corporate gave its group insurance clients a two-month grace period in which to pay premiums. The design of Metropolitan Life's products provided its clients with much needed relief during Covid-19 as they provide a range of options from premium skip options to premium bridging options. In addition, we rolled out more flexible premium payment methods that take into account the realities of the market.	Because Momentum Investments' wide range of investment vehicles and insurance products are flexible by design, they allow investors to manage access to savings themselves. In addition, it does not charge penalties if clients wish to cancel recurring contributions, nor are there any barriers to later restarting contributions. This feature assisted clients during the Covid-19 lockdown. Investo clients were offered an extension to the premium holiday option that was already built into the product, increasing the possible premium holiday from four to six months. The period to qualify for the premium holiday was also reduced from six months to three months. Momentum Corporate provided client's who needed assistance with relief options for their group retirement fund contributions on the Umbrella Fund.

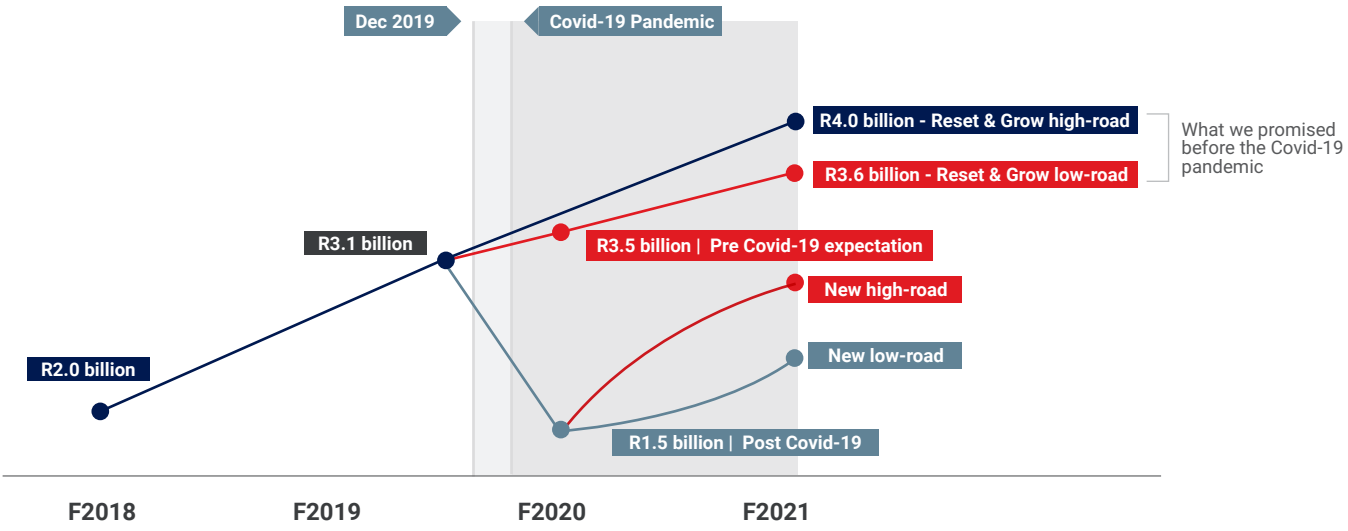
Healthcare	Non-life insurance
Our focus is on assisting medical schemes through the provision of integrated administration and managed care services We help our clients understand their health better and help them protect and improve their health We offer previously uncovered employees access to more affordable health solutions Medical aid gap cover	Reliable short-term insurance to protect the assets that our clients worked hard for like a car, a home or other personal belongings Free 24/7 roadside and home assistance Services and solutions for corporates that are serious about risk management, face complex or expensive risks or want to sell their own branded insurance product
Covered 2.6 million lives in South Africa and assisted with cover for more than 8 million lives across the world Paid over R42 billion in claims for our clients Enhanced benefits and flexibility for our clients by adding more value at some of the lowest costs in the industry In India ABHI offered protection against unforeseen health expenses through over 6 500 hospitals in 2 000 cities. It also enables and influenced client health	Paid R2.0 billion in motor claims Paid R772 million in property-related claims Qualifying Momentum Short-term Insurance clients, who actively engage with our safety value proposition, can earn up to 30% of their premiums, even if they claim, through our Safety bonus. R791 million in dividends paid to cell owners R2.0 billion in mining rehabilitation guarantees were issued
Momentum Metropolitan health business Momentum Metropolitan Africa GUARDRISK TAILORED RISK SOLUTIONS ADITYA BIRLA HEALTH ayo	momentum short-term insurance momentum Insurance GUARDRISK TAILORED RISK SOLUTIONS Momentum Metropolitan Africa

multiply MONEY

Free mobile banking • Competitive interest rate • Savings and payment wallets • Healthsaver Visa card • Points earned on savings balance

We provided remote solutions to enable access to healthcare for people under quarantine in mining areas and are responding to hotel group requests for similar solutions. We contributed to the Solidarity Fund for the acquisition of personal protection equipment for healthcare workers. We donated a mobile clinic to the Gauteng Department of Health. We supported the Gift of the Givers with a drive-through testing station at our offices in Bellville, Western Cape and also provided a monetary donation. Hello Doctor was made available to all South Africans via their mobile phones. Used by the Department of Health as a first-access point to assess the need for Covid-19 screening, it was also used in a Dis-Chem screening initiative. Hello Doctor has been enhanced with additional digital capabilities to ensure that our clients could continue obtaining treatment during the lockdown period.	MSTI provided clients with a 10% premium rebate, a premium cover pause option, an option to downscale cover with no penalties if reinstated 10 working days after the end of lockdown, and access to R26 million in future no-claims bonuses to ease the financial burden. Momentum Insurance provided relief to clients through excess waivers and 15% discount on motor premiums in May and June, and also provided claims excess relief in certain cases. Both entities provided support to their claims service providers, such as suspension of volume-based discounts and upfront invoicing payments instead of the usual industry 30-day payment cycle. Guardrisk offered several relief options to clients, including premium holidays and discounts.

IMPACT OF COVID-19 ON OUR RESET AND GROW STRATEGY



OUR RESET AND GROW ROADMAP

Reset strategy Grow strategy

Fix the basics	Enhance distribution capabilities	Improve service
Address our cost base	New and refreshed products that differentiate us	Marketing support

Underpinned by a practical client focus • Entrepreneurial mindset • Federal portfolio of businesses • Financial discipline
Practical objectives

LONGER-TERM CORPORATE PORTFOLIO GROWTH STRATEGY

Building a synergistic and resilient portfolio of high-performing businesses leveraging the benefits of a federal operating model

Underpinned by service excellence • Product excellence • Digitalisation as a game changer

CREATING LONG-TERM SUSTAINABLE VALUE FOR OUR STAKEHOLDERS THROUGH A FUTURE STRATEGY THAT RECOGNISES THE REALITIES OF THE POST COVID-19 ENVIRONMENT

TO BE COMPLETED DURING F2021 THIS STRATEGY, WHICH WILL GUIDE US FOR THE THREE-YEAR PERIOD ENDING 30 JUNE 2024, WILL:

- build on our strengths and successes, which include our federal operating model
- continue to encourage entrepreneurial behaviour through empowered business units accountable for their full value chain.

In return the business units will be expected to perform in accordance with standards set in terms of strategic alignment, value creation and performance targets.

The impact of an event, such as the Covid-19 pandemic, tests to the limit everything a business has put in place to protect stakeholder value. It also reveals the heart and soul of an organisation. Are the values it has committed to truly part of its DNA, or just words? Do its governance structures provide it with leadership that is effective and sufficiently agile? Does the leadership's decision-making process ensure a balanced, ethical approach to protecting stakeholder value under these extreme circumstances?

At our year-end in June 2020 we needed to review how we had performed in these key areas during the first four months of the impact of the Covid-19 pandemic on our business and what may be required of us to ensure we continue to create stakeholder value going forward in a much changed world.

In this section of our report we have reviewed the various elements of our response to the Covid-19 pandemic between March and June 2020, with a view to reviewing the robustness of our response. We believe we lived our values, and that our governance structures provided excellent leadership to ensure we maintained our ethical approach. We would refer you to financial capital on pages 50 to 64 for our financial response to the Covid-19 pandemic.

IN SOUTH AFRICA ON 15 MARCH THE COVID-19 PANDEMIC WAS DECLARED A NATIONAL DISASTER, FOLLOWED BY THE IMPLEMENTATION OF A NATIONWIDE LEVEL 5 LOCKDOWN ON 26 MARCH 2020. LOCKDOWNS WERE ALSO IMPLEMENTED IN ALL THE OTHER COUNTRIES IN WHICH WE OPERATE.

Protecting our people

We **rapidly activated our business continuity plans, prioritised key activities** and **enabled** the **resources** that ensured that over 90% of our employees were working safely at home and fully enabled to continue serving our clients from home. We also took the necessary steps to ensure that any employees required to work on our premises were safe.

To keep our people informed, both with regard to their health and well-being and to provide them with news about the business and their colleagues, we regularly communicated via email and video conferencing. They were also encouraged to make use of our employee wellness tool, which is also available to our Momentum Metropolitan employees and the Hello Doctor app (pages 85 and 90).

Protecting our business values

Our risk management structures and processes and **prudent approach to solvency management** allowed us to preserve stakeholder value (page 21). Despite the significant decline in investment markets, we remained well capitalised within our Group's stated solvency targets of 1.45 to 1.75 times the solvency capital requirements (SCR) (page 50). The **liquidity management process** we have in place for unexpected events, to ensure we have sufficient liquidity buffers to fund cash calls under even more extreme scenarios, proved sufficiently robust.

Effective, agile, balanced leadership

Early in March 2020 we added a **Covid-19 Steering Committee to our governance structures.** The diverse membership of the Committee encouraged integrated thinking and a holistic approach to our decision-making, which made it possible for us to deliver on our purpose to the benefit of our stakeholders.

To ensure our **Board and its committees** had the **information they needed to lead effectively**, they were provided with weekly reports on how Covid-19 was affecting our people, our clients, the business, and society as a whole; and the Group's efforts to assist where required while ensuring we continued to protect our business. See page 40 of Value creation through good governance for more details.

Assisting our clients

Our business units **offered** their clients a **range of relief measures** to assist them during the lockdown, and ensured that they continued to provide their clients with the best possible service while working remotely. The Financial Service Conduct Authority (FSCA) issued guidance on treating customers fairly during lockdown.

Our support of society, small businesses and communities

We made donations in emergency funding available to the Red Cross, the United Nations Children's Fund (UNICEF) and our partners working in communities to distribute food, provide access to water and enable testing (page 112) We also contributed to government's Solidarity Fund which provided financial and resourcing support for Covid-19 relief efforts. Our Group Chief Executive Officer also donated one-third of his salary for three more months to the Solidarity Fund. Guardrisk contributed to the South African Future Trust to support small businesses that were unable to operate during lockdown.

How Covid-19 fast-tracked our digital transformation

We had a digital roadmap in place to implement digital solutions and processes over time, but we fast-tracked the process to meet the business challenges that the Covid-19 pandemic presented.

Our values:

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

The purpose of Momentum Metropolitan is to enable businesses and people from all walks of life to achieve their financial goals and life aspirations by creating economic value for all our stakeholders, including future generations. To achieve our purpose our sustainable development is embedded in our strategy and is an integral part of how we do business.

Previously, financial and physical assets were considered to be the key components making up an organisation's market value. Today, increasingly an organisation's sustainability and the likelihood of it performing well in the future is also being measured in terms of its environmental, social and governance (ESG) performance.

Momentum Metropolitan supports the United Nations Environment Programme (UNEP) Finance Initiative's Principles for Sustainable Insurance (PSI)

Sustainable insurance is a strategic approach where all activities in the insurance value chain, including interactions with stakeholders, are done in a responsible and forward-looking way by identifying, assessing, managing and monitoring risks and opportunities associated with environmental, social and governance issues.

Source: PSI

How our approach to the environment, society and governance contributes to the sustainability of our business

Environment



By minimising our impact on the environment through responsible consumption of renewable and non-renewable environmental resources, our approach to responsible investment, addressing our impact on climate change, supporting a just transition to a resilient low-carbon economy and complying with legislation we not only contribute to the sustainability of our business, but we also contribute to the achievement of the UN SDG 13: Climate action (see page 113).

Society



Through our approach to our employees' human rights, learning and development, safety, health and well-being, and their employment we are able to deliver on our purpose by providing our clients with products and services that enable the achievement of their financial goals while protecting their financial security, health and well-being and creating economic value for all our stakeholders. We also contribute to the sustainability of our business and the achievement of UN SDG 8: Decent work and economic growth and UN SDG 3: Good health and well-being (see pages 88 to 92).

Through the role we play in the communities in which we operate and our relationships we increase their sustainability, earn our social licence to operate. and contribute to the achievement of UN SDG 8: Decent work and economic growth and UN SDG 9: Industry, innovation and infrastructure (see pages 112 to 115).

Governance



Through the application of good governance practices. we have esiablished an ethical culture within the Momentum Metropolitan Group, effective control and legitimacy, all of which contribute to the sustainability of our business and its good performance (see pages 37 and 92).

Providing adequate assurance on the ESG information provided in our integrated report

We have adopted a combined assurance approach to ensure we have adequate assurance across the Group on both non-financial and financial information and to prevent gaps or duplication in assurance efforts (see pages 3 and 21).

Our carbon footprint is verified annually by an independent external emissions verification agency.

SUPPORT OF THE UN SDGS

The UN SDGs are a people-centred set of goals and targets. Their aim is to achieve sustainable development by eradicating poverty, protecting the planet from degradation and ensuring that all human beings can enjoy prosperous and fulfilling lives in harmony with nature. While some of the SDG targets require governments to take action there is still a lot we can do as a corporate to contribute to their achievement. This is the first year we have reported on our contribution to the SDGs having identified the five to which we can currently make a meaningful contribution. We will regularly review our contribution and review how else we can make a meaningful contribution to their achievement. Recent events have made us all much more aware of the vulnerability of people and the planet and they have highlighted the plight of those living in poverty and the need for our fellow human beings to have an opportunity to fulfil their potential.

Through constructive debate in various leadership forums, we identified where Momentum Metropolitan can make the most meaningful contribution to the achievement of the SDGs. We established that currently five SDGs correlate with our purpose and the key focus areas of our strategic objectives. Our focus on these areas allows us to make a meaningful direct contribution to:

SDG 3: Ensure healthy lives and promote well-being for all people at all ages (see page 90 of human capital, page 117 of social capital and page 75 of productive capital)

SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all (see page 92 of human capital, and page 112 of social capital)

SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (see page 50 of financial capital, see page 66 of productive capital, see page 88 of human capital and page 111 of social capital)

SDG9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation (see page 85 of intellectual capital, see page 114 of social capital and page 126 of natural capital.)

SDG13: Take urgent action to combat climate change and its impacts

(see page 117 of social and relationship capital and page 126 of natural capital).

Our contribution to these SDGs is addressed in the various capitals on the pages indicated above.

We recognise that through our contribution to these five SDGs, we also make an indirect contribution to other SDGs, which may in time become direct contributions.

Sadly, the advent of the Covid-19 pandemic has been a major setback to the achievement of the SDGs by 2030. Three of the SDGs: (3, 4 and 8), which correlate with our key focus areas, are being severely impacted by the Covid-19 pandemic. We are addressing these impacts on our clients, employees and society as a whole. Information on our efforts can be found in the various capitals on pages 49 to 127.



FIVE-YEAR SUMMARY

This year we have included human, intellectual, social and natural capital statistics in our five-year summary with the aim of providing an integrated view of the statistics that can impact the sustainability of Momentum Metropolitan.

	June 2020 Rm	June 2019 Rm	June 2018 Rm	June 2017 Rm	June 2016 Rm
Financial capital					
Net insurance premiums [1]	**75 040**	73 152	65 304	62 935	63 112
Momentum Life	**9 466**	9 213	8 938	7 383	8 345
Momentum Investments	**24 067**	21 039	20 894	16 844	17 422
Metropolitan Life	**7 085**	7 052	7 368	6 898	6 816
Momentum Corporate	**16 197**	20 991	15 244	20 546	20 539
Non-life Insurance	**13 527**	10 165	8 609	7 239	6 069
Africa	**4 698**	4 692	4 251	4 025	3 921
New business premiums (PVNBP)	**50 447**	55 783	50 002	49 506	54 837
Momentum Life [2]	**7 072**	8 266	8 089	7 418	6 979
Momentum Investments [2]	**26 812**	23 145	23 267	23 267	27 236
Metropolitan Life	**4 701**	4 897	5 091	5 164	4 936
Momentum Corporate [3]	**9 206**	16 977	11 218	11 121	13 232
Non-life Insurance	**-**	-	-	-	-
Africa	**2 656**	2 498	2 337	2 536	2 454
Value of new business (VNB)	**280**	541	345	589	777
Momentum Life [2]	**22**	101	66	56	32
Momentum Investments [2]	**134**	82	76	214	284
Metropolitan Life	**110**	89	84	178	191
Momentum Corporate [3]	**(4)**	265	124	68	199
Non-life Insurance	**-**	-	-	-	-
Africa	**18**	4	(5)	73	71
Normalised headline earnings [4]	**1 572**	3 074	2 003	2 407	2 646
Momentum Life	**416**	883	472		
Momentum Investments	**303**	512	227		
Metropolitan Life	**302**	610	201		
Momentum Corporate and Health	**260**	601	909		
Non-life Insurance	**405**	164	204		
Africa	**317**	262	147		
"New Initiatives"	**(509)**	(492)	(377)		
Shareholders	**78**	534	220		
Core headline earnings [4]			2 809	3 208	3 206
Momentum Retail			920	1 271	1 493
Metropolitan Life			570	660	700
Momentum Corporate			903	835	680
International			(48)	(166)	(156)
Shareholder Capital			464	608	489

[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 to normalised headline earnings in F2019. F2018 has been restated for comparative purposes at a segmental level; for all other periods, only the total NHE is disclosed.

	June 2020 Rm	June 2019 Rm	June 2018 Rm	June 2017 Rm	June 2016 Rm
Earnings attributable to owners of the parent (Rm)	**178**	2 255	1 369	1 536	2 142
Earnings per share attributable to owners of the parent (cents)	**12,3**	153,1	88,2	98,4	137,6
Diluted headline earnings per share attributable to owners of the parent (cents)	**71,3**	166,2	92,9	117,7	132,2
Normalised headline earnings per share attributable to owners of the parent (cents)	**101,5**	202,5	125,5	150,1	165,0
Core headline earnings per share attributable to owners of the parent (cents)			176,0	200,0	199,9
Dividend per share (cents)	**40**	70	-	157	157
Diluted embedded value (Rm)	**38 524**	41 193	39 601	42 523	42 989
Return on embedded value (%) (annualised) - internal rate of return	**(3,7)**	8,0	(1,1)	4,7	12,8
Price/Normalised headline earnings ratio	**17,3**	9,3	7,0	13,5	13,7
Price/Core headline earnings ratio			10,0	10,1	11,3
Dividend yield % (dividend on listed shares)	**2,3**	3,7	0,0	7,8	6,9
Share price - last sale of period (cents per share)	1 761	1 897	1 767	2 024	2 264
Human capital					
Number of employees in the Group	**16 234**	15 674	16 941	-	-
Voluntary turnover (%)	**20**	34	29	-	-
Absenteeism rate (includes all sick leave taken) (%)	**1.15**	1.23	1.23	-	-
Investment in employee learning and development (R million)	**70**	52	70	-	-
Females in workforce (%)	**64**	64	64	-	-
African, Coloured and Indian (ACI) females in work-force (%)	**51**	50	51	-	-
ACI members of management (%)	**41**	40	41	-	-
ACI female members of management (%)	**20**	19	21	-	-
Intellectual capital (governance)					
Independent non-executive directors (%)	**70**	72	73	-	-
Female Board members (%)	**35**	33	13	-	-
Black Board members (%)	**47**	50	33	-	-
Social capital					-
Investment in socio-economic development (R million)	**36**	27	25	-	-
B-BBEE contributor level	**1**	1	3	-	-
Natural capital *					
Carbon emissions reduction (Scopes 1 and 2) (% change against 2014 baseline)	**n/a**	(11)	(14)	(14)	(6)
Water use reduction (% change against 2014 baseline)	**n/a**	(39)	(27)	(25)	(14)
Waste recycling (% recycled annually)	**n/a**	40	45	-	-

n/a – not available

* the recording of our natural capital statistics is on a calendar year basis, therefore results for 2020 will not be available until year-end.

Capital inputs from F2019 enabling our value-adding activities in F2020

Outputs from

Financial

- Strong balance sheet providing solvency and liquidity
- Embedded value of R41.2 billion
- R28.4 billion market capitalisation
- R3.1 billion in normalised headline earnings
- Regulatory solvency cover for Momentum Metropolitan Life Limited of 2.08 times SCR
- Momentum Metropolitan Life financial strength credit rating of Aaa.za (national scale) and Baa2 (global scale)
- Culture of financial discipline

Productive

- The business resilience we have built through our Reset and Grow strategy
- Our diverse range of products and services that provide financial solutions for people, communities and companies, help them grow their savings, protect what matters to them and invest for the future (p66)
- The diverse distribution channels through which we sell our products and service our clients
- Resilient infrastructure, including technology, we need to operate our business
- Improved service levels
- Enhanced distribution channels

Intellectual

- Our value system
- Return to entrepreneurial culture
- The intellectual property and organisational knowledge that differentiates us (p83)
- Brand and reputation (p86)
- A robust governance framework that facilitates nimble, effective, ethical and responsible decision-making (p36)
- Integrated thinking that underpins our ability to operate collectively
- The systems and technology that we use to deliver on our business strategy
- Our investment in organisational and digital transformation

Human

- The business resilience we have built through our Reset and Grow strategy
- 15 674 employees
- A resilient, growth-focused performance culture
- Our commitment to our people's development, safety and well-being p(90)
- A transforming, skilled and stable workforce (p89 to p92)
- R52 million investment in learning and development (p89 and p92)
- Board and Executive team with diverse range of skills and experience (p29 to p34, and p47 to p48)
- Talent management and succession strategy

Social and relationship

- R 26.5 million invested in reducing the number of young people not in employment, education or training
- Commitment to the application of responsible investment practices
- Level 1 B-BBEE contributor with focus on enterprise and supplier development, preferential procurement from black-owned businesses and empowerment funding
- Engagement with clients and potential clients through our investment in consumer education and developing entrepreneurship skills in teenagers
- Commitment to Treating Customers Fairly
- Over R30 billion in empowerment financing investments

Natural

- R300 million investment in reducing our energy and water usage
- Over R2.1 billion invested in renewable energy power production
- B score for our voluntary CDP climate change disclosures (2018)
- Impact of addressing environmental concerns with listed companies during F2019, in line with our commitment to responsible investing



The trade-offs required to create value for stakeholders

Investing in our future

- While the acquisition of Alexander Forbes Insurance will result in lower returns from the existing cash reserves used to fund the transaction in the short term, it positions us as a significant player in the personal lines short-term insurance market in the years ahead (78).

Investment to enable working from home and to keep pur people safe

- We invested R26 million in remote working enablement and structural changes needed to ensure social distancing in our offices

these activities	Outcomes, including those in response to Covid-19 during 2H2020	Impacts on our ability to create value

businesses
people
walks of
hieve their
goals and
pirations

Savings and investments

Non-life insurance

Financial

- Before Covid-19 we were on track to achieve our Reset and Grow target of R3.6 billion to R4.0 billion by F2021. By June 2020 normalised headline earnings were R1.5 billion (F2019: 3.1 billion) a 51% reduction year-on-year after the impact of R983 million provision raised against Covid-19
- No final ordinary dividend on ordinary shares
- Resilient balance sheet (p63)
- Culture of financial discipline maintained with direct controllable expenses well under inflation
- Embedded value at year-end of R38.5 billion (p55)

Productive

- Enhanced product offerings to meet the need for contractless service
- PVNBP for F2020 was R50.4 billion (F2019: 55.7 billion), a 10% decrease year-on-year
- Clients offered financial relief and support amounting to R388 million (p8 to p9)
  - Client recognition of improved and consistent service levels pre Covid-19 and recognition of service excellence during lock-down

Intellectual

- Our reputation in the market provided access to funds when funds were in very short supply during Covid-19
- Entrepreneurial culture embedded in our business units allowed for rapid and effective response to Covid-19
- Future digital transformation of the business dramatically advanced in response to way of working under Covid-19
- The development of products, which by addressing risk in critical areas protect their sustainability
- Robust governance structures enabled the Board and Executive team to react rapidly and effectively to protect the business and its stakeholders during Covid-19

Human

- 16 234 employees (p89)
- R6.7 billion paid in salaries and benefits during F2020 (p89)
- R70.0 million spent on training and developing our employees and preparing them for the changing world of work (p89 and p92)
- Rapid transition to digital learning following Covid-19
- Education and well-being initiatives to look after employees' health and safety during Covid-19 (p90)
- Voluntary turnover 22% (p89)
  - 90% of employees successfully working from home within five days of announcement of lockdown (p83)

Social and relationship

- 750 young people found employment through our youth employment strategy (p112)
- Level 1 B-BBEE contributor
- aYo micro insurance products provided financial inclusion to eight million MTN subscribers in Ghana, Uganda and Zambia (p115)
- Our efforts to mitigate the impact of Covid-19 included approximately R12 million in relief funding for the vulnerable and support for small business (p11)
- Hello Doctor medical information provided free to all South Africans
- Partnering to provide Covid-19 testing facilities (p9)

Natural

- Investment in renewable energy production powering 705 000 households with in clean energy
- Addressed environmental concerns with listed companies, in line with our commitment to responsible investing (p116)
- As a signatory to the Just Transition Global Investor Statement, the Group will have access to best practice investor practices with regard to action on climate change (p117)
- B score for our voluntary CDP climate change disclosure 2019
- Sustainability framework developed in support of the Group focus on embedding sustainability in our business operations

Client and adviser assistance during Covid-19 lockdown

- In order to assist our clients who were unable to earn or who have earned less due to the Covid-19 lockdown we offered various forms of relief (pages 8 and 9), which resulted in reduced earnings for most of our business units during this period.
- R51 million (after tax) in support and financial relief was provided to our various advisers during the Covid-19 lockdown when, because financial advice was not deemed an essential service, they could not operate.

We had made steady progress towards achieving our Reset and Grow targets by 1H2020, which was suddenly halted by the impact of the Covid-19 pandemic on our business, our clients and the country's economy.

However, through our Reset and Grow strategy established the resilience and agility we need to continue to grow, if not as rapidly as we had planned, and create sustainable value despite very challenging times.

As a responsible corporate citizen and wishing to treat our customers fairly we provided financial relief to our clients struggling financially under the impact of the Covid-19 pandemic. We believe this helped a number of our clients retain important protective and health cover.

An unintended benefit of the Covid-19 pandemic has been the acceleration of our digital transformation, with one of our longer term strategies of technology as a game changer, being brought forward to support our future readiness.The resilience we established in our business has allowed us to retain our existing employees for the foreseeable future.

Our entrepreneurial mindset made it possible for our employees to seamlessly move to working from home, be more productive than ever before and ensure our clients received the best possible service.

Our youth employment strategy was impacted by the Covid-19 lockdown as we could not continue with important aspects of the programme. Instead, we were able to turn our efforts and those of the not-for-profit organisations who deliver our youth strategy to providing support to the vulnerable (xx)

While we have been able to reduce our impact on climate change through our investment in improving the efficiencies of our buildings, we can make the biggest difference through our investments in renewable energy production and our ability to influence the environmental performance of companies in which we invest. We hope to increase our impact through our participation in the Just Transition initiative.

When we released our interim results on 5 March 2020, we reported good operational results, in an already challenging economic environment. At the time we released our interim results our Group Chief Executive Officer, Hillie Meyer, said: 'Looking ahead at the next 18 months, we will continue to focus on the Reset and Grow strategy, a roadmap that has served us very well up to now. We have already successfully executed on most of our plans for the Reset phase of our strategy and will increasingly shift our energy onto the Growth objectives.'

Then everything changed

As we were releasing these results the global investment market turmoil, triggered by the rapid spread of the Covid-19 pandemic, was already beginning to have a major impact on our performance. This was followed by South Africa's nationwide lockdown on 26 March 2020, which paralysed our already fragile economy and severely impacted new business volumes and general business activity.

A challenging economic environment became an extremely tough economic environment, with a severe recession predicted for South Africa over the next two years, and recovery likely to take up to 10 years.

Globally, financial uncertainty casts a long shadow as the world begins to face the massive challenge of how to offset the losses sustained when an entire world ceased to function as it put people's lives before profit.

The year ahead

We expect a higher intensity of competition in the insurance industry, amplified by increased competition from the banks and telecommunication companies. Retrenchments, business failures and the state of the economy will increase the challenges in our operating environment.

Investment markets can be expected to reflect the difficult and uncertain economic environment, yielding weak and volatile returns. The combination of these challenges will have a negative impact on our financial performance.

Future trends

Evolving consumer needs and our ability to address them will be key in the short to medium term. These include:

- the ability to rapidly adapt to consumers' preferences towards digital interaction
- digitally enabling face-to-face sales channels and strengthening digital direct distribution channels
- providing relevant solutions for an increased focus on savings and a need for more certain returns
- adjusting product design in light of a resistance to long-term financial commitments as clients face income uncertainty
- the need to provide clients and potential clients with flexible solutions that offer better value for money
- increased interest of clients and potential clients in wellness.

Our role as responsible corporate citizens

Companies will need to relook their corporate social investment programmes to ensure they are effective and address the greatest needs of society at a time when so many South Africans are unemployed and without food and shelter. We need to help our clients preserve their investments in savings and life cover. We also need to be innovative in the design of our products to meet the needs of our clients in the current environment and to offer further financial inclusion.

The changing world of work

The changing world of work is a key factor as we adjust to changes that are likely to transform our industry. These include adapting to remote work, security challenges, flexible work, and ensuring employee well-being and productivity. How organisations maintain their corporate culture, and keep their employees committed will be challenging. Companies will also need to relook and reform their cost bases.

How we are able to address these trends

The progress we made with our Reset and Grow strategy has given the Group the resilience it needs in the current environment. Momentum Metropolitan Life remained well capitalised even at the time of the greatest drop in investment markets. We have since seen a significant improvement in funding levels following the recovery of the investment markets.

The robust liquidity management process we have in place for unexpected events provides us with sufficient liquidity buffers to fund cash calls under even our more extreme scenarios. This allowed the Group to navigate the market crisis in March without liquidity concerns. We continue to be well-positioned to manage the volatility and liquidity stresses experienced in the market.

We are in the process of designing a long-term strategy for the Group, beyond Reset and Grow, that will take into account future trends, the competitive environment and our internal capabilities. The fact that we have been able to resiliently navigate the Covid-19 pandemic means that our new long-term strategy does not have to be encumbered by defensive plans, but is free to focus on growth.



OUR MATERIALITY PROCESS

Our retrospective and forward-looking materiality determination process is an integral part of our efforts to; embed integrated thinking in Momentum Metropolitan and to identify the matters material to achieving our strategic objectives that should form the basis of our internal and external reporting.

During F2020, our external engagement process included the investor community; our clients; the communities in which we operate and the non-profit organisations with whom we collaborate to achieve our socio economic development strategy; the regulators; the Prudential Authority, government, and industry bodies.

Our internal materiality process included a workshop with members of the Executive team and interviews with business units. We also drew on feedback from employees responding to our internal surveys.

During most of the second half of our financial year the impact of the Covid-19 pandemic, which started affecting South Africa early in March 2020, has been material to our business and its stakeholders. We have included this impact in the graphic below, together with what we believe will be material to our Group in terms of the impact of the Covid-19 pandemic in the short and medium term.

Refer to the relationship capital section of this report (page 118) for information on our stakeholder engagement.





Strategies affected	1H2020 MATERIAL MATTERS KNOWN CURRENT ISSUES	Value impacts	MATERIAL MATTERS SINCE COVID-19 NEW AND CHANGING ISSUES
EXTERNAL ENVIRONMENT			
	Brand and reputation (page 72)		The value of our reputation in the market (page 86)
	Global and local economic conditions (page 18)		Financial market volatility (page 22)
	Delivering innovative products and client solutions (pages 66 to 81)		Nimble and inventive digital transformation of our organisation to enhance experience (page 83)
	Accelerate our short-term business growth ambition (page 78)		Achieving rapid organic growth of our short-term business (page 79)
	Regain new business market share (page 28)		Exploit growth opportunities to increase new business market share (page 28)
	Delivering on our commitments as a responsible, ethical corporate citizen (pages 37,92 and 111)		Investing in the safety, health and overall well-being of our clients, and people in need during Covid-19 (pages 8 to 9, 90 and 112)
Strategies affected	**KNOWN CURRENT ISSUES**	**Value impacts**	**NEW AND CHANGING ISSUES**
INTERNAL ENVIRONMENT			
	Organisational resilience built through the successful resetting of our business (page 27)		Exploit organisational resilience to prepare the organisation for rapid changes in the way we work (page 28,51)
	Maintaining a strong balance sheet (page 63)		Balance sheet resilience (page 63)
	Embedding a culture of financial discipline (page 28)		Maintaining a culture of financial discipline (page 28)
	Return to entrepreneurial culture (page 28)		Maintaining our entrepreneurial culture and intrapreneurship (page 28)
	Positioning Momentum Metropolitan as an employer of choice (page 91)		Employer of choice meeting and exceeding employee expectations of leadership as caring compassionate, transparent and trustworthy (page 91) Focus on the safety, health and overall well-being of our people during Covid-19 (page 90)
	Enhancing our distribution capabilities (page 71)		The need to think differently about distribution, getting closer to each other now and in the future (page 71)
	Continuous improvement of our workforce transformation outcomes (diversity and employment equity) (page 92)		Ongoing focus on improved workforce transformation outcomes (diversity and employment equity) (page 92)
	Addressing climate change through environmental management and responsible investing (page 116 and 125)		Delivering on our commitment to support a just transition to a resilient low carbon society (page 117)
	High standards of governance, accountability, ethics and integrity underpinning organisational resilience (page 35)		Application of our robust governance framework and processes to achieve effective risk management, nimble decision-making and business continuity (page 23 and 40)

Legend: Reset strategy | Grow strategy | Resilience | Positive impact on value | Negative impact on value



Momentum Metropolitan's robust Own Risk and Solvency Assessment process gives it the ability to anticipate and respond rapidly to sudden and unexpected changes in the external risks and opportunities facing our Group. Its contribution to our resilience has been apparent during the Covid-19 pandemic.

Frans Truter
Chairman
Risk, Capital and Compliance Committee

Our risk philosophy recognises that managing risk is key to the achievement of business sustainability and the Group's strategy. By maintaining an optimised level of risk management and risk governance at Momentum Metropolitan we are able to provide the business with the information it needs to effectively manage its risks and opportunities and continually take corrective action that will allow the Group to deliver on its business strategy and achieve its targets.

MANAGING OUR RISKS AND OPPORTUNITIES FOR SUSTAINABLE VALUE CREATION

To achieve this we need to:

- understand the nature of the risks to which Momentum Metropolitan is exposed, the range of outcomes under different scenarios and the capital required for assuming these risks
- ensure the Group is able to create value by achieving a long-term sustainable return on the capital required to back the risks assumed
- protect client interests by maintaining adequate solvency and liquidity levels
- ensure that we focus our capital and resources on activities that generate the greatest value on a risk-adjusted basis
- create a competitive long-term advantage by managing our business in a sustainable manner.
- ensure ongoing compliance with relevant legislative and regulatory requirements.

Our Own Risk and Solvency Assessment (ORSA) process

Our ORSA process links and integrates the Group's risk management system, risk appetite and capital management, and is used to balance risk and return and inform business and strategic plans. The ORSA process includes a quarterly assessment of our current and forward-looking risk profile and solvency position and assesses the Group's overall solvency needs (see page 62 of financial capital) and resilience under a range of adverse scenarios.

Risk governance

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. The Board has also assumed responsibility for the governance of technology and information. While the strategy and operation of information technology (IT) within Momentum Metropolitan are subject to Board level oversight, responsibility for IT governance is also delegated to the Board Risk, Capital and Compliance Committee. See page 42 of [K11] [K12] Value creation through good governance for information on the outcome of the Committee's oversight of risk, capital and compliance management and IT strategy and operation within the Group.

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 planning, execution and reporting of all assurance activities across the business.

The integrated approach allows for improved understanding and coverage of risks by all relevant Momentum Metropolitan assurance providers.

Combined assurance activities in F2020

The key combined assurance activity this year was integrating the newly appointed external auditors into our combined assurance process. Additionally, our focus also included embedding and optimising our combined assurance efforts with particular focus on increased assurance provider collaboration; enhancing the combined assurance maturity assessment model; and developing the assurance provider reliance model.

OUR APPROACH TO RISK APPETITE AND RISK TOLERANCES

Our Board-approved risk appetite framework articulates 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 to:

- ensure the Group's sustainability and resilience by maintaining appropriate capital coverage and liquidity
- achieve earnings targets without exposing the Group to excessive earnings volatility
- comply with the relevant legislative and regulatory requirements.

Our risk appetite framework includes the Group's risk appetite statements, risk strategy and risk limits, and we seek to optimise risk taking within the boundaries specified by these components. The regular monitoring and reporting of exposure against the requirements of our risk appetite framework is undertaken as part of our ORSA process.

Our risk appetite statements are expressed as thresholds on solvency cover, earnings volatility and liquidity exposures. They consider quantitative, modelled risk exposures and result from financial risk taking, that provide risk thresholds at a Group level within which senior management and the Board steer the business.

Our risk strategy guides 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 is supported by quantitative tolerances and risk limits, which are set to ensure that underlying risk exposures remain within appetite.

During the Covid-19 crisis, the Group's risk appetite framework has proved invaluable in managing the Group's risk, liquidity and solvency profile. It has helped to ensure the resilience of the Group to the severe volatility observed in financial markets and disruptions in the operating environment, and has enabled the Group to respond quickly and proactively in managing risk exposures and mitigating risk impacts. The processes we followed to address the operational impact on our processes, people, clients and office locations of the Covid-19 pandemic were in line with our business continuity policy (see page 11 of this report for more information and the capitals on pages 50 to 127)

OUR KEY RISKS AND OPPORTUNITIES

In the table that follows we have included a summary of our key risks and opportunities, the material matters related to these risks and opportunities, and our response to them. Momentum Metropolitan's operating performance and delivery of its long-term strategy can be materially impacted by changes in the macroeconomic environment, and the Covid-19 pandemic and its effects on financial markets, local and global economies and the Group's client base has resulted in elevated risk exposures across the Group.

Strategy and capitals impacted	Material matters	Risks and opportunities	Our response to the risks, material matters and opportunities they present	Change in risk rating compared to F2019	Risks impacted by Covid-19
	Global and local economic conditions Application of our robust governance framework and processes to achieve effective risk management, nimble decision-making and business continuity Organisational resilience built through the successful resetting of our business The value of our reputation in the market Balance sheet resilience	**Financial market volatility:** Our earnings and net asset value are exposed to movements in financial markets, most significantly to movements in equity markets and interest rates as consequential features of our business. The Covid-19 crisis has resulted in significant volatility in local and global financial markets, and market volatility is likely to remain elevated in the near term.	Under our Board-approved market risk strategy, we maintain a conservative investment mandate for shareholder assets. Hedging and asset-liability matching strategies are implemented in accordance with approved policies, and continually monitored to maintain shareholder exposures within risk appetite based on specific management intervention triggers. In line with our risk appetite, we maintain strong coverage of our regulatory solvency position to provide resilience against severe shock scenarios. Our liquidity profile is closely monitored and managed within our risk appetite. (see page 21 for more information).	↑	✓



Strategy and capitals impacted	Material matters	Risks and opportunities	Our response to the risks, material matters and opportunities they present	Change in risk rating compared to F2019	Risks impacted by Covid-19
	Investing in the safety, health and overall well-being of our clients, members, service providers and employees need during Covid-19 Exploit growth opportunities to increase new business market share Regain new business market share Organisational resilience built through the successful resetting of our business Maintaining a culture of financial discipline Nimble and inventive digital transformation of our organisation to enhance our client, member, adviser and employee experience Maintaining our entrepreneurial culture and intrapreneurship Achieving rapid organic growth of our short-term business The need to think differently about distribution, getting closer to each other now and in the future	**Business volumes and growth:** The challenging operating environment and the economic and social impacts of the Covid-19 pandemic are expected to place pressure on business growth. The expected slow down in employment, decreases in disposable income, and weak business and consumer sentiment may impact new business volumes, client retention and profit margins, and require close management of the Group's cost base.	A large number of initiatives have been rolled out in response to the risks that Covid-19 presents to business growth and client retention. Product management responses focused on ensuring that capabilities in respect of client service and distribution were not significantly compromised during the lockdown period, and providing relief to clients where appropriate and ensuring effective communication between clients, brokers and distribution staff. Given the potential for pressure on business volumes, the Group will continue to closely monitor and manage its expense base and provide innovative product management responses to meet the needs of our clients (see pages 8 and 9 of the Our business section of the report and pages 65 to 81 of productive capital).	↑	✓
	Exploit organisational resilience to prepare the organisation for rapid changes in the way we work, and identifying, retaining and acquiring the skills employees will need for these new ways of working Nimble and inventive digital transformation of our organisation to enhance our client, member, adviser and employee experience Employer of choice meeting and exceeding where possible employee expectations of leadership as caring, compassionate, transparent and trustworthy Ongoing focus on improved workforce transformation outcomes Focus on the safety, health and overall well-being of our people during Covid-19	**Business continuity and people risk:** The lockdown restrictions imposed by government have presented numerous challenges to the continuity of business operations. Business continuity management has been a key focus area of the business, and is expected to remain so as the remote working practices which have developed in response to the lockdown become more established in business practices. The Covid-19 pandemic is a risk to the health and safety of our employees which is also a key focus area for the Group.	The Group successfully implemented the necessary measures to keep businesses operational over the lockdown period and enable employees to work from home. Overall service levels have been maintained during the lockdown, and most service staff have been able to work remotely. See page 69 of intellectual capital. An accelerated digital transformation of our sales processes was also implemented in response to the Covid-19 lockdown. The Group is also incorporating the practices and solutions developed in response to the Covid-19 crisis, which include more flexible working arrangements, the roll out of remote working enablement solutions and ensuring that our employee value proposition continues to adequately address the overall well-being of our employees, given the potential for structural shifts in working practices going forward. In order to address the risks associated with a remote-working workforce management is ensuring that appropriate attention is being placed on wellness and performance initiatives. See page 90 of the human capital section of this report.	↑	✓
	Application of our robust governance framework and processes to achieve effective risk management, nimble decision-making and business continuity Delivering on our commitment as a responsible, ethical corporate citizen Maintaining a culture of financial discipline Maintaining a strong balance sheet	**Counterparty credit risk:** The Group assumes credit risks from a variety of sources across its operations. The nature of these exposures differs by source, with shareholder credit exposure from investment activities being the most significant. There is an increase in credit risk observed for specific counterparties and industries due to the impact of the Covid-19 crisis and the weak macroeconomic environment.	The Group assumes credit risk within a well-developed risk framework, and is comfortable with the high quality of its credit portfolio. We continue to monitor the corporate credit exposure closely given the challenging economic environment, and are engaging proactively with higher-risk counterparties. 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.	↑	✓

Strategy and capitals impacted	Material matters	Risks and opportunities	Our response to the risks, material matters and opportunities they present	Change in risk rating compared to F2019	Risks impacted by Covid-19
	Application of our robust governance framework and processes to achieve effective risk management, nimble decision-making and business continuity Organisational resilience built through the successful resetting of our business	**Claims experience:** Momentum Metropolitan is in the business of accepting underwriting risk as part of its core insurance operations. While the Covid-19 pandemic is expected to have a negative impact on our claims experience, significant uncertainty remains regarding the nature and scale thereof and the potential effects on policyholder behaviours. Most notably, there is the risk of a significant increase in mortality claims across life insurance protection products, higher policy lapses as a result of the reduction in client's disposable income, and (to a lesser extent) additional business interruption claims.	The Group has made additional allowances in the IFRS liabilities and regulatory technical provisions for the potential impacts of Covid-19, and continues to monitor emerging experience closely. See page 53 of financial capital. The diversity of the Group's business may serve as a partial mitigant to overall experience, as adverse mortality experience may be partly offset by positive experience in other businesses or product lines. See pages 8 to 9 of the Our business section of the report.		
	Application of our robust governance framework and processes to achieve effective risk management, nimble decision-making and business continuity Brand and reputation Delivering on our commitment as a responsible, ethical corporate citizen	**Technology risk:** Technology risk, and in particular exposure to operational and reputational risks emanating from operational systems and processes, network infrastructure and cyber crime, continue to present evolving risk exposures.	The Group continues to roll out initiatives to strengthen the IT security position of the organisation. Controls have been enhanced and expanded to address the additional risks associated with the large-scale remote working practices initiated during lockdown. The initiatives include enhancing our firewall protection, implementing stronger authentication controls, reducing the organisation's internet footprint and enhanced data leak prevention controls. See pages 69 to 72 of intellectual capital.		
	Delivering innovative products and client solutions Nimble and inventive digital transformation of our organisation to enhance our client, member, adviser and employee experience Maintaining our entrepreneurial culture and intrapraneurship	**Disruptive innovation:** The threat from disruptive innovation, one example of which is the digital transformation of the financial services industry, remains a significant and accelerating risk for the business strategies of traditional insurers.	In line with our federated model, we have empowered our business units to drive digital transformation. Business units continue to develop their digital strategies to support their objectives, while actioning projects to enhance digital skills and capabilities. See page 71 of intellectual capital for information on progress with the digital transformation of our business.		
	Application of our robust governance framework and processes to achieve effective risk management, nimble decision-making and business continuity Delivering on our commitment as a responsible, ethical corporate citizen	**Regulatory change and compliance:** Operating an efficient and profitable business within a changing compliance landscape presents certain risks and opportunities. The continuing influx of new legislative and regulatory requirements requires ongoing development and operating changes, and places pressure on internal resources and management bandwidth.	Momentum Metropolitan is committed to operating an efficient and profitable business with the parameters of the compliance landscape. The Group's compliance function assists management in ensuring Momentum Metropolitan effectively manages our compliance risk in line with its risk appetite. The compliance function also provides assurance to the Board and other relevant stakeholders regarding the effectiveness of compliance risk management within the Group. The Group continues 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.		



CHAIRMAN'S REVIEW

Before Covid-19 struck the Group had been making good progress with its Reset and Grow strategy and was well on the way to meeting its growth objectives by F2021.

The Covid-19 pandemic has now set the Group back by between 18 to 24 months in its Reset and Grow strategy. It is quite an unfortunate coincidence that the Covid-19 pandemic struck our country at a time when it was also experiencing an economic recession, and this combination of events has resulted in rising levels of unemployment and poverty.

Meanwhile, progress with the fight against corruption in both government and corporates, which appears to be endemic, has been quite disappointing. I am appalled by the number of cases of corruption surfacing that have deprived those facing unemployment and poverty of the vital assistance they needed during the Covid-19 lockdown. Hopefully, the actions that the President has now taken to address corruption and also to speed up the prosecution process for those found to be on the wrong side of the law will result in rapid and appropriate action being taken against the culprits. It is important to restore the confidence of our nation in the criminal justice system by ensuring that acts of corruption do not go unpunished.

Living our values

Challenging times, such as the one the entire world is currently facing because of the Covid-19 pandemic, put to the test the value systems of companies and the effectiveness of their leadership. They also test the quality and robustness of the governance structures and how swiftly they respond to a changing and dynamic environment while maintaining accountability and responsible leadership.

Our Executive team was able to achieve a commendable performance during the Covid-19 pandemic despite the business interruptions caused by the lockdown. By making use of our robust governance structures and risk management processes, the Executive team ensured from the outset that the information the Board needed to make informed decisions was available to it at least weekly, and even more frequently if necessary. The team quickly revised the governance framework to effectively and rapidly address the many challenges the Covid-19 pandemic and lockdown presented (see page 40 for details).

Momentum Metropolitan has applied its values of Accountability, Integrity, Teamwork, Diversity, Innovation and Excellence in numerous ways to keep its employees safe and healthy and to protect the sustainability of its business. We swiftly converted to a work-from-home organisation, and used the diverse talent and skills available in the Group to find innovative digital solutions that ensured the Group could continue servicing its existing clients and onboarding new clients remotely.

Our role in society

The Group's corporate social investment (CSI) team quickly realised that under lockdown many members of our communities would be without resources and the not-for-profit organisations delivering our CSI programmes would also be without an income. They responded with remarkable speed to this need, facilitating and supporting the conversion of the not-for-profit organisations into centres distributing food and providing health support. At the same time, they also found ways to continue delivering training to the unemployed youth remotely. Our achievement of being a Level 1 contributor in terms of the Financial Sector Charter reflects our commitment to transformation, which includes our focus on providing the previously disadvantaged with the training and development that equips them for the new world of work; our empowerment finance and investments in renewable energy projects; enterprise and supplier development and preferential procurement (see pages 111 to 114). While we can make only a very limited contribution to the reduction of inequality in our society, we are committed to doing what we can, both through our investment in transformation and the development of innovative products and services offering financial inclusion.

The way forward

It is disappointing that after such a promising first half of the year, the impact of the Covid-19 pandemic on our earnings during the second half of the year resulted in the Group not being able to achieve its targets. While the future will be challenging, I, however, have no doubt that with our determination to grow and prosper, the Group will soon recover from these current setbacks.

Over the past two years, using the Reset and Grow strategy, Hillie and his team have built a sustainable business with the necessary resilience to weather the current challenges. They are already looking beyond Reset and Grow and planning for a future beyond Covid-19. I shall be watching their progress with interest.

Much of what the Group can achieve depends on the performance of the South African economy and South Africa's ability to dramatically increase meaningful employment. Government, business and civil society need each other to achieve success and, more so than ever before, they need to work together and pool their extensive skills and resources to rebuild South Africa into a country which we can once again be proud of. The future of South Africa and its ability to reduce its alarming inequalities depends on this collaboration.

In conclusion

As I retire at the annual general meeting on 26 November 2020, this will be my last annual review as Chairman of the Group. We welcomed David Park to the Board as an independent non-executive director in December 2019 and Paballo Makosholo who replaced Kgaugelo Legoabe-Kgomani as a non-executive director in July 2020. Kgaugelo resigned from the Board and its Investments and Fair Practices committees with effect 30 June 2020.

I wish to thank my fellow Board members for their support and wise counsel during my tenure as Chairman of the Group. I shall miss our debates. I also congratulate our Lead Independent Director Sello Moloko, who has been appointed by the Board to succeed me, and I am confident that the Board is in good hands.

Retiring with me this year are fellow Board members Khehla Shubane and Johan van Reenen, who both joined the Board at the same time as I did in 2010. Khehla, who has been Chair of the Social, Ethics and Transformation Committee since 2018, has played a key role in guiding the transformation of the Group. Johan, through his investment banking and asset management experience made a very valuable contribution to the Group's investment decisions. On behalf of the Board I would like to thank both Khehla and Johan for their contribution over the years.

Finally, let me take this opportunity to thank our Group Chief Executive Officer, Hillie Meyer, for the outstanding contribution he has made to the Group's progress with its three-year Reset and Grow strategy. I would also like to thank the rest of the Executive team for the excellent contribution they have made to the Group's successes. I wish to thank all the employees of the Momentum Metropolitan Group for their outstanding performance and commitment to serving their clients during the Covid-19 lockdown. I wish you all well with your future endeavours.

JJ Njeke
Chair of the Board



CHIEF EXECUTIVE OFFICER'S REVIEW

Momentum Metropolitan announced our Reset and Grow strategy in September 2018. Reset and Grow is a turnaround plan to be implemented over the three-year period from 1 July 2018 to 30 June 2021. The year under review was the second year of the three-year plan.

In a year dominated by the worldwide setback caused by the Covid-19 pandemic, Momentum Metropolitan performed admirably under exceptionally challenging circumstances. I am particularly encouraged by the following aspects:

- For the period before the lockdown caused by the Covid-19 pandemic in South Africa started, the Group delivered pleasing results and our performance was on track to achieve the F2021 Reset and Grow targets
- The disruption caused by the Covid-19 lockdown regulations that were implemented by governments across the countries where we operate in was handled effectively. Our rapid response included allowing more than 90% of our staff to work remotely, implementing numerous measures to help our clients cope financially, managing liquidity and market risk challenges caused by volatile investment markets, and demonstrating resilience by maintaining strong solvency levels through the worst of the financial market turmoil
- Early indications in terms of sales numbers and service levels suggest that our staff and distribution partners handled the challenges well and are rapidly adapting to new demands.

Despite the resilient performance during the Covid-19 crisis and optimism about Momentum Metropolitan's ability to cope with the demands of a post-Covid environment, the lasting economic impact on the country and the industry should not be underestimated. We are anticipating prolonged tough economic conditions and Group results will be impacted accordingly.

Covid-19

On the day we released our interim results, South Africa confirmed its first case of Covid-19. By 26 March the country was in total lockdown and our chances of achieving our Reset and Grow normalised headline earnings commitment of between R3.6 billion and R4.0 billion by F2021 were rapidly diminishing.

The Covid-19 pandemic has been a defining event in the history of South Africa and the world. Worldwide infections exceeded 20.5 million in mid-August 2020, with the number of deaths approaching 750 000. In South Africa we had more than 550 000 infections and around 10 700 deaths. WHO Chief Tedros Adhanom Ghebreyesus has said the Covid-19 pandemic is "easily the most severe" global health emergency the organisation has ever seen. The economic impact of the pandemic has been equally devastating.

In the wake of the social and economic disruptions from Covid-19, Momentum Metropolitan responded quickly to ensure operational resilience and to maintain solvency. Meeting the needs of clients, distribution partners, and other stakeholders has been our top priority:

- Our business continuity process worked very well and there was minimal disruption in moving from office work to remote work. Technology remained stable and we enabled all our systems to operate using remote connections, thereby sustaining client service levels. In the process we rolled out 700 new laptop computers and 4 000 3G dongles for staff to work remotely. Additional functionality was also deployed to mitigate increased security and cyber risks
- Our business units offered clients a range of relief measures to assist them during lockdown. Relief measures included flexibility around premium payments, benefit enhancements and premium discounts. A number of industry-wide challenges arose during this period and we provided input to industry bodies and regulators to find appropriate solutions. A case in point is the payment of business interruption claims due to the Covid-19 pandemic, where our Guardrisk business actively engaged regulators and provided support to businesses in the tourism and hospitality sector through commercial settlement offers to policyholders who have submitted claims
- As a responsible corporate citizen, various measures to support society and communities were implemented, including emergency funding to the Red Cross and United Nations Children's Fund (UNICEF), and a contribution to the government's Solidarity Fund that provided financial and resourcing support for Covid-19 interventions

- New business sales during the lockdown period varied between business units. Protection business sales in Momentum Life reduced significantly, with a less marked reduction in Metropolitan Life. Momentum Investments sales were also lower, but not to the same extent as overall protection business. Our Momentum Corporate business benefited from new business transactions concluded shortly before lockdown, and the health business ended the year with slightly more members. Momentum Short-term Insurance sales dropped sharply in the first month of lockdown but has since recovered close to pre-Covid 19 levels
- Although we were successful in sustaining overall service levels during lockdown, and certain business units even improved their performance, a few business units temporarily experienced a slight deterioration in service levels
- We assessed the likely impact of the Covid-19 pandemic on the business and, considering recent experience as well as publicly available models that project infection and mortality rates, increased our reserves by R1.3 billion (before tax) as at 30 June 2020.

Reset and Grow

When we released our interim results on 5 March 2020, we were on track to achieve our commitment to growing our normalised headline earnings to between R3.6 billion and R4.0 billion by F2021. The embedding of a culture of financial discipline combined with an external focus saw service and efficiency improvements being a common theme across our operations. We were also able to report that we had successfully executed on most of our Reset plans and were increasingly focused on our Grow objectives. Our early success under the Reset and Grow strategy meant that we entered the Covid-19 lockdown period in a much stronger position than we were before embarking on the Reset and Grow strategy.

A key objective of the Reset and Grow strategy was for our Group to get on the front foot with sales and to regain market share. During this reporting period, the Momentum broker distribution channel has regained market share and our retail investment business has achieved excellent new business sales. In Metropolitan Life, adviser retention has improved materially in the last few months, while the quality of business also improved significantly. Our Momentum agency force continued to show footprint growth over the past year.

During the year we acquired Alexander Forbes Insurance (subsequently rebranded Momentum Insurance), and as a result we more than doubled our presence in personal lines insurance. Despite being in lockdown for the final quarter of the year, overall new business sales were only 10% lower than the previous year, supported by a very strong performance from Momentum Investments where new business sales increased by 16%.

Despite the decline in investment markets, and after providing for the likely impact of Covid-19, we remain financially sound and well capitalised. The Group's normalised headline earnings reduced by 51% compared to the prior year. The reduction in earnings for operating divisions was somewhat lower at 34%. Value of New Business showed a significant reduction of 48% in F2020 due to weaker volumes in the fourth quarter. This led to a much lower overall New Business margin of 0.6%.

The way forward

The emergence of Covid-19 means we will most likely not be able to achieve our normalised headline earnings target of between R3.6 billion and R4.0 billion by F2021. The uncertainty about the likely impact of the pandemic on new business volumes, the persistency of in-force business, claims experience and investment markets generally makes it very difficult and at best speculative to give a firm indication of the financial results we expect for F2021. We would, however, be disappointed if the Group does not improve on the F2020 results.

Although the F2021 financial targets set for the Reset and Grow strategy will most likely not be achieved, the strategic goals concerning the focus on sales and service, footprint growth, product improvements, advancement of digital capabilities and greater cost efficiencies remain as relevant as before. We are determined to accelerate, rather than pause, our business transformation goals.

We have furthermore embarked on a review and update of our strategic goals – beyond the F2021 Reset and Grow objectives. This strategic update will recognise the realities of a post Covid-19 environment, and will build on our strengths and successes to date. The review and strategy design will be completed during F2021 and will guide us for the three-year period ending 30 June 2024.

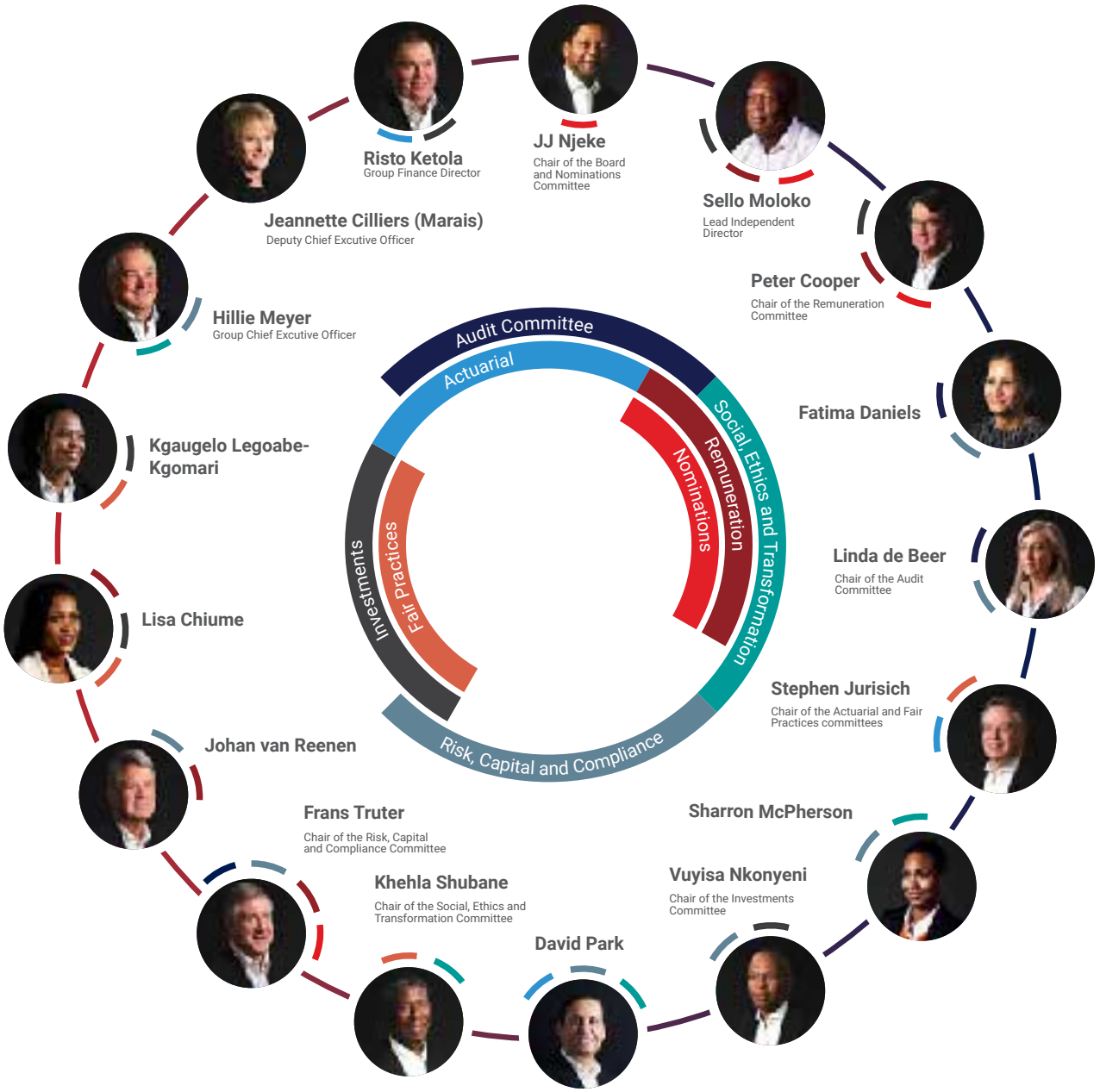
The future strategy will build on the success of the federal operating model of the Group. Business units will remain empowered and accountable for their full value chain, thereby continuing to encourage entrepreneurial behaviour. In return, we will expect each of the businesses to perform in accordance with standards to be set in terms of strategic alignment, value creation and performance targets.

Thanks

My thanks go to our outstanding employees who have performed so well under very difficult circumstances; to the executive teams throughout the Group for their leadership during a challenging period; and to our Board for all their support and guidance. Most importantly, I also thank our distribution partners and our clients for their continued support.

I have had the privilege of working with our Chair, JJ Njeke, since my return to the Group two-and-a-half years ago. JJ has been incredibly supportive and fair, and has always applied the highest ethical standards in his leadership of the Board. It has been an honour to work with him. On behalf of the rest of the Board, our Executive team and our employees, I would like to thank him for his very able, wise leadership during a challenging period in Momentum Metropolitan's history and wish him well in his future endeavours.

Hillie Meyer
Chief Executive Officer



INDEPENDENT NON-EXECUTIVE DIRECTORS JSE 3.84(e)

JJ Njeke — 61

Chair of the Board
Chair of the Nominations Committee

Qualifications:
BCom, BCompt (Hons), CA(SA), HDip Tax

Appointment:
1 December 2010

Experience:
JJ spent six years as an audit partner at PricewaterhouseCoopers before taking on the role of Managing Director of Kagiso Trust Investment from 1994 to 2010. He is currently Executive Chairman of Silver Unicorn Coal and Minerals.

Key strengths:
- Leadership
- Audit
- Governance
- Strategy overview

Directorships in listed entities:
- Clicks Group Limited
- Datatec Limited
- Delta Property Fund
- Motus Holdings Limited

Sello Moloko — 54

Lead Independent Director and a member of the Remuneration , Nominations and Investments committees

Qualifications:
BSc (Hons), PGCE (Leicester), AMP (Wharton)

Appointment:
1 March 2019

Experience:
Sello, who was previously Chief Executive Officer of Old Mutual Asset managers and Chairman of the Alexander Forbes Group, General Reinsurance Africa and Sibanye-Stillwater, has a wealth of business experience. He is currently the Executive Chairman and co-founder of the Thesele Group, a black-owned investment holding company.

Key strengths:
- Leadership
- Governance
- Asset management and investment
- Strategy

Directorships in listed entities:
- Telkom SA SOC Limited
- Stor-Age REIT Limited

Peter Cooper — 64

Chair of the Remuneration Committee and a member of the Nominations and Investments committees

Qualifications:
BCom (Hons), CA(SA), HDip Tax Law

Appointment:
20 November 2015

Experience:
Peter served as the Chief Executive Officer and Financial Director of RMB Holdings Limited (RMH) and Rand Merchant Investment Holdings Limited (RMI) until 2014.

Key strengths:
- Leadership
- Finance
- Insurance
- Governance
- Strategy

Directorships in listed entities:
- RMB Holdings Limited
- Rand Merchant Investment Holdings Limited
- Imperial Holdings Limited

INDEPENDENT NON-EXECUTIVE DIRECTORS (CONTINUED)

Fatima Daniels 59

Member of the Audit and Risk, Capital and Compliance committees

Qualifications:
BSc, CA(SA)

Appointment:
1 December 2010

Experience:
Fatima, having previously had extensive corporate experience currently heads up her business consulting practice. She previously served on the Metropolitan Holdings Board (May 2005 to November 2010).

Key strengths:
- Leadership
- Finance
- Strategy

Directorships in listed entities:
- Clicks Group Limited
- MTN Ghana and Sudan

Linda de Beer 51

Chair of the Audit Committee and member of the Risk, Capital and Compliance Committee

Qualifications:
Chartered Director (SA), CA(SA), MCom (Tax)

Appointment:
1 March 2019

Experience:
Linda serves on the boards of a number of JSE-listed companies and was recently appointed as Chair of the Public Interest Oversight Board, a public foundation in Spain, that monitors the setting of international technical and ethical standards for auditors, in the public interest. She is also an honorary professor (professor in practice) at the University of Johannesburg. She recently retired as a member of the King Committee, the Investor Advisory Group of the Public Company Accounting Oversight Board (PCAOB) in the USA and as Chair of the Financial Reporting Investigations Panel of the JSE.

Key strengths:
- Financial reporting
- Corporate governance
- Risk management
- Internal and external audit
- Integrated reporting
- Strategy

Directorships in listed entities:
- Aspen Holdings Limited
- Omnia Holdings Limited
- Tongaat Hulett Limited

Stephen Jurisich 55

Chair of the Actuarial and Fair Practices committees

Qualifications:
BSc Hons Actuarial Science, FASSA, FFA

Appointment:
1 October 2016

Experience:
Stephen, who is the Head of the School of Statistics and Actuarial Science at the University of Witwatersrand, has a wealth of actuarial experience, including previously being a director and consulting actuary at Quindiem Consulting and an executive committee member at Swiss Re Life Health in South Africa. He is a Fellow of the Institute and Faculty of Actuaries and Fellow of the Actuarial Society of SA as well as being a member of various industry and actuarial professional committees.

Key strengths:
- Leadership
- Actuarial science
- Strategy
- Product design

Sharron McPherson 53

Member of the Social, Ethics and Transformation and Risk ,Capital and Compliance committees

Qualifications:
BA (Economics), Doctor of Jurisprudence

Appointment:
1 March 2019

Experience:
Sharron is the co-founder and executive director of The Centre for Disruptive Technologies, which leverages an impressive Africa-wide and global network of experts in disruptive technologies to advise government and businesses on digital transformation strategies. She is an Adjunct Senior Lecturer—Project Finance at the University of Cape Town's Graduate School of Business and is also a co-founder and shareholder of Women in Infrastructure Development & Energy (WINDE), one of the largest and most impactful women's infrastructure investment consortiums in Africa.

Key strengths:
- Leadership
- Disruptive innovation
- Digital transformation strategy
- Project finance

Vuyisa Nkonyeni 50

Chair of the Investments Committee and a member of the Risk, Capital and Compliance Committee

Qualifications:
BSc (Hons), CA(SA)

Appointment:
22 November 2011

Experience:
Vuyisa has more than 20 years' experience in investment banking and private equity. He joined Deutsche Bank in 1997, where he gained investment banking experience before serving as the Financial Director of Worldwide African Investment Holdings Proprietary Limited and as director at Actis LLP in their black economic empowerment funding unit. He joined Kagiso Tiso Holdings as Chief Executive Officer in January 2012 and he resigned in 2017 to pursue various private business opportunities.

Key strengths:
- Leadership
- Investments
- Finance
- Strategy

Directorships in listed entities:
- Emira Property Fund Limited
- Exxaro Resources Limited

David Park 46

Member of the Actuarial, Risk, Capital and Compliance and Social, Ethics and Transformation committees

Qualifications:
BSc (Actuarial Science), Fellow of the Actuarial Society of South Africa, Fellow of the Institute and Faculty of Actuaries

Appointment:
1 December 2019

Experience:
David is an independent consultant specialising in life insurance. He is an active member of the Actuarial Society of South Africa, where he sits on the Professional Matters Board and is involved in the development and provision of technical and professional training to trainee actuaries. David was previously a director/partner at Deloitte, where he was the statutory actuary of a number of life insurance companies, a key adviser to several insurance companies, and was involved in the development of the current South African insurance legislation.

Key strengths:
- Leadership
- Life insurance
- Actuarial science
- Machine learning
- Professionalism

Khehla Shubane 64

Chair of the Social, Ethics and Transformation Committee and a member of the Fair Practices Committee

Qualifications:
BA (Hons), MBA

Appointment:
1 December 2010

Experience:
Khehla is currently an independent policy analyst and consultant. He was previously employed at the BusinessMap Foundation, a monitoring and research organisation focusing on black economic empowerment. He has also worked for the Nelson Mandela Foundation as Chief Executive Officer. He was a member of the Soweto Civic Association, a body that represented the local community in opposition to the then official local government institutions.

Key strengths:
- Leadership
- Policy
- Social responsibility
- Black economic empowerment

Frans Truter 64

Chair of the Risk, Capital and Compliance Committee and a member of the Audit, Remuneration and Nominations committees

Qualifications:
BCom (Hons), CA(SA), AMP(Oxford)

Appointment:
1 December 2010

Experience:
Frans has over 30 years' experience in the financial services industry and has a wealth of expertise in insurance, investments and banking. He joined the Momentum Group (now Momentum Metropolitan) in 1988 as Chief Financial Officer and also served as Executive Director Strategic Investments. He is currently involved in private equity investments and serves as a non-executive director on a number of other boards.

Key strengths:
- Strategy
- Leadership
- Risk management
- Audit
- Finance
- Governance

Johan van Reenen 65

Member of the Remuneration and Risk, Capital and Compliance committees

Qualifications:
BSc (Hons), MBA

Appointment:
1 December 2010

Experience:
Johan, who is currently an executive director of Imalivest, has a wealth of expertise and experience in investment banking and asset management, both locally and internationally.

Key strengths:
- Asset management
- Investments
- Risk Management
- Strategy

NON-EXECUTIVE DIRECTORS

Lisa Chiume 40

Member of the Remuneration, Fair Practices and Investments committees

Qualifications:
BCom Business Finance and Economics, CFA

Appointment:
1 March 2019

Experience:
Lisa is a senior investment executive at Rand Merchant Investment Holdings (RMI) and RMB Holdings Limited (RMH) and is responsible for a number of RMI and RMH's key investments. She is also co-portfolio manager for AlphaCode (RMI's fintech and next generation financial services incubator) and has primary responsibility for identifying, partnering with and growing black financial services businesses as part of RMI's enterprise development programme. She was previously Director: Country Coverage and Investment Banking at Deutsche Bank South Africa.

Key strengths:
- Investments
- Life insurance
- Finance
- Strategy
- Dealmaking

Kgaugelo Legoabe-Kgomari* 38

Member of the Investments and Fair practices committees

Qualifications:
BCom (cum laude), CFA Charterholder

Appointment:
14 June 2019

Experience:
Kgaugelo, who has been involved in private equity and investment banking for over 15 years is a Director of Investments at Kagiso Tiso Holdings Proprietary Limited where she is responsible for several investee companies within its portfolio. Kgaugelo started her career as an intern at RMB Asset Management and later moved to Rand Merchant Bank as a transactor in the RMB Ventures and Investment Banking teams. She later joined Ethos Private Equity where she served as an associate.

Key strengths:
- Investments
- Dealmaking

*Resigned 30 June 2020

EXECUTIVE DIRECTORS JSE 3.84(i)

Hillie Meyer 61

Group Chief Executive Officer
Member of the Risk, Capital and Compliance and Social, Ethics and Transformation committees

Qualifications:
BCom (Econometrics), Fellow of the Actuarial Society of South Africa

Appointment:
15 February 2018

Experience:
Hillie, an actuary, has more than 35 years' financial services experience. He has held leadership positions in insurance, pensions, investments and banking. He joined the Momentum Group in 1988 and served as its Managing Director from 1996 to 2005, after which he was a founder and managing executive of a private equity manager. He returned as Group CEO of Momentum Metropolitan in 2018.

Key strengths:
- Leadership
- Strategy
- Finance
- Financial services

Jeanette Cilliers (Marais) 52

Deputy Chief Executive Officer

Qualifications:
BSc (Mathematics and Statistics), MBA (cum laude) (IMD Switzerland), PED

Appointment:
1 March 2018

Experience:
Jeanette, who has a strong track record of building profitable businesses at various financial institutions, is also Chief Executive Officer of Momentum Investments. She started her career at Momentum in 1990, filling various roles in actuarial product development, marketing and as part of the team that launched Momentum Administration Services, pioneering investment platforms in South Africa. She filled executive level positions at PSG, Stanlib and Old Mutual before joining Allan Gray in 2009 as co-head of retail business, where she became executive director. She is passionate about the upliftment of women and making financial services accessible to all South Africans.

Key strengths:
- Financial services
- Retail investment markets
- Intermediary distribution
- Asset management
- Marketing and branding

Risto Ketola 45

Group Finance Director
Member of the Investments and Actuarial committees

Qualifications:
BSc, CFA Charterholder, Fellow of the Institute and Faculty of Actuaries, Fellow of Actuarial Society of South Africa

Appointment:
16 January 2018

Experience:
Risto headed up investor relations and business performance management for the Group before taking up his current position. He has extensive experience as a financial services analyst and researcher with Standard Bank, Ketola Research and Deutsche Bank. As the Group Finance Director, he is responsible for investor relations, business performance, Group reporting, finance group-wide services, mergers and acquisitions and balance sheet management.

Key strengths:
- Investor relations
- Business performance management science
- Financial services
- Life insurance

During F2020 we had an additional Covid-19 Board meeting on 11 May 2020 at which the Executive Committee briefed the Board on the implementation of our business continuity plans, and our assessment of the impact of Covid-19 on our business.

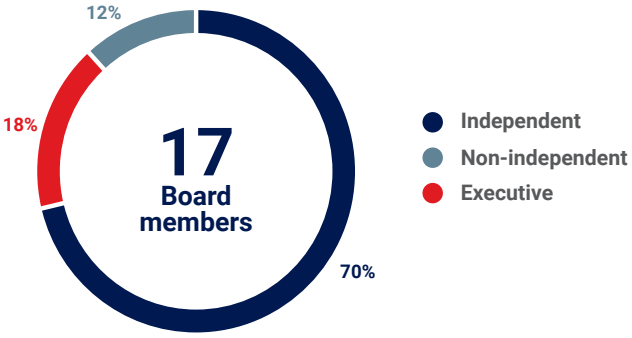


BOARD INDEPENDENCE

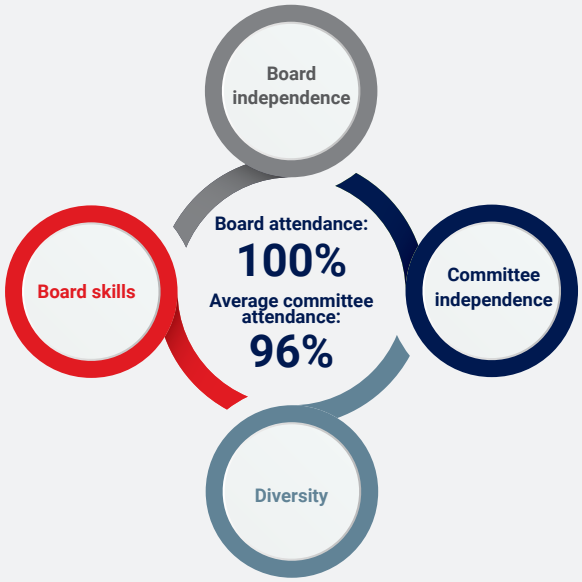
Our Board policy is to ensure that the majority of our Board members are non-executive directors, of which the majority are independent.

The majority of our Board members are independent directors, which is in compliance with King IV and global best practice governance.

The independence of our Board protects shareholder interests.



JSE 3.84(c)



The majority of the members of all Board committees are non-executive directors and the majority of members in six out of eight committees are independent non-executive directors

Audit: All members are independent non-executive directors

Actuarial: 67% of members are independent non-executive directors

Risk, Capital and Compliance: 86% of members are independent non-executive directors

Remuneration: All members are non-executive directors and 80% are independent non-executive directors

Nominations: All members are independent non-executive directors

Investments: 83% of members are non-executive directors and 50% are independent non-executive directors

Fair Practices: All members are non-executive directors and 67% are independent non-executive directors

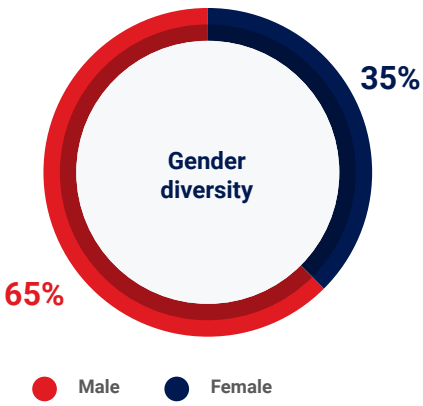
Social, Ethics and Transformation: 75% of members are independent non-executive directors

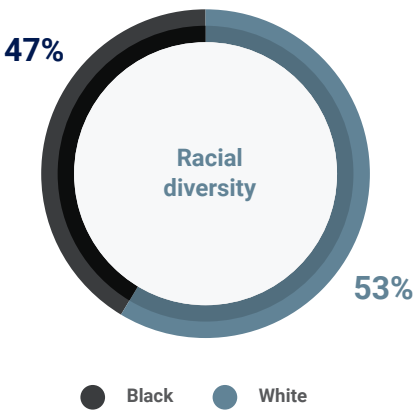
JSE 3.84(i)

Our gender diversity and promotion of racial diversity policies are applied to the nomination and appointment of directors Our diversity targets are monitored annually and taken into consideration when a new director is appointed.

Target for female membership is 30%

A minimum of 50% of Board members to be black

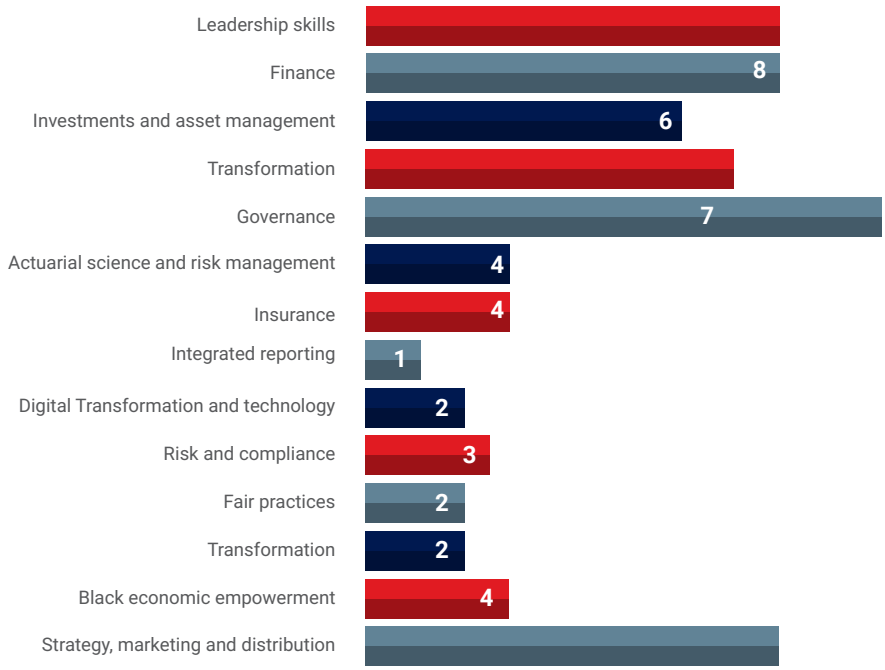




BOARD SKILLS JSE 3.84(i)

A board requires a broad and changing range of knowledge, skills and experience to ensure it is well-equipped to lead and guide an organisation and ensure its long-term sustainability.

To ensure our directors are kept up to date with changes, particularly in statutory and regulatory obligations and trends, they receive relevant training.



BOARD TENURE

Average 6.5 years

1 - 3 years: 53%

1 - 11 years: 82%

Average age: 54.3 years

CHANGES TO OUR BOARD MEMBERSHIP

As indicated in our report for the 2019 financial year, Jabu Moleketi and Niel Krige retired at our 2019 annual general meeting (AGM); JJ Njeke, Khehla Shubane and Johan van Reenen will be retiring at our 2020 AGM and Fatima Daniels and Frans Truter will retire at our 2021 AGM.

David Park joined the Board as an independent non-executive director in December 2019. Kgaugelo Legoabe-Kgomari tendered her resignation as a non-executive director and as a member of committees effective 30 June 2020, following her departure from Kagiso Tiso Holdings (KTH). Paballo Makosholo, the Chief Executive Officer of KTH. joined the Board on 1 July 2020. Sharron Laverne McPherson was appointed as a member of the Risk, Capital and Compliance Committee from 1 July 2020.

SUCCESSION PLAN

We are pleased to advise that Sello Moloko has been appointed Chair of Momentum Metropolitan Holdings following the planned retirement of our Chair JJ Njeke at our AGM this year, which we announced in our 2019 integrated report. Sello served as Lead Independent Director on our Board since June 2019.

The following committee changes took place on 1 September 2020:

- Linda de Beer has been appointed as a member of the Nominations Committee
- Lisa Chiume and Jeanette Cilliers (Marais) have been appointed as members of the Fair Practices Committee
- Paballo Makosholo has been appointed as a member of the Investments Committee and the Social, Ethics and Transformation Committee.
- Following the retirement of Kehle Shubane at the Group's annual general meeting, Sharron McPherson will become Chair of the Social, Ethics and Transformation Committee, effective 27 November 2020.

DIRECTORS TO BE ELECTED OR RE-ELECTED

In accordance with the company's Memorandum of Incorporation and the JSE Listings Requirements, one-third of our non-executive directors (being those longest in office at the date of the AGM) must retire by rotation and can choose to offer themselves for re-election, while directors appointed by the Board during the year must also offer themselves for election at the next AGM. Independent non-executive directors, Peter Cooper, Fatima Daniels and Frans Truter, will offer themselves for re-election and David Park, who joined the Board as an independent non-executive director on 1 December 2019 and Paballo Makosolo, who joined the Board on

1July 2020 as a non-executive director, will offer themselves for election at our AGM on 26 November 2020.



The Covid-19 pandemic has and is challenging the preparedness and sustainability of organisations worldwide. It put the Group's leadership, ethics, integrity, corporate citizenship, governance, business resilience and stakeholder relationships to the test. I am proud to say that we passed the test with flying colours and as a result have so far been able to play our part in helping South Africa weather possibly the biggest challenge it has ever faced. I believe that this integrated report provides stakeholders with comprehensive feedback on the challenges the Group faced during this time and how it was able to apply its robust governance policies, processes and procedures effectively and responsibly address them.

Very challenging times lie ahead, but I am confident that the Group's approach to corporate governance, which is an integral part of its value creation process, will continue to support the achievement of business sustainability and our purpose of enabling businesses and people from all walks of life to achieve their financial goals and life aspirations

JJ Njeke
Board Chair

At Momentum Metropolitan we believe that good governance protects and creates value, and ensures ethical, effective and responsible leadership at Board and Executive levels as well as throughout our Group. It also promotes strategic decision-making that balances short, medium and long-term outcomes, integrity, transparency and robust risk and performance management; and supports the embedding of an ethical culture and a response to our role as a responsible corporate citizen that goes well beyond compliance.

Momentum Metropolitan's governance framework and culture provide a solid foundation for our application of King IV with a focus on achieving the four corporate governance outcomes of:

- An ethical culture
- Sustainable value creation through good performance in terms of profit, people and planet
- Effective control
- A social licence to operate gained by establishing our legitimacy through our behaviour as a responsible corporate citizen.

Applying King IV is Momentum Metropolitan's commitment to stakeholder inclusivity, corporate citizenship and protecting the value we create.

Our approach to corporate governance, which is integrated into our standards, policies, practices and procedures, supports the achievement of all the King IV principles. We constantly review our corporate governance practices and the application of the King IV principles to ensure we act in the best interests of our stakeholders, comply with applicable laws and regulations and are able to adapt quickly to changes in our regulatory environment.

The King IV principles have been adopted by the JSE. In this section of the integrated report, in line with the JSE Listings Requirements, we assess whether our application of the King IV principles to corporate governance in Momentum Metropolitan has allowed us to realise effective leadership through effective control and legitimacy. Please refer to page 39 for information on our governance of risk (K)[11], technology and information (K)[12], compliance (K)[13] and combined assurance. (K)[15]

The collective responsibilities of our Board:

- Setting and steering strategic direction
- Approving policy and planning
- Providing oversight and monitoring
- Ensuring accountability

Our Board serves as the focal point and custodian of corporate governance in Momentum Metropolitan (K)[6]

Our governance framework positions the Board as the custodian of corporate governance in Momentum Metropolitan and provides it with effective control of the business. By effectively governing the Group and taking into consideration our stakeholders' interests our Board and management contribute value to both the business and its stakeholders. The diagram on the following page sets out our governance structures at Board, Executive management and operational levels.

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

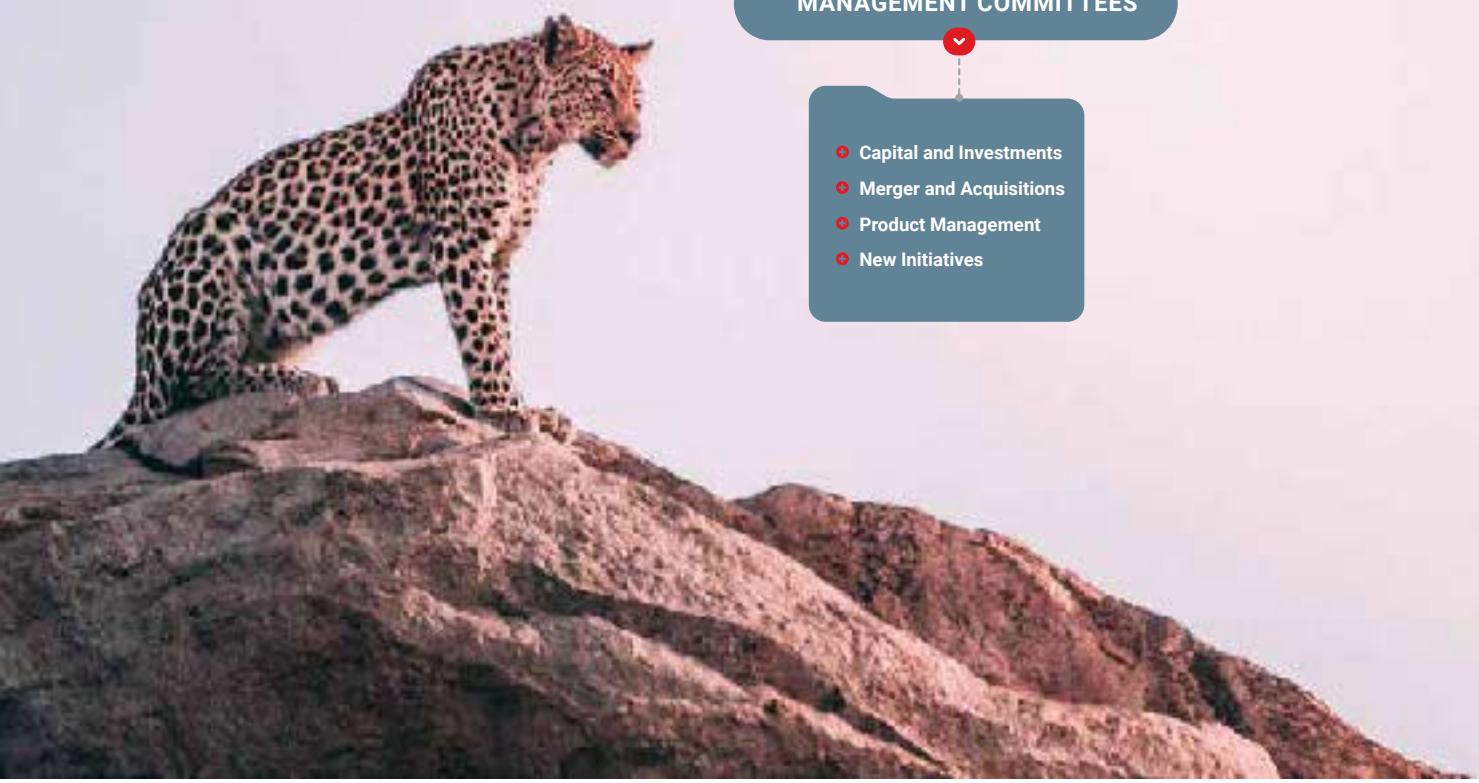
GROUP CHIEF EXECUTIVE OFFICER

MOMENTUM METROPOLITAN EXECUTIVE COMMITTEE

COMBINED ASSURANCE FORUMS
(OVERSIGHT OF ALL BUSINESS UNITS AND ENTITIES)

MANAGEMENT COMMITTEES

- Capital and Investments
- Merger and Acquisitions
- Product Management
- New Initiatives



Oversight rooted in the King IV principles

JSE 3.84(i)

Our Board's governance oversight, which is guided by its commitment to its responsibilities and governance objectives, supports good governance practices.

Leadership, ethics and corporate citizenship

The Board is to set the tone and lead the Group ethically, effectively and responsibly. When making decisions individual Board members will ensure they are well-informed, they will act independently, with courage, awareness and insight. The Board will ensure the Group plays a key role in society as a major employer, tax payer, contributor to transformation and economic growth, and as a responsible corporate citizen. Information on the progress we have made with embedding of ethical culture in the Group is provided in the human capital section of this report on page 92.

The balance of knowledge, skills, experience, diversity and independence, that the Board requires in order to discharge its governance role and responsibilities objectively and effectively are set out on pages 33 and 34 of this report. Our Nominations Committee monitors and provides oversight of our Board diversity policy, which includes gender and racial targets, which is currently under review with the aim of aligning it with the revised JSE Listings Requirements.

Strategy, performance and reporting

The Board is accountable for the performance of the Group. It takes into account all the elements of the value creation process when steering and setting the Group's strategic direction. It approves the Group's short, medium and long-term strategies and its business plans. It maintains oversight of the Group's performance against its strategy and business plans, measuring its performance against agreed targets.

The Board also assumes responsibility for the Group's integrated report and annual financial statements, and makes every effort to ensure that our reporting meets the needs of our stakeholders and complies with any legal requirements.

Information on required disclosures are to be found in this integrated report, our Annual Financial Statements and a summary of our financial performance (see pages 5 and 51 of this report).

Governance that establishes an ethical culture

An ethical culture, which protects the interests of our stakeholders and the Group, is well established and measured in all our business processes.

The Social, Ethics and Transformation Committee (SETC), supported by Group functions, ensures that the relevant policies are embedded and that the governance around the policies is measured.

Our Code of Ethics and Standards of Conduct support our policies, which are reviewed annually, and ensure that the Group's interaction with its internal and external stakeholders and broader society addresses ethical issues and risks.

Our values and all our codes of expected behaviour and standards are well-publicised internally and externally, including among our suppliers and service providers. They are incorporated in training programmes and referenced in all internal or external contractual arrangements.

Well-established disciplinary and other guidance documents are in place to address transgressions in a fair, consistent and transparent manner.

Whistle-blower facilities with well-established mechanisms and protocols are available. Ethics hotlines for anonymous or in-person reporting are in place across all our business units for both external and internal complaints, which are managed formally.

A formal Internal Audit review of our governance of ethics in the Group was conducted during the first half of F2020. All the findings were addressed by management through the Audit Committee and the SETC.

Our future focus will be on formalising and establishing ongoing ethics and compliance programmes to ensure the participation of all employees.

Our Risk Management and Internal Audit functions assess and review all ethical standards periodically and provide formal reports on their findings to the Audit Committee and the SETC.

JSE 3.84(a and b)

Board delegation and independence

K 8 K 10

The Board ensures that its arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of its duties.

Through the appointment of strong independent directors and the separation and clear definition of the roles and responsibilities of the Chair and 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.

We have ensured that the interests of our shareholders are protected by the majority of our Board members who are independent non-executive directors.

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 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 (see the table on page 34 for the names of those retiring and standing for re-election at our 2020 annual general meeting. (The Board Charter was reviewed and amended during the year under review.)

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.

JSE 3.84(h)

During the year under review the Nominations Committee, on behalf of the Board, reviewed the performance of the Group Company Secretary, Gcobisa Tyusha, who joined the Group as Group Company Secretary in June 2019. The Committee found that she has the necessary competence, experience and independence to fulfil her role and recommended her ongoing appointment to the Board.

Evaluating performance

K 9

Evaluating its performance in terms of applying the King IV principles and outcomes provides our Board with a mechanism with which to assess its governance performance and make improvements if necessary.

Self-assessment

During F2020 the Board, its committees and its members conducted self-assessments. Overall, the results of the evaluation were positive. Areas for improvement were identified and these will be addressed during F2021.

Executive performance is evaluated against agreed performance indicators at Group and business unit levels. Performance against these indicators forms the basis for the determination of both short-term incentives, including salary increases and bonuses, and long-term incentives (see the remuneration review on pages 93 to 109).

Board development

During the year under review the Board received inhouse training on digital transformation, in regard to how digital transformation is impacting the insurance industry and in view of the Boards oversight role in relation to IT governance. The newly appointed directors also received training on the amended JSE Listings Requirements.

Compliance governance

K 11 K 13

Our Board is committed to full compliance with all applicable laws and regulations, and it supports the application of certain non-binding codes and standards. Our regulatory compliance framework, compliance risk policy and our regulatory risk management process ensure that the effectiveness of the key internal controls to mitigate our compliance risks are continually monitored and that risk management plans are in place to ensure compliance with new legislation or amendments to current legislation.

Momentum Metropolitan has complied with the JSE Listings Requirements during the year under review.

Remuneration that is fair and promotes the achievement of our strategic objectives

K 14

Momentum Metropolitan understands that it is essential that our strategy, risks, performance and rewards are aligned if we are to create shareholder value. The Remuneration Committee is charged with ensuring that executive directors and senior management are fairly rewarded for their individual contributions to the company's overall performance, and for ensuring that our remuneration policies and practices are designed to align performance with reward and to attract and retain the right talent, while having regard to the interests of stakeholders and the financial conditions of the Group. See page 79 of this report for our remuneration review, which sets out our remuneration philosophy, policy and structure, our efforts to achieve fair and responsible remuneration, our engagement with shareholders on our remuneration reporting, and the implementation report setting out the implementation of our remuneration policy.

Enabling an effective control environment

K 15 JSE 3.84(g)

To ensure Momentum Metropolitan has adequate structures in place to provide assurance across the Group, and to prevent gaps or duplication in assurance efforts, we have adopted a combined assurance approach.

The Audit Committee obtained assurance on the financial statements and internal financial controls, and carried out its statutory duties set out in section 94 of the Companies Act 71 of 2008. It satisfied itself as to the expertise and experience of the Group Finance Director and the finance function and assessed the independence and performance of the internal and external audit functions (see the Audit Committee report on pages 28 to 30 of the annual financial statements for 2020).

External audit quality and independence

On the recommendation of the Audit Committee, the Board resolved to early adopt mandatory audit firm rotation. Consequently, Pricewater Cooper Inc (PwC) rotated off on conclusion of its external audit responsibilities for the year ended 30 June 2019. The Audit Committee then followed a tender process, the conclusion of which was the appointment of Ernst & Young Inc. EY as our external auditors at our annual general meeting on 26 November 2019.

In accordance with paragraph 3.84(g)(iii) and 22.15(h) of the JSE Listings Requirements, the Audit Committee requested and received information from EY that allowed it to assess EY's internal governance processes. The information also supported and demonstrated its claim of independence; the findings by the Independent Regulatory Board for Auditors with regard to its monitoring of the firm in respect of its independence, quality control and any corrective action by the firm; as well as any legal claims against the firm. Similarly, information was obtained and discussed in respect of the designated auditor. The Committee concluded that it was satisfied with the independence and audit quality of EY and the designated auditor, Cornea De Villiers.

External audit fees are disclosed on page 108 within note 25 to the Annual Financial Statements. Non-audit services (disclosed on page 108, note 25 of the AFS) provided by EY were approved by the Committee in accordance with the policy for the provision of non-audit services.

JSE 7.F.5

The SETC advises and provides guidance to the Board on the effectiveness of management efforts in respect of social, ethics, sustainable development-related matters and transformation. It also carries out its duties in terms of the Companies Act 71 of 2008 and reports on its fulfilment of its mandate in this regard to the Board and stakeholders (see its report on our website at www.momentummetropolitan.co.za/en/investor-relations/relations). The Committee has confirmed that there were no instances of material non-compliance requiring disclosure in F2020.

Stakeholder inclusivity

K 16

By identifying the Group's stakeholders through engagement and taking into consideration our stakeholders' interests, needs and expectations, our Board and management achieve stakeholder inclusivity and contribute value to both the business and its stakeholders (see pages 118 to 123 of the relationship capital of this report for more information). By effectively governing the Group through its oversight and monitoring of performance, and taking into consideration our stakeholders' interests, our Board and management contribute value to both the Group and its stakeholders.

Governance for responsible investing

K 17

Our Board-approved responsible investment policy articulates our commitment to responsible investing. Details of the responsible investment governance framework and practices can be found on page 116 of social and relationship capital. We are signatories of the United Nations-supported Principles of Responsible Investment (UNPRI) to which we report annually on our performance as a responsible investor. We also support and participate in a number of other investment bodies and recently became signatories of a just transition to a carbon neutral economy.

The governance structures and processes we introduced to address the impact of Covid-19 are set out below.

Internal and external governance at work during Covid-19

March week 1 2020
Covid-19 Steering committee established.

6 March – 1st case in SA
Financial markets severely impacted by Covid-19

11 March Covid-19
declared a pandemic by WHO

15 March
President declares national disaster and schools close in South Africa

1. We observed during February and March 2020 that there was a looming crisis arising from Covid-19. This included information communicated by the World Health Organisation (WHO), local government and travel advisories we received from our travel insurer.
2. Our response: Establish a Covid-19 Steering Committee mandated by our Executive team to focus on high level principles, headed up by our Chief Risk Officer. A multidisciplinary team was assembled that included an expert in epidemiology and pandemics and our internal and external communications teams. While we had continuity plans in place to address many different scenarios we did not forsee a national lockdown, so the Committee's first task was to look at what and who we would need to help the Group manage the impact of a lockdown when the time came. We also looked at what we would need to do to help our stakeholders, in particular our people and our clients.
3. A Business Continuity Committee was established to assist our business units with activating their business continuity plans; to start thinking about what impact they could expect from the pandemic, how to address impacts and how we would switch to working remotely during lockdown. At least one representative from each business unit was part of the committee to address any implementation issues and give the Committee feedback on where they needed assistance and support.
4. President Ramaphosa announces the first case of Covid-19 in South Africa. Our Committees already in place and working on our response to Covid-19.
5. Frequent communication with our employees to keep them informed.

23 March
lockdown announced

6. Momentum Metropolitan declared an essential service in South Africa.

26 March
lockdown starts

7. 90% of our employees working remotely from home and only essential workers such as facilities management in our offices.

From 27 March

Daily and weekly reporting to the Prudential authority

Weekly reporting to our Board up to May 2020

Regular communication to keep our employees informed

8. The Prudential Authority requested detailed daily reports on a range of metrics including share price movement; liquidity risk; market risk; insurance risks; the number of policy lapses; credit risks and operational risks.
9. Weekly situation reports were provided to our Board leading up to a special board meeting in May.
10. Communication with our clients regarding the relief measures business units put in place to assist clients experiencing financial difficulties during lock-down.
11. Ongoing communication with our employees to keep them informed and to ensure transparency around the impact of Covid-19 on their fellow employees. Communication focused on themes of productivity, work from home guides, employee well-being and enabling connections and relationships to be maintained. A targeted focus was also on communicating with leaders on how to manage their teams remotely.

30 April 2020

12. Prudential authority reduces report requirements to weekly reports as financial markets start to normalise.

11 May Special Board Meeting

13. Special virtual Covid-19 Board meeting at which the results for the preceding nine months were presented. The Board was provided with an operational update, a 2021 forecast and received reports on the Group's solvency and liquidity.
14. Some return to normality in terms of our governance processes and Board and committee reporting, however, in the interests of keeping everyone safe all meetings were virtual.

Ongoing developments, and our response

The Covid-19 Steering Committee continues to meet weekly and monitors and manages activities related to Covid-19.

Our Head of Group Legal and Group Compliance has also been appointed as our Covid-19 Compliance Officer to ensure that there is oversight and monitoring of our processes and protocols in place to manage the health and safety requirements for our offices and employees.

Each business unit is responsible for managing their remote working arrangements with their employees. To date we have less than 600 of 16 000 employees working from our office locations due to operational requirements (the rest of our employees are still working remotely).

Post the Special Board meeting held in May, we also commenced our regular governance cycle and we continue to manage and govern the organisation on a business-as-usual basis. We continue to hold all our Board and committee meetings virtually.

On 21 May we set a precedent in the listed insurance industry when we provided our investors with a detailed quarter three operational update, including information on our financial solvency, liquidity, stability and business performance.

Areas of focus for our Board and committees in F2020	What will keep our Board busy in F2021
During the year our Board and its committees focused on our performance against: • strategic and business risks, • growth • executive management succession planning • the Board's succession plan and transition given the pending retirements • the Group's readiness for the introduction of IFRS 17 in 2023 and actuarial and financial reporting aspects of the Group's preparations for its introduction • the transition to our new external auditors • risk appetite and statements and capital management • the integration of the AFI business • solvency and liquidity • the monitoring of ethics and protecting the Group from the risk of commercial crime, corruption and the unethical or inappropriate behaviour of employees • stakeholder engagement • progress with diversity and inclusion • oversight of the implementation and improvement of market conduct practices • review of our new initiatives appropriateness of our risk-return framework • a review of the performance criteria applicable to long-term incentives. March 2020 saw the arrival of Covid-19, the impact of which became a key focus for the Board and its committees.	• Reviewing long-term strategic and business plans post Reset and Grow, with particular focus on the transformation strategy • Monitoring of the ongoing impact of the Covid-19 pandemic on the Group and its ability to achieve its current strategic and business plans, with particular focus on its impact on the growth component of our Reset and Grow strategy. • Monitoring the oversight of technology and information governance and digital transformation by the Board Committees to which this responsibility is allocated • Ongoing executive and Board succession planning • Monitoring the implementation of the Employee share ownership scheme.

What kept our Fair Practices Committee busy this year	What kept our Fair Practices Committee busy in F2021
• •Assessing the impact and monitoring the effects of the Covid-19 pandemic on market conduct practices, particularly in relation to treating customers fairly • Monitoring compliance on discretionary participation business with the principles and practices of financial management	• Ongoing monitoring of the impact of the Covid-19 pandemic on market conduct practices, particularly in relation to treating customers fairly • Ensuring that market conduct matters are adequately considered and addressed as part of the product management control cycle

What kept our Audit Committee busy this year	What will keep our Audit Committee busy in F2021
• Monitoring the Group's readiness for the introduction of IFRS 17 – Insurance Contracts • The transition from PricewaterhouseCoopers Inc (PwC) to Ernst & Young Inc. (EY) as the new external audit firm • An ongoing focus on the effectiveness and adequacy of the internal control environment, with specific reference to the Group's businesses outside South Africa • Addressing changes to the JSE Listings Requirements, as well as guidance issued by the JSE in respect of matters relating to the Committee. These matters include assessing the impact of the Covid-19 pandemic on financial reporting, as well as responding to its satisfaction to the JSE's review of the company's 2019 results in terms of its proactive monitoring process.	• Ongoing focus on the quality of financial reporting and systems of financial control • Ongoing monitoring of the Group's readiness for the introduction of IFRS 17 • Considering the ability of the Group to achieve greater combined assurance and reliance by external audit on the work of internal audit • A deeper dive into the strength and capacity of the finance skills at a Group and business unit level • Continue to monitor the impact of the Covid-19 pandemic on financial reporting

What kept our Risk, Capital and Compliance Committee busy this year	What will keep our Risk, Capital and Compliance Committee busy in F2021
• Monitoring the impact of the Alexander Forbes Insurance business acquisition and dividend distributions on solvency and liquidity • Assessing the impact of the Covid-19 pandemic on capital management, solvency, liquidity and earnings • Business continuity management under the Covid-19 pandemic and lockdown • Reviewing the adequacy and appropriate monitoring of technology and information governance • Monitoring of system migrations being undertaken • Review of the regulatory required Group policies (ORSA policy, market risk policy, credit risk policy, operational risk policy, fraud risk management policy, capital management policy, liquidity policy)	• Review of the Group risk appetite statements and risk strategy • Monitoring the impact of the Covid-19 pandemic on capital management, solvency, liquidity and earnings (including the impact on dividends and other capital distributions) • Monitoring of information technology governance, information security and cyber risk • Monitoring the impact of the Covid-19 pandemic and remote working on people risk • Ongoing review of regulatory required Group policies and compliance with all relevant legal and regulatory requirements

What kept our Social, Ethics and Transformation Committee busy this year	What will keep our Social, Ethics and Transformation Committee busy in F2021
• 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 behaviour of our employees • Monitoring Group progress in terms of Financial Sector Charter targets • Monitoring of our progress to mitigate and adapt to climate change.	• Monitoring the implementation of the Group transformation strategy, with particular focus on the diversity and inclusion programme • Monitoring the implementation of our new five-year employment equity plan and progress made in achieving other Financial Sector Charter targets • Continual monitoring of ethics matters within the Group, in the spirit of promoting ethical conduct by our employees and embedding an ethical culture • Monitoring of our progress to mitigate and adapt to climate change • Review of proposed sustainability framework.

What kept our Actuarial Committee busy this year

- Reviewing various aspects of the IFRS, embedded value and statutory reporting basis and results for the Group's other entities
- Reviewing the actuarial aspects of the Group's preparations for the implementation of IFRS 17
- Oversight of product management matters within the Group
- Overseeing the management of the discretionary participation business, including bonus distribution to policyholders , particularly in response to the significant decline in asset values and associated decreases in funding levels following the market moves in March.
- Assessing the impact of the Covid-19 pandemic on actuarial valuations and the adequacy of provisions established for this purpose.

What will keep our Actuarial Committee busy in F2021

- Reviewing various aspects of the IFRS, embedded value and statutory reporting basis and results for the Group's other entities
- Reviewing the actuarial aspects of the Group's preparations for the implementation of IFRS 17
- Oversight of product management matters within the Group
- Overseeing the management of the discretionary participation business, including bonus distribution to policyholders
- Monitoring the impact of the Covid-19 pandemic on actuarial valuations and monitoring actual experience against provisions created

What kept our Investments Committee busy this year

- The committee focused its second year in operation on embedding its mandate as given by the Board
- Detailed review of existing key strategic investments
- Detailed assessment, interrogation and subsequently final recommendation to the Board regarding the Momentum Insurance (Formerly AFI) acquisition and other smaller acquisitions
- Assessment of the appropriateness of the investment hurdle rate framework
- Assessment of Group funding and gearing position
- Assessing the impact of the Covid-19 pandemic on key Group investments

What will keep our Investments Committee busy in F2021

- Detailed review and monitoring of existing key strategic investments to ensure delivery against base case business plans
- Development and alignment of Group investment strategy to the MMH corporate strategy
- Finalisation of the appropriateness of the risk-return framework
- Ensuring the Group maintains prudent gearing levels in light of the expected challenging macro environment exacerbated by the Covid-19 pandemic
- Continue to monitor the impact of the Covid-19 pandemic on Group investments and develop mitigation strategies

What kept our Nominations Committee busy this year

- Succession planning for the Board and its committees and in particular:
  - preparing for the appointment of a new Chairman
  - ensuring the phased rotation of board members that have served for nine years
  - improving diversity
- Initiated and considered the results of comprehensive psychometric assessments of the Group executives
- Reviewing the mandate of the Board committees in respect of technology and information governance
- Embedding a Group policy on the promotion of broader diversity for the Board

What will keep our Nominations Committee busy in F2021

- Ongoing succession planning for the Board and its committees
- Ongoing succession planning for the significant subsidiaries of the Group
- Conducting performance assessments of the Board and its committees
- The Board development programme
- Succession planning at Executive management level for the Group and it's subsidiaries

What kept our Remuneration Committee busy this year

- Approval of the long-term incentive scheme rule changes to allow for the claw back of incentive payments made after September 2019
- Review of the financial impact of Covid-19 (and the resulting lockdown), on:
  - the annual increase process
  - the short-term incentive pool determination
  - its impact on the share scheme performance conditions for tranches in issue
- Approving the performance criteria applicable to the October 2020 long-term incentive scheme allocation

What will keep our Remuneration Committee busy in F2021

- Ongoing assessment of the impact of the Covid-19 pandemic on the remuneration practices, especially forward-looking target-setting and the mix between short- and long-term incentives
- Develop an ethical pay framework, including tools in terms of which progress in pay equity and fairness can be measured
- Monitoring the implementation of the remuneration aspects of the proposed employee share ownership scheme plan
- Assessing the impact of the changing world of work, most notably remote work, and the increased use of contract and variable time workers, on our remuneration practices

Momentum Metropolitan's Board 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 from our Company Secretariat.

All our committees comply with the independence requirements on membership.

Audit Committee

The Committee's oversight responsibilities, delegated to the Committee by the Board include:

- the integrity of financial reporting
- the internal audit function, including the annual internal audit plan as well as objectivity and performance of the function
- assessment of the internal control environment
- combined assurance
- expense and budget variance control
- external audit, including independence and audit quality.

Risk, Capital and Compliance Committee

The Committee:

- ensures that the Group has an effective risk management system that will enhance achievement of its strategic objectives
- provides oversight on the quality, integrity and reliability of the Group's risk and compliance management processes, as well as the reliability of the balance sheet management processes
- monitors the Group's risk profile and ensures that material risks are identified and escalated appropriately.
- monitors the Group's risk appetite exposure, and current and forward-looking solvency position
- monitors capital management and optimal allocation of capital across the Group
- provides oversight of technology and information governance.

Social, Ethics and Transformation Committee

The Committee has oversight of:

- economic development
- combating fraud and corruption
- broad-based black economic empowerment
- employment equity
- employee and public safety and health
- stakeholder relations
- skills development
- organisational ethics
- environmental impact
- community development
- human rights.

Actuarial Committee

The Committee, which acts as an advisory forum for the Board and its committees on actuarial and related technical matters:

- assists the Board in discharging its fiduciary duties to policyholders and shareholders
- assists the heads of the actuarial function 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, as well as embedded value results
- considers the projected valuation results over the business planning period as part of the ORSA process
- reviews and approves bonus declarations on discretionary participation policies on behalf of the Board
- ensures that details of the design features and pricing of new products and product revisions are regularly reviewed.

Fair Practices Committee

The Committee:

- has oversight of the fair treatment of clients and provides direction in this regard
- acts as a discretionary participation committee and governance forum for matters relating to market conduct obligations
- Oversight of the implementation and improvement of market conduct practices
- Oversight of the effectiveness of the complaints and claims management policies and practices
- Ongoing collaboration with SETC on compliance with relevant legislation

Investments Committee

The purpose of the Committee is to:

- set direction on investment criteria to be met for any new investments, disposals, acquisitions, mergers and new initiatives
- approve investment objectives and guidelines
- monitor the Group's investment and funding activities, compliance and results
- oversee post-investment monitoring
- act as a sounding board for the Risk, Capital and Compliance Committee and Executive committees on investment matters
- review the systems of internal control and management of risks relating to investments, disposals, acquisitions, mergers and new initiatives.

Nominations Committee

The Committee ensures that there is an appropriate process of corporate governance in fulfilling the following responsibilities:

- the appointment and removal of non-executive and executive directors, as well as other key positions within the Group
- overseeing succession and performance assessment programme for the Board and its committees
- overseeing the legislative conflict of interest procedures and the governance frameworks
- overseeing the mandate of the various Board Committees and alignment with their Terms of Reference
- reviewing, from time to time, the balance of skills and experience in the composition of the Board
- assessing the competence and experience of the Company Secretarial function and reporting the outcome to the Board.

Remuneration Committee

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:

- 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 disclosures in line with best practice.
- Please refer to the remuneration review on page 93 of this report



MEETING ATTENDANCE FOR BOARD AND COMMITTEE MEETINGS

Legend = BOARD | AUDIT | ACTUARIAL | REMUNERATION | SOCIAL, ETHICS & TRANSFORMATION | FAIR PRACTICES | RISK, CAPITAL & COMPLIANCE | NOMINATIONS | INVESTMENT

MEETINGS HELD	5*	5	5**	3	3	4**	4	4	7***
JJ Njeke Chair of Board and Nominations Committee	5/5							4/4	
Hillie Meyer	5/5				3/3		4/4		
Jeanette Cilliers (Marais)	5/5								
Risto Ketola	5/5		5/5						7/7
Lisa Chiume	5/5			2/2[6]		2/2[2]			7/7
Peter Cooper Chair of Remuneration Committee	5/5			3/3				4/4	6/7
Fatima Daniels	5/5	5/5					4/4		
Linda de Beer Chair of Audit Committee	5/5	5/5[5]					4/4		
Stephen Jurisich Chair of Actuarial and Fair Practices committees	5/5		5/5			4/4			
Kgaugelo Legoabe-Kgomari	5/5[7]					2/2[7]			3/3[6 7]
Niel Krige	1/1[1]		1/1[1]						
Jabu Moleketi	1/1[1]			1/1[1]	1/1[1]				
Sello Moloko	5/5			2/2[6]				4/4	7/7
Sharron McPherson	5/5				2/3				
Vuyisa Nkonyeni Chair of Investments Committee	5/5						3/4		7/7
David Park	3/3[3]		5/5		1/1[6]		4/4		
Khehla Shubane Chair of Social, Ethics and Transformation Committee	5/5				3/3	4/4			
Frans Truter Chair of Risk, Capital and Compliance Committee	5/5	5/5[4]		3/3			4/4	4/4	
Johan van Reenen	5/5			3/3			4/4		

* Special Board meeting held 11 May 2020 in respect of Covid-19
** Special Combined Actuarial and Fair Practices meeting held 27 March 2020
*** Special Investment meetings held 8 July 2019, 10 October 2019 and 27 March 2020

[1] Resigned 26 November 2019
[2] Resigned 29 November 2019
[3] Appointed 1 December 2019
[4] Chair resigned 2 January 2020 but remained a member
[5] Chair appointed 2 January 2020
[6] Appointed 2 January 2020
[7] Resigned 30 June 2020



Zureida Atkinson (Ebrahim) 43

CEO: Client Engagement Solutions – Momentum Multiply, Multiply Money and Momentum iX

Qualifications:
BCom (Economics and Law), Management Advancement Programme, Strategic Marketing Management, Executive Leadership Development Programme

Appointment:
1 May 2016

Experience:
Since joining Momentum, Zureida has been responsible for setting up an employer services function, 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 for Momentum as well as the Momentum digital channels. In her current role she is involved in integrating Momentum Multiply, our wellness and rewards propositions, into the Momentum client value proposition as well as building our new transactional banking business. Her portfolio includes our client digital, insights and analytics capabilities for Momentum.

Key strengths:
- Strategy
- Partnerships
- Fintech
- Product development
- Client engagement
- Digital transformation
- Start-ups

Johann Le Roux 53

CEO: Momentum Life Insurance, Momentum Financial Planning, Legacy Solutions and Momentum Retail: Channel Delivery and Platforms and IT Foundation

Qualifications:
BSc (Mathematical Statistics) (Hons), MBA, Fellow of the Actuarial Society of South Africa

Appointment:
1 April 2018

Experience:
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 leadership team 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.

Key strengths:
- Strategy
- Business transformation
- Insurance
- Financial planning
- Intemediary distribution

Jan Lubbe 49

Chief Risk Officer

Qualifications:
MCom, MBA, CA(SA)

Appointment:
21 November 2013

Experience:
Jan joined the Momentum Metropolitan Group as Chief Risk Officer in 2013, having previously served as Chief Risk Officer at Barclays Africa and FirstRand Limited. 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.

Key strengths:
- Audit
- Governance
- Industry insight
- Strategy
- Risk management

Nontokozo Madonsela 41

Chief Marketing Officer

Qualifications:
BCom (Marketing)

Appointment:
9 October 2017

Experience:
Nontokozo has specialised in marketing and brand strategy, creative development process, delivery of brand and corporate identity and strategic execution of advertising and marketing campaigns during her over 19 years of experience in brands and marketing. She was formerly Executive Head of Marketing for Personal and Business Banking at Standard Bank, having previously worked in the transport, telecommunications, insurance and fastmoving consumer goods industries.

Key strengths:
- Strategy
- Brand transformation
- Team culture transformation
- Digital marketing
- Reputation management

Dumo Mbethe 39

CEO: Momentum Corporate and aYo Joint Venture shareholder representative

Qualifications:
BCom (Accounting and Information Systems), BCom Hons, CA(SA)

Appointment:
12 September 2019

Experience:
Dumo has 17 years' experience in the financial services industry, approximately 11 of which have been at executive level. He joined the Group in 2017 from Old Mutual, where he was General Manager – Member Solutions in the Corporate business. Before being appointed to his current position, he was CEO of Momentum Metropolitan Africa. Dumo has served on various country-level boards within Momentum Metropolitan Holdings Limited and is currently a non-executive director for the Metropolitan International Holdings and Metropolitan Internal Support Board of Directors . Externally, he is also a member of the Actuarial Governance Board, which oversees the professional conduct of actuaries in South Africa.

Key strengths:
- Strategy
- Managing across multiple jurisdictions
- Stakeholder management
- Insurance (life, health, short-term)

Herman Schoeman 57

CEO: Non-Life Insurance
CEO: Guardrisk Group

Qualifications:
BCom, MBA

Appointment:
1 July 2014

Experience:
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 and the Deputy Chairman 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.

Key strengths:
- Leadership
- Long-term strategy
- Financial services industry relationships
- Corporate client relationships

Peter Tshiguvho 54

CEO: Metropolitan Life

Qualifications:
BA (Psychology), MBA, CFP

Appointment:
27 February 2018

Experience:
Peter has extensive financial services distribution experience having 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.

Key strengths:
- Strategy
- Life insurance
- Insurance sales and distribution
- Diversity and transformation drive
- Interpersonal business relationships

Hannes Viljoen 58

CEO: Momentum Metropolitan Health

Qualifications:
MChD (Public Health Care), DHA (Health Administration), MBL

Appointment:
1 September 2019

Experience:
Hannes has over 25 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.

Key strengths:
- Health economics
- Entrepreneur
- Health strategy

GROUP FINANCE DIRECTOR'S REVIEW



Momentum Metropolitan remained on track to deliver on its Reset and Grow target of normalised headline earnings between R3.6 billion to R4.0 billion by F2021, until the Covid-19 pandemic started to impact South Africa in early March 2020. It is pleasing that our initial focus and success with our Reset objectives, enabled us to start making progress on the Grow objectives. The Reset and Grow strategy was the right strategy at the right time, as it certainly put us in a better position to handle the impact of the Covid-19 pandemic, and it contributed to good operational results in F2020, despite the Covid-19 related turmoil in the second half of the financial year.

Risto Ketola
Group Finance Director

The first Covid-19 case in South Africa was reported on the day that we released an excellent set of interim financial results for F2020. The pandemic quickly started spreading and brought many challenges to our operating environment. Our clients, employees, and other stakeholders were not only impacted from a health perspective, but also financially by the severe volatility in investment markets, as well as in their daily movements due to government restrictions that were implemented in the various levels of lockdown. These effects continue, and it will take the country years to fully recover economically.

In line with our external environment, Momentum Metropolitan was and continues to be impacted by the expected worsening in claims experience, lower new business volumes, increased risk of policy lapses or withdrawals, lower investment returns, and additional expenses related to the operational and risk management initiatives we took to effectively deal with the crisis.

The Covid-19 pandemic therefore significantly impacted our results for F2020. The Group delivered normalised headline earnings of R1 521 million for the 12 months, which includes a loss of R251 million for the second half of the year. This loss was largely due to additional provisions that were raised, with a net negative impact of R983 million for potential Covid-19-related adverse claims experience and policyholder lapses and withdrawals. Furthermore, the partial recovery of investment markets during the last quarter did not fully offset the impact of severe market-related losses reported in the third quarter of the year. The net market losses included in normalised headline earnings for the year amounted to R975 million.

Excluding the impact of these two items, earnings from operational activities of R3 479 million (after tax) demonstrate a continuation of the momentum and robustness of our underlying results before the Covid-19 pandemic. Momentum Investments continued its growth trajectory and saw good new business and investment flows throughout the year. In Metropolitan Life the sustained operational focus to improve the quality of business resulted in improved new business margins, despite lockdown-related costs in its agency force. The Non-life insurance operations continued to deliver good growth, further supported by the acquisition and integration of Momentum Insurance (formerly Alexander Forbes Insurance). Our businesses in other African countries contributed positive earnings growth year-on-year on the back of satisfactory operating performance, despite the impact of the additional provisions related to the Covid-19 pandemic.

We maintained our stringent focus on efficiency initiatives and the controllable administration expenses increased by 2.0%, well below inflation. Increases in expenses to accelerate developments of our digital capabilities and servicing platforms, as well as costs incurred to enable working from home, were offset by tight control of headcount and a reduction in items such as travel and entertainment – this partially due to the lockdown restrictions.

Our new business volumes, as measured by the present value of new business premiums (PVNBP), and value of new business declined by 10% and 48% to R50.4 billion and R280 million, respectively.

Excluding the impact of a R5 billion with-profit annuity transaction included in the prior year, the PVNBP remained flat year-on-year. This is a commendable achievement, considering the impact of the national lockdown and the slowdown in economic activity during the fourth quarter. The value of new business was negatively impacted by additional costs incurred in the distribution channels to support employees and business partners during the lockdown phase.

We decided not to declare a final ordinary dividend in respect of the 12 months ended 30 June 2020. The Group's dividend policy is to declare ordinary dividends within a dividend cover range of 2.0 to 3.0 times normalised headline earnings. Considering that the Group recorded negative normalised headline earnings in the second half of the year, not declaring a final ordinary dividend is in line with the Group's dividend policy. We remain comfortable with our dividend policy and expect that ordinary dividends will be resumed in line with the dividend policy as the normalised headline earnings recover.

The Group remains well capitalised with a strong balance sheet. The regulatory solvency position of Momentum Metropolitan Life, the Group's main life insurance entity, decreased from 2.08 times the Solvency Capital Requirement (SCR) at 30 June 2019 to 1.85 times SCR at 30 June 2020. The decline in our

solvency position is due to the impact of the Covid-19 pandemic, including the falls in investment markets, additional provisions for Covid-19-related claims and policyholder behaviour, as well as the recent acquisition of Momentum Insurance.

The return on embedded value (ROEV) declined from 8.0% in F2019 to -3.7% in F2020, driven by the adverse investment market movements affecting the covered business, as well as the creation of additional provisions against the impact of the Covid-19 pandemic. These adverse investment market movements are largely related to negative equity returns and increasing bond yields at the longer durations.

The Group's financial results demonstrate its resilience. Our solvency remains strong and normalised headline earnings continued to be positive in a year when the financial markets experienced events expected to occur once in 20 years to once in 50 years, and operational turmoil had to be managed during the final quarter. We believe our entrepreneurial culture and federated operating model are key reasons why we were able to adapt quickly to these circumstances. We were very pleased that we were able to respond effectively to the needs and concerns of our clients and our employees during this period of uncertainty.

Our key metrics

	Basic			Diluted		
	F2020	F2019	Δ%	F2020	F2019	Δ%
Earnings (R million)	178	2 255	(92)	178	2 275	(92)
Headline earnings (R million)	1 036	2 474	(58)	1 036	2 494	(58)
Normalised headline earnings (R million) [1]				1 521	3 074	(51)
Earnings per share (cents)	12.3	153.1	(92)	12.3	151.6	(92)
Headline earnings per share (cents)	71.3	168.0	(58)	71.3	166.2	(58)
Normalised headline earnings per share (cents) [1]				101.5	202.5	(50)
Interim dividend per share - March (cents)				40	35	14
Final dividend per share - September (cents)				-	35	
Total dividend per share (cents)				40	70	(43)
Present value of new business premiums				50 447	55 783	(10)
Value of new business				280	541	(48)
Value of new business margin				0.6	1.0	
Diluted embedded value per share (R)				25.70	27.48	(6)
Return on embedded value				(3.7)	8.0	
Return on embedded value per share				(3.8)	9.4	
Diluted number of shares in issue (m)				1 499	1 499	-
Diluted weighted average number of shares (m)				1 499	1 518	(1)

Net asset value

R million	F2020	F2019	Δ%
Total assets	506 393	502 605	1
Total liabilities	(483 446)	(479 059)	(1)
Total equity	**22 947**	**23 546**	**(2)**

[1] Normalised headline earnings adjust the standard JSE definition of headline earnings for the dilutive impact of finance costs related to preference shares that can be converted into ordinary shares of the Group, the impact of treasury shares, the amortisation of intangible assets arising from business combinations and B-BBEE costs. The adjustment for the impact of treasury shares removes mismatches that might arise from elimination of treasury shares (potential mismatches that are peculiar to financial institutions that invest in their own securities on behalf of clients). The definition of normalised headline earnings remains unchanged.



The speed and frequency with which the Audit Committee received the information it needed to assess possible impacts on the business and make decisions to protect value and ensure future sustainability is commendable.

Linda de Beer
Chair Audit Committee

CONSOLIDATED GROUP FINANCIAL PERFORMANCE

Normalised headline earnings

R million	1Q	2Q	3Q	4Q	F2020	F2019	Δ%
Momentum Life	247	236	(35)	(32)	416	883	(53)
Momentum Investments	152	118	3	30	303	512	(41)
Metropolitan Life	155	194	(39)	(8)	302	610	(50)
Momentum Corporate and Health	139	196	133	(208)	260	601	(57)
Non-life Insurance	83	60	120	142	405	164	>100
Momentum Metropolitan Africa	128	80	(167)	276	317	262	21
Normalised headline earnings from business units	**904**	**884**	**15**	**200**	**2 003**	**3 032**	**(34)**
New Initiatives	(134)	(106)	(136)	(133)	(509)	(492)	(3)
Shareholders	112	112	(163)	(34)	27	534	(95)
NHE	**882**	**890**	**(284)**	**33**	**1 521**	**3 074**	**(51)**

Momentum Metropolitan delivered normalised headline earnings of R1 521 million for the 12 months of F2020, which includes a loss of R251 million for the second half of the year.

Uncertainty remains on the progression of the Covid-19-related claims experience and future persistency experience. We therefore reviewed our mortality, disability and termination assumptions used in the valuation basis of the life insurance operations of the Group, as well as the potential claims impact on non-life insurance business. We have created additional provisions of R983 million (net of tax) in the fourth quarter to absorb the possible future impact of the Covid-19 pandemic.

We reported small positive normalised headline earnings of R33 million for the fourth quarter, despite setting up the Covid-19 provision. This represents a modest recovery from the third quarter's loss, which was attributable to the decline in the investment markets during March 2020. Despite the recovery in the equity market during the fourth quarter, the unrealised asset-liability management losses stemming from relative movements in the bond and swap curves, used to value annuities and guaranteed endowments, persisted into the fourth quarter. The total market impact for the year was a loss of R975 million.

The table below shows the impact of the F2020 normalised headline earnings split between the provisions for Covid-19-related claims and persistency, as well as financial market-related variances/losses by our business units.

R million	F2019	F2020			
	Normalised headline earnings	Earnings from operations [2]	Provisions for Covid-19-related impact	Market impact [3]	Normalised headline earnings
Momentum Life	883	812	(366)	(30)	416
Momentum Investments	512	590	-	(287)	303
Metropolitan Life	610	757	(180)	(275)	302
Momentum Corporate	601	709	(347)	(102)	260
Non-life Insurance	164	443	(38)	-	405
Momentum Metropolitan Africa	262	475	(52)	(106)	317
Normalised headline earnings from business units	**3 032**	**3 786**	**(983)**	**(800)**	**2 003**
New Initiatives	(492)	(509)	-	-	(509)
Shareholders	534	202	-	(175)	27
NHE	**3 074**	**3 479**	**(983)**	**(975)**	**1 521**

2 Earnings from operations is not a key performance indicator of the Group and is not a derivative from line items in the income statement prepared on an IFRS basis. It is calculated in order to explain how the Group's normalised headline earnings over the second half of the financial year were affected by the Covid-19 pandemic and the resultant investment market related impacts. It is calculated as normalised headline earnings, less the additional provisions for the impact of the Covid-19 pandemic, less the market impact.The Group does not intend to continue to report earnings from operations beyond the Covid-19 pandemic and its related investment market volatility.

3 The market impact for F2020 includes the investment variances on the life insurance business. In Shareholders the market impact includes the quarterly excess investment return from a normal quarter in F2020, fair value gains and losses and economic assumption changes.

Covid-19 related provisions

We have considered the possible impact of the Covid-19 pandemic related decline in economic conditions and the outlook, as well as expected policyholder behaviour around lapses, surrenders, and withdrawals. We reviewed recent claims experience, publicly available models that project our infection and mortality rates of Covid-19. We have also observed the outcomes from premium relief options that clients have exercised in the last three months of the financial year. Our modelling suggests that the bulk of the impact of the Covid-19 pandemic will be observed in the F2021 and F2022 financial years.

Based on the modelling we made changes in the applicable mortality, disability, and termination assumptions that are used in the valuation basis of the life insurance operations of the Group for F2021 and F2022. We also considered the impact of claims on the non-life insurance business in Guardrisk.

The overall impact is a reduction in the Group's normalised headline earnings for the year of R983 million. There is an additional impact on the value of in force business of R398 million, which resulted in a total reduction in embedded value of R1 381 million.

The impacts of provisions for Covid-19 by business unit

	Normalised headline earnings					Value of in-force business	Embedded value
R million	Mortality	Morbidity	Non-life insurance claims	Terminations	Total	Terminations	Total
Momentum Life	316	-	-	50	366	114	480
Metropolitan Life	108	-	-	72	180	-	180
Momentum Corporate	275	72	-	-	347	284	631
Momentum Metropolitan Africa	52	-	-	-	52	-	52
Non-life insurance	-	-	38	-	38	-	38
Total	**751**	**72**	**38**	**122**	**983**	**398**	**1 381**

We determined the assumptions that we applied in the establishment of the provisions for Covid-19 by taking various modelled scenarios into account. The specific circumstances that affect the clients of each business unit were considered in the modelling and the resultant assumptions may thus differ somewhat between business units. As trends in Covid-19-related claims experience and policyholder behaviour continue to evolve, we will continue to evaluate and assess the assumptions used in the valuation basis.

The valuation basis was determined as follows for each factor:

Mortality

As at 30 June 2020, South Africa reported 151 290 confirmed Covid-19 cases and recorded 2 657 deaths. By 7 September, confirmed cases in South Africa has increased to 639 362 and recorded 15 004 deaths. Excess deaths are significantly higher than the confirmed Covid-19 number of deaths.

As a result of the increase in excess deaths, we anticipate a rise in mortality claims in the near-term, linked to the spread of the Covid-19 pandemic. The mortality provision was determined by referencing several international studies on attack rates and infection and case fatality rates and applying these assumed age-based infection and fatality rates, to the sums at risk of the various books of business. The infection and mortality rates were further adjusted to allow for the assumed differences in the different socio-economic classes, as well as actual claims experience up to the end of July 2020.

The final modelling assumed ultimate attack rates ranging from 40% to 60% of the population.

In Momentum Life and Momentum Corporate we allowed for similar infection rates. The lower income retail client segment is expected to be more vulnerable to infections and to have more limited ability to isolate and shelter.

The mortality and infection rates in Metropolitan Life are therefore expected to be significantly higher than the modelled experience in Momentum Life and Momentum Corporate. We have allowed for reinsurance recoveries in line with the conditions of the relevant agreements.

Momentum Metropolitan Africa included a R52 million allowance for adverse experience.

Longevity

We anticipate that increased mortality of annuitants as well as income protection claimants will result in a higher than expected release of reserves held for these benefits. However, we have not taken credit for this in the Covid-19 provision.

Morbidity

We expect an increase in income protection claimants that are unable

to return to work due to the economic environment. In Momentum Corporate, we allowed for a 20% reduction in return-to-work rates for a 24-month period.

Terminations

In March 2020, the various business units of Momentum Metropolitan offered relief measures in the form of premium holidays, premium rebates, premium pause options, and grace periods for premium payment to ease financial pressure for clients. Given the hardship caused by the economic crisis, we expect that some of the clients who elected to make use of these relief options are at risk of terminating their policies in the near term. For these policies, Momentum Life and Momentum Corporate have considered actual policyholder behaviour over the last three months and have assumed that 50% of policyholders who exercised premium holidays and pause options would terminate their policies immediately upon expiry of the grace period.

Metropolitan Life already offered a premium skip facility before the pandemic and the valuation assumptions therefore already had an allowance for policies in a 'premium skip' state. No additional allowance was therefore made. Metropolitan Life's earnings are more exposed to terminations on its funeral book than what is the case for Momentum Life on its protection business, and a termination provision equal to 10% of negative rand reserves has been allowed for to reflect the potential short-term deterioration in lapses on Metropolitan Life's funeral book due to the economic lookout.

Retrenchment risk

Momentum Metropolitan Life has limited exposure to retrenchment risk as it has generally been averse to this risk type in the past. Consequently, no explicit liability was deemed necessary.

Guardrisk does have exposure to retrenchment risk in several of its cells, but these cells are still sufficiently profitable and well capitalised to avoid the need to hold any additional shareholder provisions related to these cells. The reserving in the cells has been strengthened in anticipation of increased retrenchment risk.

Non-life insurance claims

Guardrisk has made an adjustment to its outstanding claims reserves for a potential increase in claims related to business interruption cover that is offered as an extension on some of its policies. The outbreak of the Covid-19 pandemic has sparked public debate between policyholders, insurers, reinsurers, and regulators on the interpretation of policy wordings that offer business interruption cover, and specifically in relation to any extensions for infectious or contagious diseases.

Although a legal process is still ongoing, Guardrisk is providing relief to policyholders in the hospitality industry by offering a settlement in terms of the policy to affected policyholders. The settlement offer triggers cover under quota share and non-proportional (excess-of-loss) reinsurance agreements. It is estimated that the total gross claims against business interruption cover underwritten by Guardrisk is approximately R600 million. After taking reinsurance recoveries into account, a net of tax provision of R38 million has been created.

Expenses

Across the Group, we have expensed an amount of R71 million (before tax) in the current year, related to support and financial relief that the business units provided to our various distribution forces, to help weather the impact of reduced income during the hard lockdown period when financial advice was not deemed an essential service by government regulations.

At Group level we also incurred R26 million of operational expenses which are directly attributable to the Covid-19 pandemic. The expenses include data and technology-related costs and other remote working enablement costs, as well costs related to the structural changes needed to ensure social distancing between workstations for essential office-based staff, hand sanitiser and deep-cleansing of offices.

These costs were fully expensed through operational expenses in F2020 and are not reported as part of the provision for Covid-19. The lockdown restrictions have also delivered expense savings, for example on travel and entertainment offsetting some of the impact of the Covid-19 related costs. Development and implementation costs that were incurred from accelerated projects for example, improved digital engagement tools, are not deemed to be directly related to the pandemic.

Earnings per share

Earnings per share for the Group declined by 92% to 12.3 cents.

In addition to the impacts described for normalised headline earnings, the earnings per share were further negatively impacted by an impairment on owner-occupied property of R550 million as well as a R244 million write-off to goodwill and other intangible assets of the non-life insurance operations.

The Johannesburg-based businesses of the Group is currently moving into a newly developed owner-occupied property situated in Sandton. The Group will occupy most of the available office space. The value of the property was previously recorded at the cost of development as it was still under construction. As at 30 June 2020 the property was valued by a professional valuer which resulted in an impairment of R550 million. The impairment can largely be attributed to the decline in market rental rates for office property in Sandton in recent years, as well as the weak property market outlook because of the pandemic. The valuation also took the expected vacancy period into account.

Due to the economic decline as a result of the Covid-19 pandemic, the projected cash flows for MSTI have deteriorated, resulting in the need to write off R244 million in goodwill and other intangible assets that were allocated to MSTI. The recently acquired Momentum Insurance is currently anticipated to perform in line with the business plan and there is no need to write off intangible assets allocated to Momentum Insurance.

New business performance

Key metrics	F2020	F2019	Δ%
Recurring premiums (R million)	3 417	3 952	(14)
Single premiums (R million)	33 189	34 183	(3)
PVNBP (R million)	50 447	55 783	(10)
Value of new business (R million)	280	541	(48)
New business margin	0.6%	1.0%	

The PVNBP for the 12 months was R50.4 billion, a decline of 10% from the prior year. Excluding the impact of the R5 billion single premium with-profit annuity transaction that was recorded in Momentum Corporate in the prior year, the PVNBP remained flat, despite the lower retail sales volumes observed in the second half of the year and the impact thereof.

PVNBP by business unit for each quarter of F2020

R million	1Q	2Q	3Q	4Q	F2020	F2019	Δ%
Momentum Life	2 013	2 045	1 844	1 170	7 072	8 266	(14)
Momentum Investments	6 679	7 087	7 026	6 020	26 812	23 145	16
Metropolitan Life	1 292	1 234	1 172	1 003	4 701	4 897	(4)
Momentum Corporate	2 442	2 369	1 741	2 654	9 206	16 977	(46)
Momentum Metropolitan Africa	552	521	648	935	2 656	2 498	6
Total PVNBP	**12 978**	**13 256**	**12 431**	**11 782**	**50 447**	**55 783**	**(10)**

As a result of the lockdown restrictions during the fourth quarter, the new business volumes in most business units were severely impacted. On the positive side, large single premium transactions for which negotiations began before Covid-19 were completed in Momentum Corporate in South Africa, as well as in the employee benefits businesses in Namibia and Botswana. New business volumes in Momentum Investments held up well, with strong flows, especially on the offshore investment platform. In the fourth quarter, Metropolitan Life new business volumes reduced by approximately 20% compared to the average of the first three quarters and were supported against further decline by the adoption of digital technology and smart tools in the sales fulfilment process. Momentum Life was most severely adversely impacted, partially because the business writes a significant amount of new business where medical underwriting is necessary.

The value of new business declined by 48% from the prior year. In addition to the lower new business volumes changes in the new business mix towards long-term savings also contributed to this result. The negative effect was partly offset by disciplined expense management across the Group. Overall, the new business margin declined to 0.6%.

Embedded value

Embedded value earnings (R million)	F2020	F2019	Δ%
Embedded value at the start of the year	41 193	39 601	
Embedded value earnings from operations (covered business)	3 408	3 083	11
Covid-19 provision (covered business)	(1 335)	-	<0
Embedded value earnings attributable to investment markets	(2 945)	291	<0
Impact of exceptional items [4]	(19)	870	<0
Embedded value profit from non-covered businesses	(646)	(1 076)	40
Change in embedded value before capital flows	**(1 537)**	**3 168**	**<0**
Capital flows	(1 132)	(1 576)	28
Embedded value at the end of the year	**38 524**	**41 193**	**(6)**
Return on embedded value (ROEV)	(3.7)%	8.0%	
ROEV on covered business	(2.7)%	12.7%	
ROEV on non-covered business	(8.4)%	(17.5)%	
ROEV per share	**(3.8)%**	**9.4%**	

4 The exceptional item of R870 million reported in F2019 arose from the adoption of a new required capital methodology, which coincided with the implementation of a new regulatory framework for solvency. In F2020 the exceptional item of -R19 million relates to the impact of implementing International Financial Reporting Standard 16 - Leases

The embedded value results highlight the exposure to investment markets from within the covered business. Movement in investment market-related items resulted in a R2.9 billion reduction in embedded value earnings relative to the prior year.

The total reduction in the covered business embedded value for the additional Covid-19 provisions on the covered business was R1.3 billion. Excluding these, the embedded value earnings from covered business operations increased by 11% from R3.0 billion to R3.4 billion. Non-Covid-19 related basis changes and experience variances were broadly neutral in aggregate. Expense variances contributed positively, continuing the recent trend of tight expense management across the Group. The expense inflation assumption in the first three years of the projection period has been reduced from 6% to 5%.

The risk experience variance remained positive, despite being significantly lower than the prior year. Metropolitan Life had particularly pleasing risk experience over the year. The risk products in Momentum Life contributed positively to the alterations experience via take-up of premium increases for older ages.

The lapse experience on Metropolitan Life's funeral product line saw a significant improvement from the prior year. More accurate modelling of future expected credit spreads on Momentum Investment products contributed positively. The allowance for terminations where policyholders have taken premium contribution holidays on Momentum Corporate's FundsAtWork investment product, resulted in a negative persistency variance.

Implicit allowances for Covid-19 have also been incorporated in the non-covered valuations.

SEGMENTAL PERFORMANCE

MOMENTUM LIFE

R million	F2020	F2019	Δ%
Normalised headline earnings	416	883	(53)
Recurring premium new business	928	1 031	(10)
Single premium new business	2 064	2 016	2
PVNBP	7 072	8 266	(14)
Value of new business	22	101	(78)
New business margin	0.3%	1.2%	

Normalised headline earnings

Normalised headline earnings declined by 53% to R416 million. The decline is mainly driven by changes in the demographic assumptions for the expected impact of Covid-19 related claims and policyholder behaviour, as well as significantly lower underwriting experience profits than in the prior year.

The negative investment variances that were observed in the third quarter from traditional products as well as lower fees and investment returns from equity-linked asset portfolios, reversed during the fourth quarter, resulting in a small positive investment variance for the year. The impact of improved persistency experience profit on the protection business was offset by the impact of the Premium Pause client relief option.

Good expense management, as well as lower losses from Momentum Multiply, contributed positively to normalised headline earnings.

New business

Momentum Life's PVNBP declined by 14% year-on-year to R7.1 billion. The fourth quarter was particularly challenging due to the nationwide lockdown which limited the ability of the distribution force to continue sales activities, resulting in new business volumes that were 46% lower than the fourth quarter in the prior year. New business volumes on long-term savings business were less impacted by the lockdown than protection business sales. There was an observed shift towards retirement annuity policies within the long-term savings new business mix.

Value of new business declined by 78% from R101 million to R22 million, resulting in a new business margin of 0.3%. This can be explained by the operational gearing impact during the fourth quarter from lower new business volumes on protection and long-term savings. products, while the predominantly fixed expense base declined by less.

MOMENTUM INVESTMENTS

R million	F2020	F2019	Δ%
Normalised headline earnings	303	512	(41)
Recurring premium new business	121	186	(35)
Single premium new business	26 345	22 434	17
PVNBP	26 812	23 145	16
Value of new business	134	82	63
New business margin	0.5%	0.4%	

Normalised headline earnings

Normalised headline earnings declined by 41% to R303 million, largely as a result of unrealised losses stemming from relative movements in the bond and swap curves used to value annuities and guaranteed endowments. This effect was reported in the third quarter and the impact persisted into the fourth quarter with further widening of the spread.

The impact of weak investment markets on asset-based fee income and progress with the repricing of the in force book both led to a decline in the normalised headline earnings from the Momentum Wealth investment platform, despite continued good new business volumes and lower outflows throughout the year, favourable foreign exchange movements, and prudent expense management.

While investment market conditions remained volatile, the local and offshore non-covered investment management operations delivered growth in normalised headline earnings. This was, however, more than offset by lower normalised headline earnings from the property management business, which suffered from the current economic conditions, in line with the real estate sector.

New business

PVNBP for Momentum Investments improved by 16% to R26.8 billion relative to the prior year, mainly from strong new business volumes on the Momentum Wealth investment platform and guaranteed annuities. Although new business flows slowed in the fourth quarter, it remained strong in absolute terms.

The value of new business also benefitted from below inflationary growth on expenses and a reduction in the present value of the cost of capital. The new business margin improved to 0.5%.

Assets under management

R billion	F2020	F2019	Δ%
On-balance sheet Momentum Wealth	110	105	5
Off-balance sheet Momentum Wealth	59	56	5
Non-covered business (investment management)	419	424	(1)
Assets under management	**588**	**585**	**1**

Assets under management on the Momentum Wealth investment platform increased by 5%. This was mainly attributable to significant net inflows on the offshore platform, aided by favourable foreign exchange movements.

Assets under management of the non-covered investment management business ended the year marginally lower than the prior year. These assets were adversely impacted by the fall in investment markets. As the markets rebounded during the fourth quarter, assets recovered materially from the levels reported in March 2020.

METROPOLITAN LIFE

R million	F2020	F2019	Δ%
Normalised headline earnings	302	610	(50)
Recurring premium new business	1 156	1 196	(3)
Single premium new business	1 100	1 185	(7)
PVNBP	4 701	4 897	(4)
Value of new business	110	89	24
New business margin	2.3%	1.8%	

Normalised headline earnings

Metropolitan Life's earnings declined by 50% to R302 million relative to the prior year, driven by the impact of the adverse investment market conditions since March 2020, changes in the demographic assumptions for the expected impact of the Covid-19 pandemic related claims and policyholder behaviour; as well as the cost to support tied advisers during the nationwide lockdown in the fourth quarter.

The negative impacts of the investment market movements that were observed in the third quarter, continued into the fourth quarter. They were mainly caused by unrealised losses stemming from relative movements in the bond and swap curves used to value annuities. Furthermore, the increase to investment guarantee reserves held in respect of smoothed bonus portfolios that was required in the third quarter, was not fully reversed by the partial recovery of the investment markets in the fourth quarter.

Excluding these items, the earnings from operational activities increased from the prior year and were supported by a sustained operational focus to improve the quality of business and prudently manage controllable expenses. The persistency on funeral products, which was in line with the valuation basis and continued strong underwriting profits, further supported the normalised headline earnings.

New business

Metropolitan Life PVNBP declined by 4% to R4.7 billion compared to the prior year. The tied agency force was on average 7% smaller than in the prior period, however productivity per agent continued to improve, following deliberate actions to rationalise and upskill the agency force. New business volumes in the fourth quarter remained resilient, despite the nationwide lockdown. The adoption of digital technology and smart tools in the sales fulfilment process supported the advisers' ability to continue writing new business during this period.

The value of new business of R110 million showed a pleasing improvement as a result of the continued shift towards new business for which premiums are collected via salary deductions, and an improved business mix within the funeral product range. The new business margin increased to 2.3% despite the pressure caused on volume growth by the lockdown in the fourth quarter.

MOMENTUM CORPORATE AND HEALTH

R million	F2020	F2019	Δ%
Momentum Corporate	104	435	(76)
Momentum Metropolitan's health business	156	166	(6)
Total normalised headline earnings	**260**	**601**	**(57)**
Recurring premium new business [5]	796	1 149	(31)
Single premium new business [5]	2 979	7 933	(62)
PVNBP [5]	9 206	16 977	(46)
Value of new business [5]	(4)	265	<0
New business margin [5]	0.0%	1.6%	

[5] Momentum Metropolitan's health business is classified as non-covered business and therefore, excluded from new business premiums, PVNBP, value of new business and new business margin.

Normalised headline earnings

Momentum Corporate and Health's normalised headline earnings declined by 57% year-on-year to R260 million.

The normalised headline earnings of the traditional employee benefits business declined by 76% to R104 million. This was mainly driven by the negative impacts of the market movements, which resulted in an increase in the investment guarantee reserving requirements predominantly on the smoothed bonus savings business, as well as changes in the demographic assumptions for the expected impact of Covid-19 claims, disability income and policyholder experience.

These impacts were partly offset by strong underwriting results from the group insurance business, in which the disability business performed particularly well. Earnings from income disability products were the strongest in five years, reflecting that corrective actions implemented over the last few years are paying off. Proactive expense management kept cost increases below inflation.
Momentum Metropolitan's health business contributed normalised headline earnings of R156 million for the year, a decline of 6% from the prior period. Despite the challenges caused by the nationwide lockdown in the last quarter, the health business experienced membership growth in the public sector and low-cost products during the current year. This result was also supported by continued expense discipline. Membership growth remained subdued in the retail, corporate and mining segments. This is reflective of the worsening of economic conditions placing pressure on employment numbers.

New business

Momentum Corporate's PVNBP of R9.2 billion reduced by 46% compared to the prior year. The prior year included the impact of the R5 billion single premium with-profit annuity transaction.

The value of new business of -R4 million showed some recovery from the levels reported in the interim and third quarter results. However, the lower new business volumes and change in new business mix within the FundsAtWork investments portfolio continued to dampen the value of new business and led to what is in effect a nil new business margin.

NON-LIFE INSURANCE

This segment includes Guardrisk, offering cell captive as well as other non-life insurance products; MSTI and Momentum Insurance, offering mostly personal lines insurance products. The acquisition of Momentum Insurance from Alexander Forbes Group Holdings Limited (AFGH) was completed in January 2020 and the normalised headline earnings were consolidated into the Group's results from 1 February 2020. Momentum Insurance offers short-term insurance to the middle and affluent client segments, providing personal, commercial, accidental and health insurance products.

NON-LIFE INSURANCE

R million	F2020	F2019	Δ%
Guardrisk	335	207	62
MSTI	(18)	(43)	58
Momentum Insurance	88	- [6]	>100
Normalised headline earnings	**405**	**164**	**>100**

6 Momentum Insurance was acquired and consolidated into Momentum Metropolitan from 1 February 2020. Comparative information therefore reflects nil value.

Non-life Insurance delivered exceptional growth on normalised headline earnings year-on-year, with strong underlying operational growth from Guardrisk, which was further supported by the first-time inclusion of the normalised headline earnings of Momentum Insurance.

Guardrisk's double digit growth is mainly attributed to strong new business revenue growth in Guardrisk Life and in mining rehabilitation business. This result was further aided by good persistency of the existing client base within the cell captive and underwriting managers' divisions. A slowdown in growth was observed in the last quarter, as the retail sector was impacted by the tough operating environment, which was exacerbated by the lockdown restrictions introduced in March 2020. Under current economic conditions, and having reviewed specific facilities, it was deemed appropriate to raise a provision of R101 million (net of tax) for cells in deficit.

Underwriting profits in Guardrisk General Insurance increased by 43% year-on-year. This was due to the continued take up of the underwriting product offering. Guardrisk has also raised a gross provision of around R600 million to provide relief and support to qualifying policyholders with defined business interruption cover. After reinsurance recoveries and tax, the net provision was R38 million.

R million	F2020	F2019	Δ%
Gross earned premium	2 592	1 889	37
Net earned premium	1 530	1 160	32
Claims incurred	(789)	(592)	(33)
Other insurance income	91	108	(16)
Underwriting expenses	(590)	(507)	(16)
Guardrisk General Insurance underwriting profit [7]	**242**	**169**	**43**

7 The underwriting profit in this table is the total for GGI, a division of Guardrisk Insurance Company Limited. The Guardrisk Group of companies also engage in further underwriting activities and this amount is therefore a subtotal of the underwriting fees that are disclosed in the Non-life Insurance segmental income statement in the Momentum Metropolitan Group Audited Annual Financial Statements and the Summarised Audit Annual Financial Statements for the 12 months ended 30 June 2020.

Expenses were well contained across all lines of business within Guardrisk. Investment in technology and the front-line underwriting infrastructure was made to advance the digital enablement of the business.

MSTI key ratios	F2020	F2019	Δ%
Net earned premium (R million)	966	870	11
Claims ratio	59.7%	63.7%	4

MSTI's losses narrowed by 58% to R18 million during the current year. Premium growth continued a positive trend and cost ratios remained stable. The lockdown and economic slowdown during the fourth quarter negatively impacted gross written premiums on the commercial and personal lines of business. MSTI provided premium relief to support its policyholders and to compensate for reduced claims during the last quarter. The cancellation ratio improved slightly over the last quarter.

The claims ratio improved by 4% year-on-year to 60%. Despite the large weather and fire-related claims that led to a reported claims ratio of 66% for the first nine months of the current year, the claims ratio benefitted during the fourth quarter from the reduced motor claims during lockdown.

Momentum Insurance key ratios	F2020	F2019 [8]	Δ%
Net earned premiums (R million)	411	442	(7)
Claims ratio	53.6%	62.1%	8.5

8 Net earned premiums is a derivative from the gross written premium that was previously disclosed in the financial results of AFGH, while the claims ratio was reported in the AFGH financial statements.

Momentum Insurance reported normalised headline earnings of R88 million for the five months to 30 June 2020.

On a 12-month basis, Momentum Insurance achieved strong growth in underwriting results of 6% year-on-year. This was mainly driven by favourable claims ratios in personal and commercial lines of business, and well-managed cost ratios.

Net earned premiums were impacted by the lockdown period during the fourth quarter as well as client relief of 15% of premiums offered to policyholders on motor policies, amounting to R27 million. The cost of the premium relief is expected to be largely offset by lower claims activity.

The migration and integration of Momentum Insurance into the MSTI business is tracking well against the business plan and client retention and the distribution channel productivity is being monitored closely.

MOMENTUM METROPOLITAN AFRICA

R million	F2020	F2019	Δ%
Namibia	195	201	(3)
Botswana	50	59	(15)
Lesotho	159	89	79
Ghana	51	40	28
Kenya	(12)	24	<(100)
Other countries	5	(45)	>100
Centre costs	(131)	(106)	(24)
Normalised headline earnings	**317**	**262**	**21**
Recurring premium new business	416	390	7
Single premium new business	701	615	14
PVNBP	2 656	2 498	6
Value of new business	18	4	>100
New business margin	0.7%	0.2%	

Normalised headline earnings

Normalised headline earnings increased by 21% to R317 million. This can be attributed to the improved performance in continuing operations, which was supported by a recovery of the investment markets in the fourth quarter, as well as steady progress on the countries earmarked for sale.

The Namibian economy remained under pressure and the life and health operations reported normalised headline earnings in line with the prior year. The non-life insurance business was negatively affected by higher motor claims.
The contribution from Botswana's life operations declined predominantly due to lower investment returns from persistent weak investment markets in the second half of the year. This was partly offset by double digit growth from the health business following good membership growth.

Lesotho benefitted from a one-off tax liability adjustment of R72 million in the first half of the year. Excluding this one-off item, normalised headline earnings were in line with the prior year.

To date the operations in Mauritius, eSwatini and Nigeria have been exited, resulting in a further uplift to normalised headline earnings during the year.

New business

PVNBP for Africa was R2.7 billion, up by 6% from the prior period. The major contributors to this positive result were 5% PVNBP growth in Namibia, which saw good retail annuity sales throughout the year, and a large employee benefits transaction in the fourth quarter, as well as 25% PVNBP growth in Botswana from continued retail smoothed bonus sales volumes and a strong fourth quarter from the corporate business.

The value of new business improved to R18 million for the 12 months, with both Botswana and Lesotho tripling their contribution through an improved mix of business and well-contained costs. In Namibia, value of new business was lower, and remains negative, due to a shift in the mix of business towards savings products in both retail and corporate businesses.

The good growth in value of new business led to an improvement in the new business margins from 0.2% in the prior year to 0.7%. This is a pleasing improvement from the negative new business margin that was reported in the third quarter of F2020.

NEW INITIATIVES

Included under this segment are Aditya Birla Health Insurance (ABHI) (a joint investment with Aditya Birla Capital in their health insurance business in India), aYo (a mobile insurance joint venture with MTN in selected African countries), Multiply Money (a bundled transactional and savings solution), the operating expenses of Exponential Ventures (local and offshore venture capital funds with a focus on fintech and insurtech start-ups) and Momentum Consult (a standalone financial planning business operating under its own FSP licence).

R million	F2020	F2019	Δ%
Aditya Birla Health Insurance [9]	(290)	(287)	(1)
aYo	(108)	(89)	(21)
Other [10]	(111)	(116)	4
Normalised headline earnings	**(509)**	**(492)**	**(3)**

9 Results for the India investment are reported with a three-month lag.
10 "Other" includes Exponential Ventures, Multiply Money and Momentum Consult.

Aditya Birla Health Insurance

The operational performance of ABHI remained in line with the business plan, highlighted by gross written premiums (GWP) having almost doubled since F2019. The number of in-force lives increased significantly to 8.3 million as at 31 March 2020, up from 2.3 million as at 31 March 2019, with retail clients contributing 72% of GWP.

ABHI has expanded its distribution capacity, having enhanced and broadened its customised approach to meet the unique needs of its banking partners. The bancassurance channel now contributes 64% to retail GWP.

ABHI has one of the largest health provider networks in India which includes a tie up with over 6 500 hospitals, across more than 2 000 cities. Notwithstanding positive trends in the key financial metrics, including the combined ratio, the depreciation of the South African Rand against the Indian Rupee contributed to the slightly higher year-on-year loss. ABHI management remain confident of still achieving break even within the planned seven years from commencement of the business.

ABHI continues to experience strong growth in new business despite the impact of the Covid-19 pandemic and government lockdown during the peak sales period towards the end of March 2020. While the business has so far remained resilient during the pandemic, it may be impacted going forward. While sales are usually conducted face-to-face, ABHI provided 40 000 training interventions from April to June 2020 in order to equip its agents, employees, and distributors to sell digitally.

aYo

aYo, our joint venture with MTN, has grown its customer base substantially over the past year. Operations in Zambia were launched in February 2020 adding to the established businesses in Ghana and Uganda. Cumulative customer enrolments within the three countries increased from 4.0 million on 30 June 2019 to 8.6 million at 30 June 2020. The claims ratios across the aYo product range in the two established markets were satisfactory, but the businesses have not yet built up enough scale to fully fund its overhead costs as well as its IT and systems support cost base.

Following a strategic review, we arrived at an optimised funding model and made the decision to reduce our shareholding from 50% to 25%, with MTN's stake increasing to 75%. A non-binding term

sheet which details the terms on which the shareholders of aYo propose to effect the change of shareholding has been signed. The transaction is subject to the final agreed terms of the legally binding definitive transaction agreements, which are currently being negotiated and settled between the parties. The agreements will be subject to certain conditions precedent, including any required regulatory approvals.

Other

Our largest other new initiative is Multiply Money, which bundles a low-cost transactional facility with a savings wallet that offers competitive interest rates, without restrictive requirements such as a minimum balance and lock-in period. The rewards from Momentum Multiply are paid into the savings wallet and clients can top up their savings with their own money. Clients can use their money by transferring their money into their payment wallet and making payments with a Multiply Money Card at any VISA accepted merchant in South Africa. The Multiply Money offering aims to be an attractive facility into which to receive insurance claim payments and rewards payments. Up to 30 June 2020, 140 827 clients have signed up for the offering of which 42% have received at least one Momentum Multiply reward payment into their savings wallets.

SHAREHOLDERS

This segment represents the investment return earned on shareholder capital of the Group's South African operations, plus investment return on venture capital fund investments, less the head office costs not allocated to other businesses. Investment returns relating to offshore capital (Africa and India) and non-life insurance (Guardrisk, MSTI and Momentum Insurance) are reported as part of earnings within the relevant segments.

R million	F2020	F2019	Δ%
Operating loss	(310)	(163)	(90)
Investment income	341	494	(31)
Fair value gains/ (losses)	(4)	203	<(100)
Normalised headline earnings	**27**	**534**	**(95)**

The normalised headline earnings from this segment was 95% lower than the prior year. This result was mainly attributable to the impact of the adverse investment markets resulting in lower investment returns on shareholder assets and lower investment returns on our venture capital funds. Finance cost was higher than the prior year due to the early refinancing in December 2019 of R750 million subordinated debt, which was redeemed when it became callable in June 2020.

SOLVENCY AND CAPITAL MANAGEMENT

Regulatory solvency position

The regulatory solvency positions as at 30 June 2020 and 31 December 2019 of Momentum Metropolitan Life, Guardrisk Insurance Company Limited (Guardrisk Insurance) and Guardrisk Life Limited (Guardrisk Life), MSTI and Momentum Insurance (reported for the first time in the 30 June 2020 table). are shown in the tables below. The solvency positions are presented prior to allowance for foreseeable dividends.

30 June 2020 R million	Momentum Metropolitan Life	Guardrisk Insurance	Guardrisk Life	MSTI	Momentum Insurance [11]
Eligible own funds (pre dividend)	29 067	2 843	3 492	506	445
Solvency capital requirement	15 737	2 570	3 076	253	144
Solvency capital requirement cover (times)	**1.85**	**1.11**	**1.14**	**2.00**	**3.09**

31 December 2019 R million	Momentum Metropolitan Life	Guardrisk Insurance	Guardrisk Life	MSTI
Eligible own funds (pre dividend)	34 463	2 919	3 042	474
Solvency capital requirement	15 674	2 521	2 696	250
Solvency capital requirement cover (times)	**2.20**	**1.16**	**1.13**	**1.89**

11 Momentum Insurance was acquired and consolidated into Momentum Metropolitan from 1 February 2020. Comparative information therefore reflected nil values.

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.

The regulatory solvency position of Momentum Metropolitan Life declined from 2.20 times SCR at 31 December 2019 to 1.85 times SCR at 30 June 2020, which remains within the target range.

The decline was predominantly due to the impact of Covid-19 on the investment markets, coupled with capital deployed to acquire Momentum Insurance. In addition, the additional provisions established for Covid-19 is also included in the regulatory valuation basis. Furthermore, the solvency position of Momentum Metropolitan Life was temporarily elevated at 31 December 2019 by the early refinancing of R750 million of subordinated debt, which became callable in June 2020 and has now been redeemed.

The SCR cover for Guardrisk Insurance remained at 1.11 times SCR at 30 June 2020, and remains above the risk appetite threshold of 1.05 times SCR. The decrease in SCR cover is due to an increase in the SCR for credit and concentration risk because of weakening counterparty credit ratings. In addition, IBNR reserves on Consumer Credit Insurance cell clients were increased to make provision for an expected increase in retrenchment and loss of income claims due to Covid-19 and the lockdown.

The SCR cover for Guardrisk Life increased marginally to 1.14 times SCR at 30 June 2020, and remains above the risk appetite threshold of 1.05 times SCR.

The regulatory solvency position of cell captive insurers will be weighted towards 1.0 times the SCR because own funds in excess of the SCR of individual cells must be disregarded.

MSTI's SCR cover increased to 2.00 times at 30 June 2020 because of favourable claims experience during the lockdown. The SCR for Momentum Insurance is reported for the first time.

Momentum Metropolitan's group solvency position is determined by aggregating the results of all the underlying entities under the regulatory framework, after elimination of intra-group arrangements.

At 30 June 2020 Momentum Metropolitan Holdings had Group SCR cover of 1.6 times. Momentum Metropolitan Holdings 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. The Group SCR cover is also impacted by the restrictions applied to the own funds of cell captive insurers.

Sensitivity analysis of regulatory solvency

The table below provides sensitivity analysis of the solvency position of Momentum Metropolitan Life.

R billion	Eligible own funds	SCR	SCR Cover (times)
Base position	29.1	15.7	1.85
30% fall in the market value of equities	26.4	17.8	1.48
250bps decrease in nominal interest rates	31.4	16.5	1.91
250bps increase in nominal interest rates	27.1	15.2	1.78

The sensitivity analysis demonstrates that the solvency position of Momentum Metropolitan Life remains resilient. This is despite the currently elevated sensitivity of the balance sheet to market movements, due to the impact of the decline in financial markets on the funding levels of business where policyholders participate in a share of experience profits.

After a fall of 30% in the market value of equities, the SCR cover still remains strong at close to 1.5 times SCR.

Dividends

The Group's dividend policy is to declare ordinary dividends within a dividend cover range of 2.0 to 3.0 times normalised headline earnings on an annual basis. As a result of the negative normalised headline earnings during the second half of the year, a final ordinary dividend has not been declared in respect of the 12 months ended 30 June 2020. We remain comfortable with our dividend policy and expect that ordinary dividends will be resumed in line with the dividend policy as the normalised headline earnings recover.

Capital deployment

Momentum Metropolitan allocates capital to support value creation within the businesses. Capital allocation targets appropriate return on capital requirements linked to the Group's risk appetite framework and governance processes, while focusing on effective implementation and execution.

During the year R2.1 billion of capital was deployed to fund the acquisition of Momentum Insurance in the non-life insurance business unit, while R0.5 billion was deployed to fund our share of losses from our healthcare joint venture in India.

The following strategic investments were made during the year:

Areas of capital deployment	R million
Momentum Investments	32
Momentum Corporate	15
Non-life Insurance	2 088
Momentum Metropolitan Africa	52
New Initiatives	521
Shareholders	6
Total	**2 714**

OTHER AREAS OF FOCUS

External audit transition

The appointment of Ernst & Young Inc. as the Group's external auditor was approved by shareholders at our annual general meeting on 26 November 2019. During the year the transition of the external audit received significant focus across the Group and we obtained new insights through consultations and discussions with our new auditors.

Implementation of International Financial Reporting Standard 17- Insurance Contracts

The final version of International Financial Reporting Standard 17 – Insurance Contracts was issued during June 2020 and will be effective for the Group from 1 July 2023. The implementation of the standard requires significant effort in the financial reporting systems and processes to enable the preparation of financial statements that is compliant with the standard and we will make full use of the extension of the effective date. Good progress was made on improving the financial reporting models, transition efforts and data structure definitions. While our initial efforts were focussed on model development to accommodate the requirements of the standard, focus has shifted to the production of product level income statements for a large group of products during the next financial year. Efforts to roll this out to other entities are underway.

Broadening our ownership

Momentum Metropolitan is committed to social and econimic inclusivity. We consider the alignment of the interests of various stakeholders as the most effective way of achieving meaningful value creation for all stakeholders. We propose establishing a broad-based employee share ownership scheme, which will acquire 3% of the Group's ordinary share capital. The scheme aspires to realise broad-based black socio-economic transformation, through the empowerment of employees to participate as shareholders in the business. The share ownership scheme will be structured as a trust to the benefit all of the Group's South African employees. The scheme is subject to certain suspensive conditions, including approval from existing shareholders.

Secondary listing on A2X Markets (A2X)

Momentum Metropolitan's equity securities started trading on A2X with effect from 5 August 2020. Our primary listing on the Johannesburg Stock Exchange ("JSE") will be unaffected by the secondary listing on A2X. Our ordinary shares can now be traded on the JSE and A2X in South Africa and the Namibian Stock Exchange in Namibia. As a major participant in South African financial markets, we believe that healthy competition is to everyone's benefit and supporting multiple local exchanges aids to increase competitiveness in this space.

OUTLOOK

We are satisfied with Momentum Metropolitan's resilient performance during the Covid-19 pandemic, and we are optimistic about our ability to effectively manage the demands of a post-Covid-19 environment. However, the uncertainty about the path of the pandemic and the expected long-term negative impact on the economy will probably lead to weaker investment returns and lower new business and persistency levels in the medium term.

The impact of Covid-19 on South Africa's fragile public finances has been devastating, with debt levels expected to rise materially. We will continue to focus on matters under our control and are determined to emerge from the current difficult situation in an improved relative position – in terms of market share, operational excellence, and use of evolving technology.

As a result of the Covid-19 pandemic we will most likely not achieve the Reset and Grow target of normalised headline earnings between R3.6 billion to R4.0 billion in F2021. Given the uncertainty of the current situation, it will be speculative to provide firm guidance on our financial results over the next year, however, we will be disappointed if the Group does not materially improve on the current year's results.

Despite the trying environment, many of the *Grow* initiatives within the Reset and Grow strategy are still relevant. We continue to work on delivering on these initiatives that largely revolve around sales and service, product improvements, advancement of digital capabilities, and cost efficiencies. Even before the start of the Covid-19 pandemic, we had initiated a process to assess and redefine our strategic goals beyond F2021. The changing environment brought about by Covid-19 has been incorporated into this planning work. We will continue to build on our strengths and successes to date.

Risto Ketola
Group Finance Director

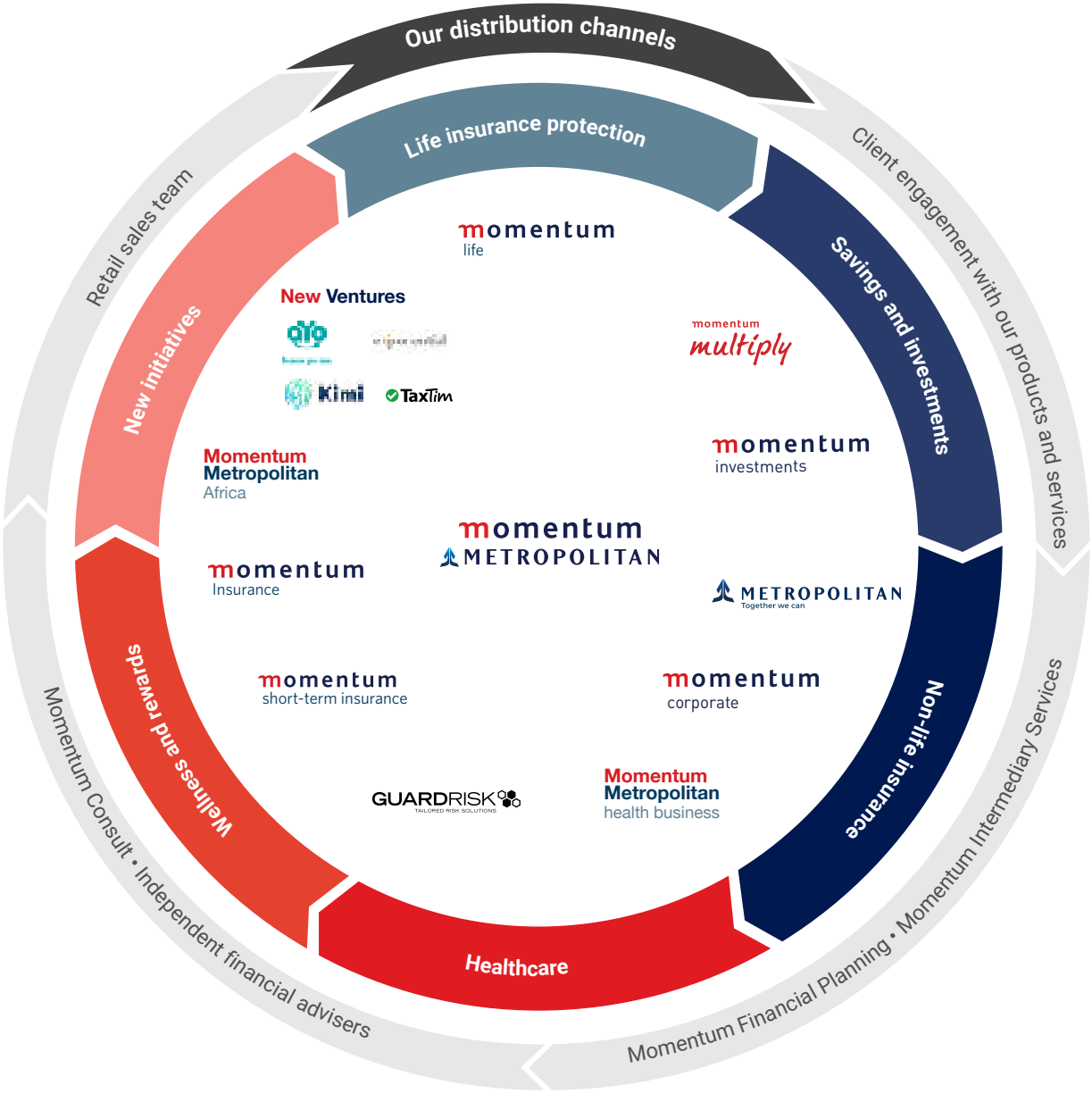
The information in this report by the Group Finance Director, including the financial information on which the outlook is based, has not been reviewed and reported on by Momentum Metropolitan's external auditors. Financial figures in this report have been correctly extracted from the audited annual financial statements. It is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decision should be based on the full announcement and annual financial statements which are accessible from the Group's website at https://www.momentummetropolitan.co.za/en/investor-relations/financial-results.

When South Africa went into lockdown on 26 March 2020, our usually busy offices and branches closed and 90% of our employees were working efficiently from their homes. Please refer to page 69 of intellectual capital for a review of how this was achieved, the challenges faced, the lessons learnt and the opportunities identified.

Most of our employees are still working from home, and according to our clients we provided great service while working from home and continue to improve service delivery.

The Covid-19 pandemic is making us rethink how we will work and what we will require in future in terms of infrastructure and services to continue to find ways to grow our business and create sustainable value for our stakeholders. No doubt, when we report to you next year the way forward will be much clearer. Please refer to financial capital for the financial impact of the Covid-19 pandemic.

Our business units have taken a number of steps to help their clients weather the financial impacts on them of Covid-19, many of whom have been unable to work, have found themselves without employment or with substantially reduced incomes.



MOMENTUM LIFE

Over **930 000** life policies in issue

390 000 savings policies

Providing long-term

- protection through our Myriad policies
- savings through Investo and traditional product ranges
- financial planning assistance through Momentum Financial Planning
- estate administration and estate liquidity benefits through Momentum Trust

Strategy	Objective	Progress
	Improve our service levels	Continued to improved our service but we are not yet where we want it to be
	Maintain service levels during lockdown	Feedback is that we are providing excellent services under challenging circumstances
	Establish full value chain business	Achieved. Firmly entrenched business model providing the resilience we needed to navigate Covid-19
	Product innovation	Myriad 2020 enhancements, new death income benefit, and introduction and enhancement of premium relief options in both protection and savings products
	Digitalisation and digital transformation	Good progress with the rejuvenation of our back-end systems to support our digital strategies Covid-19 helped us fast-track our digital transformation (see pages 83 and 84 of intellectual capital)

By driving the four key themes we committed to for 2019, which were to establish a strong commercial ethos, reignite competitive energy, build a strong culture of delivery and embed a culture of engagement, we were able to achieve our Reset targets and enhance our product offering and during 1H2020 we made good progress with our Grow strategy, with a 25% increase year-on-year in the value of new business. We were doing well with growing our business, increasing our gross profits and reducing expenses during 1H2020. While our lapse rates remained stable in the third quarter, the number of clients taking advantage of the relief measures we have offered has steadily increased. Despite the challenges following the Covid-19 lockdown our employees were enabled to effectively operate remotely.

Product enhancements

To assist our clients who are financially impacted, we were able to quickly and efficiently change the features of our protection products to offer our clients the option of taking a premium pause without negatively impacting their guaranteed insurability. We have enhanced the premium holidays available to our clients.

During the year the reigniting of our competitive energy manifested in a number of product enhancements.

Myriad protection product

We launched a new Complete Income Protector Benefit, introduced a world first Permanent Disability Enhancer rider benefit that gives clients a choice between a monthly lump sum or combination payout for disability. We also introduced a new death income benefit that provides a regular income for beneficiaries while an estate is being finalised; and introduced new LifeStage premium patterns to more closely meet the affordability and sustainability needs of the life insurance cover that we provide to our clients. In addition, we introduced a tele-interviewing option for all new business applications to offer clients the privacy of providing their medical information via trained tele-interviewers rather than providing the information to an adviser, and also to improve the quality of disclosure for underwriting purposes.

Momentum Trust continued to make good progress with increasing its wills business which grew by 10% year-on-year. Assets invested on the Momentum Wealth platform grew by 9% year-on-year.

The new Myriad death income benefit has been well received, with 200 policies sold in F2020.

Outlook

Our focus during F2021 will be on:

- establishing new Investo and Myriad client and adviser value propositions
- implementing the new growth strategy for Momentum Financial Planning
- the digitalisation of targeted value chain processes to enhance efficiency
- appropriate product rationalisation to reduce complexity.

Legend: ✓ - green completed ✓ - orange progress made

MOMENTUM MULTIPLY AND MULTIPLY MONEY

Multiply Money helped clients save R48 million in F2020

- **Momentum Multiply rewards its members for taking everyday steps towards their money, safety and fitness management**

Strategy	Objective	Progress
	Improve service	**Momentum Multiply** continued to receive very good service ratings and we enhanced our service offering to include web chat and WhatsApp, making us more accessible to both our clients and advisers, especially during the Covid-19 lockdown. We have also improved our social servicing through social media channels (see pages 8 and 9 of this report for information on what we did to support our clients during Covid-19). Voice of the client ratings are part of our remuneration model in the service environment and we have included the measurement of quality in these ratings. **Multiply Money** has had consistently high service levels and Voice of the client scores. Its App usability score of 75 is well above the industry norm of 68. During the year USSD was added as another way for clients to view and access their money.
	Increase efficiency	Momentum Multiply has replaced its core systems and changed how we integrate with business units. These changes have improved our client experience and we have built and launched a Momentum Multiply app. Multiply Money has focused on introducing new security features to ensure the protection of our clients' money. It also enhanced the stability of its operating systems.
	Product innovation	**Momentum Multiply** made good progress with adding new features including Weekly Wins that reward wellness efforts, increased our footprint and delivered increased value to our clients through our new partners (Clicks, Dis-Chem and Loot) and a Makro benefit. Increased personalisation of our fitness assessment. We also developed a Multiply app, the design of which is based on significant consumer testing. **Multiply Money** added features that allow deposits into Multiply Money, and a savings tracker feature now allows clients to set and track a savings goal, linked to their savings wallet. Clients can now move their money to their HealthSaver account and use these funds to make medical payments. Multiply Money features are all available on its app, and selected features are also available via USSD and the internet for clients who don't have smart phones. A strategic review of the Momentum Multiply business and its value proposition is under way, which has involved a product redesign. We have also made good progress with the next phase of Multiply Money.
	Improve marketing	Made progress with increasing brand presence.
	Sales	Momentum Multiply established its own direct sales channel, which has proved to be a significant source of sales. We still need to make more progress with sales of our product through the Momentum Metropolitan distribution channels. Multiply Money product sales and usage have exceeded targets.

Momentum Multiply

During the year under review we made significant progress with a strategic review of the Momentum Multiply business, its value proposition and aligning it with the Momentum Metropolitan Group range of products. This has resulted in a significant change in how we will deliver value to our clients in future.

One of the most significant enhancements we made during the year was to our fitness assessment, which is an important part of our value proposition. We introduced a lot more rigour and new science and data into the way we do fitness assessments, which has improved the experience for our clients and made it more consistent and more personalised by adjusting it to take into account age and gender. This has increased its accuracy.

Multiply Money

The first phase of the development of Multiply Money has been the savings wallet for Momentum Multiply cashbacks from rewards (offering the same competitive interest regardless of the amount in the wallet) and the HealthSaver Visa card. Both these products have done well, exceeding their targets. We are making good progress with the next phase of its development, which is to provide our clients with a digital account that helps our clients save more and spend smartly.

The integration of Multiply Money into the Momentum Metropolitan Group's ecosystem, which will be a focus for us in F2021, will provide us with the opportunity to capture outflows from the various business units.

The year ahead

Our focus in F2021 will be on ensuring we serve the individual needs of our clients and stakeholders, which includes being more specific in how we deliver value to both our internal clients (the Momentum Metropolitan Group's business units), our partners and external clients who use our products.

MOMENTUM INVESTMENTS

HedgeNews Africa Award for Best Fund of Hedge Fund

Won a Raging Bull Award for the Best Interest Bearing Short-term Fund

The investment markets have been significantly impacted by both the poor economic outlook (sovereign downgrade) and the impact of the Covid-19 pandemic. In these difficult times it has been key to communicate clearly and regularly with all our stakeholders and foster trust by delivering accurate services. These frank conversations put us on a firm footing to further improve these relationships going forward.

Serving our retail and institutional clients through a clearly-defined value proposition in all key segments of the South African adviser markets.

Strategy	Objective	Progress	
	Improve client service	We have achieved a significant improvement in our service levels.	✓
	Wealth platform fees	Gradually rolling out the new client fee basis to financial advisers through proactive engagement, which has gained us support from them frequently through increased sales.	✓
	Improve flows into own funds	Our specialist asset management capabilities attracted an even greater increase in the flow of funds into our own funds in F2020 than in F2019 and it was pleasing to see positive net flows into our wealth platform in F2020.	✓
	Product rationalisation	Clear strategy in place to remove unnecessary complexity, which we are implementing.	✓

Improving our trusted partner position

A major focus for us this year has been service delivery, including finding ways to improve the service experience of our clients, and partnering with financial advisers and helping them serve their clients. We spent time during the year understanding how best we can grow support for our brand and we have made good progress in this regard. Some of the significant increase in the value of new business on the Momentum Wealth investment platform during 1H2020 can be attributed to the better support we have received from financial advisers during F2020.

While by year-end we had seen some signs of a downturn, there was still a pleasing inflow of new business during the first three months of lockdown as we were protected to some extent from

the downturn by retirement moneys continuing to flow into the market.

We want to provide our clients with a service offering that is personal and delivered with empathy by someone who is knowledgeable and committed to solving problems for financial advisers and clients; as opposed to a transaction-driven call centre approach. The investment we made in the training and development of our employees and their commitment to service excellence resulted in a marked improvement in our service ratings and also the ratings of the quality of our service by both advisers and clients. The ability of our team to engage with empathy and help solve problems has been particularly well received during the remote working environment in place during the Covid-19 lockdown.

The experience we had during the Covid-19 lockdown highlighted the need for smooth digital processes (see page 83 of intellectual capital) since our digital capabilities were the only option available for client engagement. During the lockdown we quickly discovered the webinar alternative to conferences, which has proved very popular and made engagement between, for example, our UK portfolio manager and a client in Cape Town very quick and easy, whereas in the past the client would have expected a visit.

Helping investors make better decisions

We were able to leverage our research into investor behaviour to help our advisers and our clients understand how investors react in different market circumstances and what behaviours will detract from their final investment outcome. By providing them with information on how to protect themselves from allowing their emotions to destroy value and ensure they stay the course and stick to their long-term investment plan, we have helped them protect themselves from making decisions that could cost them dearly, particulary in a period of extreme volatility such as the one that we have just experienced.

Our outcomes-based philosophy, supported by the Outcomes-based Investment (OBI) score, OBI analysis tool and OBI income tool enable advisers to select an appropriate portfolio of solutions for their clients.

A responsible approach to investing

We have a duty to invest responsibly on behalf of our clients and we do so by applying responsible investment and investment governance practices across all our savings and investment products (see page 116 of the social and relationship capital section of this report for information on the responsible investment codes and associations to which we are signatories or are members and our approach to investment governance). In 2020 we became the first South African insurance company to sign the Just Transition Global Investor Statement which commits us to ensuring that as we transition to a low carbon economy we engage with companies to ensure the transition produces inclusive and sustainable development.

The role of the Eris Property Group

Eris, a fully integrated property services company, manages shareholder and policyholder direct property exposures for the Group. The ability of its property management business to collect rentals has been severely impacted by Covid-19 and many property developments being put on hold.

Outlook

Going forward, while we have a responsibility to provide our clients with good returns on their investment, which requires that we deploy assets wisely, it is important that we invest these assets with a view to protecting jobs and businesses and building the manufacturing capability in the country.

We believe a unique opportunity exists as we recover from the Covid-19 pandemic to build the country, support its companies, protect jobs and deliver attractive investment returns to clients. We believe that government's various growth initiatives should present good investment opportunities, delivering returns on the national imperative. Where we are uncomfortable with governance practices within state-owned entities, we actively engage to improve controls and will not provide financial support where we anticipate significant failings.

Covid-19 highlighted the importance of digital capabilities. As a result we will have an increased focus during the year ahead on the digital transformation of our business, ensuring that our processes and how we engage with the external world is digitalised. We expect that digital engagement will continue to be an important part of our engagement process going forward, and intend on using this transformation to introduce efficiencies.



THE DISTRIBUTION OF OUR PRODUCTS IS DRIVEN BY:

Momentum Financial Planning is our tied-agency distribution force operating under the Momentum Metropolitan Life Limited financial service provider (FSP) licence.

Momentum Consult is a stand-alone financial planning business operating under its own FSP licence.

Momentum Intermediary Services aims to be the preferred partner to independent financial advisers and to provide support services to them.

Momentum Direct Sales

Business units such as Momentum Short-term Insurance (MSTI) and Momentum Multiply make use of direct sales channels. Direct sales contribute approximately 45% of MSTI's sales. The Momentum Insurance agency force is also an important distribution asset, which previously worked mainly face-to-face, but now has been equipped to interact remotely using appropriate technology.

Strategy	Objective	Progress
	Reshape Momentum Financial Planning	Good progress has been made in this regard, both in terms of recruiting and retaining financial planners. The inclusion of a digital advice and enablement platform was particularly important during the remote working environment under the Covid-19 lockdown (see intellectual capital page 83).
	Reshaping distribution channels	The growth, and upskilling and development of the retail sales team has been effective with the efforts of Momentum Investments having a positive impact on IFA support. MSTI's digital online new business quoting capabilities for intermediary community proved extremely resilient during the Covid-19 lockdown Feedback on the provision of digital access for IFAs and brokers in the form of WhatsApp facilities, etc, during remote working was positive
	Grow productive IFAs	Momentum Investments' focus on re-establishing its partnership with IFAs and providing them with the support they need to service their clients has resulted in good progress in IFA support for the Momentum brand. See page 70 for investment in training and development to improve service approach.
	Increase flows into own funds	Very good progress has been made in this area (see Momentum Investments on page 69 for information).

The challenges of Covid-19 for our distribution channels

The advent of Covid-19 has been particularly challenging for those employed in our distribution channels, especially those newly employed in our MFP sales channel who have not yet had the opportunity to establish relationships with clients and now have to try and do so working remotely. Even our experienced advisers have found it very challenging to operate remotely. Where possible, we have implemented some minimum guarantees on remuneration to support their income level during this difficult period.



METROPOLITAN LIFE

Over **2.1** million life policies in issue

Annual Premium Equivalent of **R593** million in H2

Providing long-term protection through:

- customisable funeral cover
- life and disability cover

Savings through:

- savings for life goals
- post-retirement solutions including capital preservation, life and living annuities

Pre Covid-19 our products already had premium holiday options which our clients who had been impacted financially could take up.

Strategy	Objective	Progress
	Stabilise our sales force leadership	Objective achieved.
	Upgrade our points of sale	Good progress made with improving the aesthetics in our branches and creating a presence in new areas, which has created new sales opportunities for our distribution channels.
	Migrate our legacy systems	The second system migration of three completed in August 2020 (see page 86 of the intellectual capital for information).
	Adviser productivity	Increased productivity as a result of approach to recruiting, onboarding and supporting employees.
	Improved client value proposition	During the course of this financial year we have made a number of changes to make our funeral offering more competitive and flexible. We also piloted our new limited underwritten risk product which has shown good success.
	Sales and service efficiencies	Digital onboarding of clients was in place and this made it possible for advisers and service agents to continue selling and servicing during lockdown.

We made great strides during the year under review.

Resetting our business gave us the resilience to meet our financial objectives in the first half of the year. In the second half of the year it helped us weather the challenges presented by a struggling economy and Covid-19.

The progress we had already made with our digital transformation also made it possible for our advisers to continue onboarding clients during lockdown when many of our competitors could not.

The annual premium equivalent (APE) of R593 million we achieved in the second half of the year under review is a clear indication that we were able to continue working and assisting our clients.

Our ongoing focus on executing our worksite strategy, which supports premium payments that are collected via payroll, resulted in payroll deductions making up 47% of our new business premium collections in F2020. This would have likely been 50% had the impact of closures of worksites not impeded the good progress we saw in the first half of the year under review. This led to our new business margins increasing to 2.3%.

Over the past 24 months we have made significant strides in resetting and stabilising our sales force. This was achieved through changes in our recruitment and onboarding practices, significant learning and development efforts, as well as managing performance in line with our targeted performance. During the lockdown period we took a leap of faith and onboarded new recruits through a full-on digital training process. To date we have seen very encouraging results from this tranche of advisers, which has resulted in improvements in our adviser retention metrics at all levels. Our advisers who already had large existing client bases managed quite well during the lockdown period. We are now working with our newer advisers to find ways to assist them with overcoming this challenge.

While the digital transformation of our processes has been very helpful during lockdown, we noticed that a number of our clients were not able to access us online or remotely and that as soon as our branches reopened they made use of this service.

The uptake of our digital GetUp offering, which is directed at our younger clients, has been good. We are already where we targeted to be in a year's time with this initiative.

We are extremely proud of the Metropolitan brand's record of providing excellent service and the recognition it received when we were rated as a leader in the SAcsi Funeral Cover Survey 2019 and SAcsi Life Insurance Survey 2019 and received the AskAfrika Orange Index award for best life insurance 2019/20. The sales and services efficiencies we have achieved through our successful worksite strategy using robotics and paperless claims, has resulted in 90.5% of our funeral claims being paid within four hours, 80.45% of our maturity claims paid within five days and 99% of cashback payments made on the same day. We believe that another big differentiator in our service quality is that when our clients contact us they don't speak to a machine, they speak to one of us.

Outlook

We have made good progress with the reset part of our strategy, and our full attention now shifts towards growing our business. Having put the fundamentals in place during our reset phase we are well-positioned to achieve our growth targets. As a result of our forward-thinking we find ourselves well-positioned to take advantage of the millennial segment of the market through our digital offering (Metropolitan GetUp). This offering was conceived during the reset phase as part of our growth path in anticipation of a reimagined future. Our growth will primarily be achieved through our distribution centric approach and the new solutions designed to meet our clients' needs will generate new sources of revenue going forward. The way in which our business responded during the last quarter of this financial year, gives us great comfort that we can achieve the objectives we have set ourselves.

MOMENTUM CORPORATE

R2.2
billion paid in death claims

R55.9
billion in AUM* in our Umbrella Fund

Providing employee benefit products and services

- Group Risk Solutions
- Umbrella Fund (FundsAtWork)
- Structured investments and annuities
- Asset consulting and retirement administration
- Engagement solutions (incl. Multiply for Corporates and our Smart Solutions)

Strategy	Objective	Progress	
	Full value chain responsibility	Having effectively established full value chain responsibility within Momentum Corporate during F2019, a key focus for F2020 has been organising the business into the most optimal value chains at a product level (FundsAtWork, Group Insurance risk and structured investments and annuities). Our aim is to drive the right levels of accountability while also enabling a more entrepreneurial culture.	✓
	Strengthen leadership team	Building and sustaining leadership excellence and depth remains a key priority in our business. This included a number of leadership development initiatives at junior, middle and senior management levels. Having stabilised our Exco during the year, the engagement and collaboration involved in crafting our strategy has created significant commitment and accountability in our Exco team.	✓
	Rebuild distribution team	We have concluded our efforts to rebuild the distribution team. Improving productivity and new business margins will continue to be a strategic focus going forward.	✓

* AUM - assets under management

Strategy	Objective	Progress	
	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. Our strategy includes solving for access to the end client by securing financial adviser and employer support for our employee financial wellness initiatives. It also includes the co-ordination and appropriate training, accreditation and remuneration of multiple layers of our distribution channel support across Momentum Financial Planning (MFP), Momentum Intermediary Services and Metropolitan Life for the execution and fulfilment of products. Our Smart Counsel retirement benefit counselling offering forms a key part of our retailisation strategy and goes beyond the letter of the law by providing telephonic counselling and digital counselling through Smart Exits and Smart Retirements, as well as annual member conferences. One of our key focus areas is to improve overall member preservation when members resign, which is relatively low, at 5% preservation with Momentum Corporate, and just over 20% with other providers, the balance (almost 75%) is typically taken as cash payouts.	
	Increase underwriting margins	We have seen an improvement in our underwriting margins following improved risk rating practices and claims management. An improved termination experience from active claims management saw more individuals returning to work, thus partially releasing reserves. Underwriting experience on disability insurance benefits (permanent health insurance) is now positive for the first time in five years. Excellent work done over the past three years in reviewing the PHI rates and retaining clients at profitable rates, while actively engaging clients on more sustainable benefit structures and choices, has started to bear fruit.	
	Organised labour and public sector	The growth potential in this segment was a key focus area for Momentum Corporate in F2020 and will remain so in the future. Our market development, communication and engagement efforts during the year under review, in collaboration with various sales channels, were focused on creating new business opportunities in this market; improving the conversion rate of Group Insurance business; and creating smooth bonus sales opportunities. We also focused on articulating our retirement fund client value proposition through client engagements with the aim of increasing Momentum Corporate's visibility and growth potential in the stand-alone retirement fund market. The Commercial Tracker feedback (an extensive annual survey which interviews close to 900 senior executives – clients and non-clients – in corporate South Africa to assess Momentum Corporate's positioning in relation to our competitors) indicated a significant improvement in brand association in the public sector segment, following our efforts to drive awareness.	
	Diversify distribution channels	New business growth in Momentum Consultants and Actuaries has been disappointing, however, good progress has been made on activities that will lead to future sales. The focus will continue on improving new business growth while driving operational efficiencies in the business.	

Smart Experience

In 2020 we focused predominantly on embedding our Smart Solutions and increasing adoption across our client base. Currently 89% of participating employers in the FundsAtWork Umbrella Fund use the employer portal each month, 62% notify their withdrawal claims through our various digital channels, and 40% use Smart Exits. Currently 16% of all withdrawal claims are processed via Smart Exits, and we plan to expand this to the balance of our client base, as relevant.

The asset preservation rate on Smart Exits is currently 11%, which is higher than the average for all FundsAtWork claims of 8%. Smart Exits has been implemented on a couple of the stand-alone retirement funds that we administer. We continue to score highly on client experience metrics for these initiatives with an average rating of 4.28 out of 5 for our Smart Exits, Smart Retirements and Smart Underwriting solutions. The strategic focus going forward is on getting more clients enrolled and using our Smart Solutions.

Data and analytics

We rolled out the distribution portal as well as two team portals for intermediated sales teams (customised and integrated).

In response to the Policy Protection Rules legislation, which requires insurers to have contact information for all members on their respective portfolios, we have partnered with employers and financial advisers to update our records with complete and accurate client information.

Furthermore, we have embarked on an artificial intelligence and machine learning pilot exercise to better understand the data we have for one of our Group Risk benefits. As we see success in this pilot, the solution will be scaled to other products and solutions.

How we aim to understand our clients

To gain a deeper understanding of our clients, we continually engage with employers, employees and financial advisers. We monitor client experiences, outcomes, strategic themes, trends and market dynamics to improve our solutions, service and engagement with our clients. To achieve this, we employ a multifaceted approach using quantitative and qualitative studies. We have also partnered with Unisa to understand our clients at a macro level and how personal, financial and external factors impact their financial health.

New products

We developed a new Bonus Series following the closure of our current solutions to new business as markets declined in March 2020. The new Bonus Series has been developed, with a number of updated features include a new funding structure. The new solution will operate at a portfolio funding level, not at a member funding level, as was the case with the closed series. The solution was launched in June 2020.

Outlook

Gearing for growth

Our leadership team has been on a journey to articulate Momentum Corporate's future as our business transitions into a growth phase.

Some of the themes inherent in our strategy include:

- implementing and bedding down our new operating model, which has established end-to-end businesses within the segment with full value chain accountability
- delivering engagement-rich solutions to clients
- leveraging technology to improve client experience while driving efficiencies
- strengthening and growing our sales and distribution capability across all channels
- continuing to focus on profitable growth across the business
- investing in the strengthening of our brand
- delivering on the transformation agenda for Momentum Corporate, in order to leverage the benefits of a diverse and inclusive business .

Key risks

The Covid-19 pandemic has created a very challenging operating environment. We have seen its impact on our F2020 financial results, and expect its secondary effect on the economy to impact the business into F2021. In response to this, however, we have identified several key actions that will position us well to navigate through this period. We have also made a number of strategic choices that we believe will position the business well for growth into the future. The quality of our execution will be the main determining factor of our success, and will require exceptional discipline.

MOMENTUM METROPOLITAN'S HEALTH BUSINESS

In excess of R42 billion in claims paid for our clients

We cover 2.6 million lives in South Africa

Providing long-term

- **Healthcare funding solutions**
- **Integrated health administration and managed care**
- **Risk management**

to the public sector, corporates, mining and retail clients in South Africa and supporting our Africa and India operations with solutions, risk management and systems

Strategy	Objective	Progress	
	System consolidation	We have made good progress with moving towards a single platform.	✓
	Public sector value proposition	Very good progress made with key areas identified for improvement in F2019.	✓
	Public sector	Achieved 4% growth in our public sector business.	✓

Strategy	Objective	Progress
	Low-income health	9% growth in our low-cost products with growth slowing down with the advent of Covid-19.
	Focused distribution	Made positive progress in diversifying our supporting advisers and better support of the advisers who focus on integrated health solutions.

We were able to achieve our Grow strategic objectives in both our public sector offering and our low-income health offering, however, overall sales in the corporate and retail segments have been disappointing and were severely affected by Covid-19. We have also been able to manage our expenses well.

During F2020 we further integrated wellness into our value proposition, raising health awareness among our members through our health platform benefit, which encourages members to take care of their health and well-being by going for screening tests and keeping track of their health status at no extra cost.

During F2020 we also achieved our goals of providing excellent service to our public sector clients through service enhancements, which included the onboarding process and call centre service levels, where we have substantially reduced hold times and the number of complaints. The client outcome survey we conducted showed a substantial improvement in how members viewed our service.

Digital transformation accelerated

We have made good progress with our digital transformation journey, and in particular the digital enablement of our members, which rapidly gained momentum during lockdown. To meet the need to work and engage remotely we needed to accelerate the delivery of a number of digital solutions which we had planned to introduce in the future.

The WhatsApp services and web chat functionality we made available to Momentum Health Solutions members were accessed over 6 000 times from the time the Covid-19 pandemic started affecting South Africa to our year-end on 30 June 2020. We also communicated with our clients via an innovative technology that mimics an app experience. Using digital facilities our coaches have been able to assist more clients needing support.

We continue to find innovative ways of employing digital technology that will help us engage with our members but avoid them having to place themselves at risk by travelling to our walk-in centres. We are currently piloting technology that will provide clients with a digital face-to-face service in the comfort and safety of their homes.

Moving 95% of our business out of the office into executing from home was a phenomenal achievement, and even more phenomenal was that our service levels were not affected by the move.

We made our Hello Doctor facility available as a first-access point to assess the need for screening for Covid-19 and also provided access to free testing in partnership with Dis-Chem for those without medical aid. We have upgraded Hello Doctor to cope with the increasing demand for its services. The Department of Health has also used Hello Doctor as a first-access point to assess the need for screening for Covid-19. During lockdown levels 5 and 4 we saw a reduction in claims for the utilisation of doctors, hospitals, etc of approximately 70%.

Outlook

A key factor going forward for us is our ability to support our members and influence them to maintain a healthy lifestyle that will help them stay healthier and be more resilient to health threats like the Covid-19 pandemic. While we expect to see some fall-off in membership in the next six to eight months, we are optimistic about our ability as predominantly administrators of medical schemes to continue to see sensible growth in our business.



GUARDRISK

28% growth in mining rehabilitation guarantees

20% growth in underwriting year-on-year

R2.7 billion generated in gross written premiums by Guardrisk General Insurance

Providing life and non-life insurance

- Alternative risk solutions
- Branded insurance products to retailers' customers
- Specialist lines of insurance cover

Strategy	Objective	Progress
	Reprice loss-making schemes	Good growth and profitability achieved in both municipal business and health product ranges, which have encouraged competitors to enter the market. Will be refining our book in F2021.
	Increase underwriting revenue	Continued with good growth in F2019, with 20% growth in underwriting by year-end achieved by increasing resources and bringing in the right people (see financial capital page 59).
	Bolt-on transactions	Now divisionalised in the business and well embedded in the business and integration into Guardrisk system under the Guardrisk licence almost complete and performing as planned, with good growth in marine and engineering sectors.
	Linked investment products	Good performance in F2019 of our five-year guaranteed endowment investment products to retail and corporate clients continued in F2020. One product is administered on the Momentum Investment platform.
	Open architecture insurance platform in the Guardrisk retail environment – embedded insurance	The platform has opened up exciting new scalable digital distribution channels for Guardrisk and its clients. Embedded in client solutions the technology can be used to launch quick to market products such as funeral cover, handset insurance, etc to clients in retail stores, providing access to millions of potential policyholders and facilitating financial inclusion through micro insurance products, some of which have helped consumers without incomes during Covid-19. Also, income from premiums provided retailers that closed during lockdown with some revenue.

The nature of our business requires that we look at things differently and innovativly to find solutions that benefit our clients and our business. Not only do we operate in diverse sectors of the economy, but we have also diversified our sources of revenue from fees into underwriting and away from traditional lines of business into more specialist lines. This diversification has introduced resilience into our business, which in terms of Covid-19 has stood us in good stead so far.

We have also been able to assist our clients to develop projections and anticipate the future impact of Covid-19 on their businesses, based on research we undertook in six countries affected by Covid-19 ahead of South Africa. This gave us an opportunity to offer our clients access to a different skill set from those they usually expect from Guardrisk. In the wake of the devastating economic impact caused by the Covid-19 pandemic, Guardrisk made commercial settlement offers to policyholders in the tourism and hospitality sector.

The growth we achieved in our municipal business, our linked investment products and the bolt-on transactions that have now been embedded in our business, which met our growth strategy objectives, have been addressed in the table above.

The area of most growth in our business during F2020 was the funding of mine post-closure requirements where we achieved 28% growth year-on-year. Our more flexible and efficiently priced solution is favoured by mining companies over the traditional solutions.

New ventures

We reported in F2019 that we had developed a tailor-made insurance product for grain farmers in partnership with Agnovate. The insurance rate for this product is calculated based on the historical yield performance of a predefined production area, also taking into account the similar soil and climate in a particular geographical area. Five policies were sold to large scale farming operations during F2020. The volatile climatic conditions triggered several claims, however, the product responded in accordance with expectations, adequately protecting our clients' risks and living up to its promises, which augurs well for future sales.

Outlook

An area of focus for Guardrisk during F2021 will be progressing the use of our cell captive expertise to achieve economic transformation. We have appointed a new member to our Executive team who is mandated to focus on developing micro insurance offerings using a cell captive as the ideal enabler. Our offering will also

provide the necessary infrastructure, financial processes and the regulatory reporting required of the insurance industry. Following the inception of the cell captive clients we will immediately be ready to distribute their products and grow their business. We are putting in place a framework that will include the working capital and solvency capital support in addition to access to our cell captive expertise. To achieve this, we are working with the World Bank on a funding model that will provide black entrepreneurs with the financial resources they need to succeed and, using the innovative application of a cell captive solution, progress the economic transformation of the insurance industry.

We also expect good take up during F2021 of the insurtech product we developed in partnership with Root Insurance, which has already proved to be very successful in

MOMENTUM SHORT-TERM INSURANCE

24 000
MSTI and Multiply clients have taken up Safe Dayz™ value proposition

270
million km in Safe Dayz™ recorded in F2020, and 700 million km in total

7 000
MSTI clients have activated Safety Alert panic button

67%
of client service transactions that are digitally enabled, were performed

Strategy	Objective	Progress	
	Exit unprofitable portfolios	Successfully exited business historically received from intermediaries focusing on motor dealerships.	✓
	Enhance pricing and underwriting capability	Continued investment in improving pricing and underwriting capabilities, specifically data and advanced analytics.	✓
	Grow client base	Despite the negative impact on new business of the economy, combined with client lapses and the Covid-19 lockdown our premium income grew 11%, which is approximately double the growth achieved by the South African short-term insurance industry. Acquisition of Alexander Forbes Insurance (AFI), now renamed Momentum Insurance, has helped us achieve the scale that has been lacking in the business. The combination of MSTI and AFI is now comfortably in the top 10 (from a premium income point of view) in the South African short-term insurance industry.	✓
	Improve claims ratio	Worse than expected claims ratio for the first half of F2020 as a result of higher than average weather-related claims as well as large fire claims. Better than expected second half due to clients driving less during lockdown.	✓
	Enhance client value proposition	Introduction of online new business quoting capabilities for both clients and intermediaries, which has proved to be resilient. In the period April to June during Covid-19 we achieved our highest uptake for online quotations with the average number of quotations per month increasing by more than 49%. Improvement to Safe Dayz™ with addition of mobile panic button available to all MSTI clients with the Momentum app. Anticipate many clients will be driving less and will be rewarded for not driving.	✓

F2020 was an important year for MSTI during which we successfully acquired and began integrating AFS , now Momentum Insurance, into our business.

Despite the negative impact on new business due to subdued economic growth, which was further exacerbated by the Covid-19 pandemic, MSTI premiums grew 11% year-on-year in F2020, which is approximately double the growth achieved by the South African short-term insurance industry in the same period. The work we have done on improving the quality of the MSTI business contributed to this performance. The Momentum Insurance gross premiums reduced by 2% on a comparative 12-month basis mainly impacted by the economic conditions, Covid-19 as well as a lower than targeted active distribution force.

During the first half of the year the MSTI claims ratio deteriorated from 61% to 64% mainly as a result of exceptionally good experience in the prior financial year, higher than expected weather-related claims during the period as well as large fire claims. Due to policyholders driving less during the Covid-19 lockdown coupled with the traditionally drier winter months, the ratio improved during the second half of the financial year resulting in an overall claims ratio of approximately 60%, which is a 4% year-on-year improvement and 1.5% better than management targets. Momentum Insurance recorded a strong underwriting performance and maintained a claims ratio of below 60% throughout the period.

We continued to drive efficiencies in F2020

during which we optimised our existing capabilities rather than introducing new capabilities, specifically given the pending integration with AFI (now Momentum Insurance).

Improving our client value proposition

Digital transformation has a key role to play in improving our client value proposition, which includes our online quoting facility. Utilisation of the online quoting facility increased significantly during the Covid-19 lockdown period. Our digital claims facility offers straight-through processing on certain claim types without any call centre involvement. The average turnaround time on windscreen claims from the time of lodging to approval is approximately three minutes. In exceptional circumstances claims have been processed in around a minute. The process is fully automated and is without any human intervention up until the client hears from the glass provider. We have seen greater utilisation of our app during the financial year, with the percentage of windscreen claims lodged through the app nearly doubling, and the utilisation of other client self-service functionality increasing by more than 20%.

The high satisfaction levels we are achieving in our ongoing client surveys indicate that we are achieving our goal of continually improving our service levels. We use the feedback from clients to help us improve our service and offerings.

We were able to make some improvements to our Safe Dayz™ offering during the year and also introduced Safety Alert, a mobile panic button for MSTI clients, on the Momentum app. This service provides clients with access to approximately 1 500 armed response vehicles across the country. It has been very well received by our clients.

The year ahead

We will be prioritising the integration of MSTI and Momentum Insurance into one business and will be revising our people strategy as part of this integration process. We recognise that we will need to introduce and develop different skills to ensure we are able to successfully execute our strategy in future. The integration will enable operational efficiencies and unlock material scale benefits . At the same time we will be continuing to enhance our digital offering in order to meet changing consumer needs, improve customer experience and increase efficiencies.

Safety remains key in the positioning of our business and will be even more of a focal point going forward, given the societal changes taking place. Helping clients understand, prevent and manage risk, and in so doing improve their safety, is at the heart of what we do. We will be strengthening our safety value proposition, some of which will be digital in nature, and we have some exciting plans for introducing our new client base in Momentum Insurance and the broader consumer community to the enhanced safety value proposition.

MOMENTUM METROPOLITAN AFRICA

4%
growth in assests under management to (F2019: 11.7m) 12.1 million

Over
62 000
lives provided with health care

Providing:
- Life insurance protection
- Non-life insurance
- Healthcare
- Asset management
- Pension administration

Strategy	Objective	Progress	
	Exit selected countries	We continue to make good progress with the sale transactions. To date we have exited Mauritius, Eswatini and Nigeria.	✓
	In-country governance and control	Good progress was made with stabilising the businesses; a scorecard system has been introduced to track, follow up and resolve issues identified by audit and management. The next step we are busy with is the automation of a number of processes to increase efficiency and effectiveness.	✓
	Strengthen leadership teams	We have also made good progress introducing new leadership in Botswana, Ghana and Lesotho. Additional members will be joining our teams in the new financial year.	✓
	Finalise operating model	We settled on a hub and spoke model with the various countries working through the hub, which will interact on their behalf with our various technical partners in the Group.	✓

Strategy	Objective	Progress
	Strengthen distribution	We have refreshed our sales staff remuneration model in Namibia and continue to develop our bancassurance and digital channels.
	Improve product mix and margins	We are also aligning and streamlining our product offerings in the various countries. Our strategy is to achieve a product mix that is 50% saving and 50% risk, which will take some time as it currently sits at 80% savings and 20% risk.

We have made progress under the reset and Grow strategy, which has boosted the resilience of our businesses. Our capital adequacy regime and strong balance sheets have also stood us in good stead during a challenging year, and also saw us being able to declare dividends in our various businesses, despite the impact of the Covid-19 pandemic.

We continue to refresh our product offering and launched an annuity product in Botswana, which is a focus area for the Botswana business. In Namibia we launched a new funeral product which is also doing well. We will be introducing additional new products in F2021 that should further improve sales and profitability in our Namibia, Botswana and Lesotho businesses.

Across our health operations a new IT platform is being rolled out. This has raised the bar by giving us better data analytics, a stronger control environment and digital capability. We are now working on refreshing our health product offering. We are also working on the balance of our systems to ensure end-to-end automation.

Expense management remains a key pillar in resetting the business. We have started to automate a number of identified processes to increase efficiencies and turnaround times. Our new operating model is also expected to streamline our processes, increase efficiencies and ultimately reduce costs.

During the year we acquired the AFI short-term business in Namibia. The acquisition, which is subject to regulatory approval, is an exciting addition as it is a strong strategic fit with our Namibia business, adding a retail offering to our predominantly corporate short-term offering. In Ghana we are proud to have finalised the 15% localisation of our health operation by bringing on board strong partners to bolster the business and align with local requirements.

We continue to develop a more client-centric culture. Throughout the various businesses we have been able to make progress with improving client experiences and treating customers fairly.

The Covid-19 pandemic has presented many challenges. However, we were able to quickly support our clients by ensuring they could receive services with the least possible negative impact, while also ensuring the safety of our people. Through our business continuity processes most of our employees could work from home and continue selling our products. To date most of our employees continue to work from home.

Outlook

We now have a much more stable business that can make a valuable contribution to the Group. In the year ahead we need to invest in building our brand presence in the various countries in which we operate.

NEW VENTURES

India health insurance joint venture

Aditya Birla Health Insurance Limited (ABHI) is a joint venture between Momentum Metropolitan and Aditya Birla Capital in India, founded in 2016, in which we have a 49% shareholding. The Aditya Birla Group is a multinational Indian conglomerate.

The business operates through 76 branches in 54 cities in India, and makes use of a health provider network of over 6 500 hospitals in 2 000 cities. By ABHI's year-end in March, 8.3 million lives were covered by the range of retail and group products offered, which include fixed benefit and indemnity products. There was a 76% increase in premiums sold year-on-year and 72% of the premiums sold by ABNHI were retail premiums.

ABHI continues to experience strong growth, with the business exceeding its targeted revenue for the year despite the impact of Covid-19 on sales during their peak sales period towards the end of March. While the business has continued to prove resilience during the Covid-19 pandemic it is also likely to be impacted going forward. Sales are usually conducted face-to-face. To equip its agents to sell digitally ABHI provided 40 000 training interventions in April.

Momentum Metropolitan supports ABHI with intellectual property around health and wellness insurance and from a technology perspective, which includes the use of the Multiply platform. The Multiply health benefits are incorporated into ABHI's health insurance offerings with the Multiply rewards programme sold separately.

Our investment in venture capital funds

exponential

Our investment in two venture capital funds focuses on fintech, insurtech and healthtech start-up enterprises. They are currently invested in a number of different ventures across Africa, Europe, the United Kingdom and the United States.

Our investment in the Anthemis Exponential Ventures fund provides deep and early insights into industry trends

and new technologies, which form an important input to our strategy processes across the Group. We expect strong returns from the fund, including foreign currency diversification benefits.

We view the 4Di Exponential Technology local rand-denominated fund as a strategic investment from which we expect to earn adequate returns. It has served as the trigger for a number of initiatives and ongoing engagements between our business units and start-ups to explore the commercial viability of projects that leverage new digital technologies.

Kimi

TaxTim

Exponential is seeing our product houses buying into and supporting an increasing number of digital transformation projects, while it continues to proceed to scale with the existing Kimi and TaxTim propositions. Covid-19 and the need to maintain social distancing has resulted in a number of health engagement initiatives being fast-tracked. Exponential's progress with the development of a variety of mobile apps, in particular those that can be used to do things remotely, are discussed on page 85 of the intellectual capital section of this report.

Exponential invested in a 49% shareholding in TaxTim in 2016. Since then TaxTim has increased its revenue eightfold, continued to establish partnerships across insurance, banking and tax consulting firms, and has extended in African countries such as Nigeria through a partnership with PwC.

TaxTim has also been successfully integrated into Momentum to develop an adviser and client ecosystem for the purpose of reusing tax data for financial needs analysis. Its services are offered as a free service to all Momentum clients. These efforts have provided Momentum advisers with a new and unique leads source and have produced sales across product houses that increased our embedded value during the year under review.

Mobile insurance joint venture

aYo Because you care.

Towards financial inclusion

This mobile insurance joint venture with MTN, in which Momentum Metropolitan has a 50% shareholding, now has a presence in three African countries: Zambia; where we launched in February 2020, Uganda and Ghana. Before the advent of Covid-19 approximately eight million clients had signed on to aYo's mobile insurance offering. aYo's base offerings, which are sponsored by MTN when clients recharge their phones or send money, include hospital cover and mini funeral cover. Clients then have the option to increase their cover at their own expense. During F2020 we also enhanced our product offering in Ghana.

aYo has an exciting financial inclusion aspect to it. Our aim is to continue rolling out aYo products in other African countries deepening insurance penetration across the continent and bringing insurance to people who historically would not have had access to it..

During F2020 aYo invested in cloud-based infrastructure to provide it with scalability.



Our stock of intellectual capital has been a major contributor to the resilience the Group has been able to draw on to achieve pleasing half-year results, maintain business continuity and protect the sustainability of the Group during the unprecedented impact of the Covid-19 pandemic in the final four months of the year. We needed to protect value, keep our people safe, continue to serve our clients, support the vulnerable and government's efforts to reduce the impact of Covid-19. Our robust corporate governance, effective risk management, systems and processes, and the ability of our people to innovate, transform and respond rapidly and effectively made it possible for us to do so.

GOVERNANCE THAT FACILITATES ETHICAL, RESPONSIBLE AND EFFECTIVE DECISION-MAKING

Our governance and leadership structures, our policies and processes, risk and sustainability management and approach to remuneration are all important elements of our intellectual capital. They ensure our Group is well-managed and controlled and support our overall value creation process.

Our Board members accept responsibility as the custodians of governance and also assume collective responsibility for strategy, policy, oversight and accountability and have adopted a stakeholder-inclusive approach in the execution of their governance roles and responsibilities, guided by their commitment to the principles of King IV.

Delegation structures provide for the assignment of authority while enabling the Board to retain effective control. The Board delegates authority to relevant Board committees and to the Chief Executive Officer, with clearly defined mandates. The delegations of authority are monitored and reviewed annually by the Company Secretary's office.

Achieving compliance with applicable laws, regulations and governance practices provides a framework on which to build our governance approach, which is then further directed by the Board's pursuit of ethical and effective leadership.

For more information on how we create value through our governance processes, please refer to pages 35 to 45 of this report. Information on the embedding of an ethical culture in the Group is provided in the human capital section of this report on page 92.

ENABLING BUSINESS CONTINUITY

The ability of our people to operate, communicate and collaborate safely and remotely both with each other, our clients, suppliers and the regulatory authorities, were essential to the maintenance of business continuity during lockdown.

Putting excellence, governance, risk management and technology to work

Our 26-member Group IT team was tasked with ensuring that not only were up to 12 000 Momentum Metropolitan employees able to work remotely and collaborate, but our governance structures also needed to be able to engage and have immediate access to information during periods of key decision-making. At the same time, they needed to keep our systems secure and protected from cyber attack.

To meet the very tight timelines and exponential demand, solve for risk, security and cost, and the unique requirements of individual business units, the team needed to achieve a balance between risk and agility.

Their efforts, included:

- rapidly developing a remote connectivity strategy for a three-phase execution plan covering the short, medium and long-term enablement of impacted services
- developing new policies and introducing new processes and workflows end-to-end within hours to automate call logging and tracking, and changing the rules where they could
- enabling 500 laptops and 3 500 desktops in employees' homes
- purchasing and providing 4 000 3G cards to enable connectivity
- deploying Lync, Teams and Zoom to enable collaborative engagement
- upgrading our backend video conferencing (VC) capability to interact with these systems and increasing VC capacity by 300%.

The value added to the business

The process of enabling remote working from the start of lockdown involved more than the deploying of technology. It changed the way we work, communicate and educate. It also required changes in our support processes to a mainly remote process. During the deployment process the Group IT team identified a number of opportunities for saving, and enabling a more productive/collaborative workforce.

FAST FORWARD ON DIGITALISATION

Throughout Momentum Metropolitan the advent of Covid-19 accelerated the delivery of digital solutions. The need to be able to operate remotely, serve our clients, employees and distribution channels required digital solutions. The result was that solutions planned for a future date were installed in weeks instead of years.

In Momentum Health, in addition to accelerating the delivery of digital solutions that offer convenience to its clients, the business units' response to the impact of Covid-19 is to rethink the traditional way of working within the healthcare industry.

The digital advice and enablement platform established during F2020 to support advisers, together with digital access through a WhatsApp facility, helped financial planners and independent

financial advisers operate during remote working.

The progress business units had already made with their digital transformation before the arrival of Covid-19 made it possible for advisers to continue onboarding clients during lockdown.

Using Metropolitan Life's digitally enabled funeral cover, which was available prior to the Covid-19 lockdown, made it possible for clients to purchase cover during lockdown.

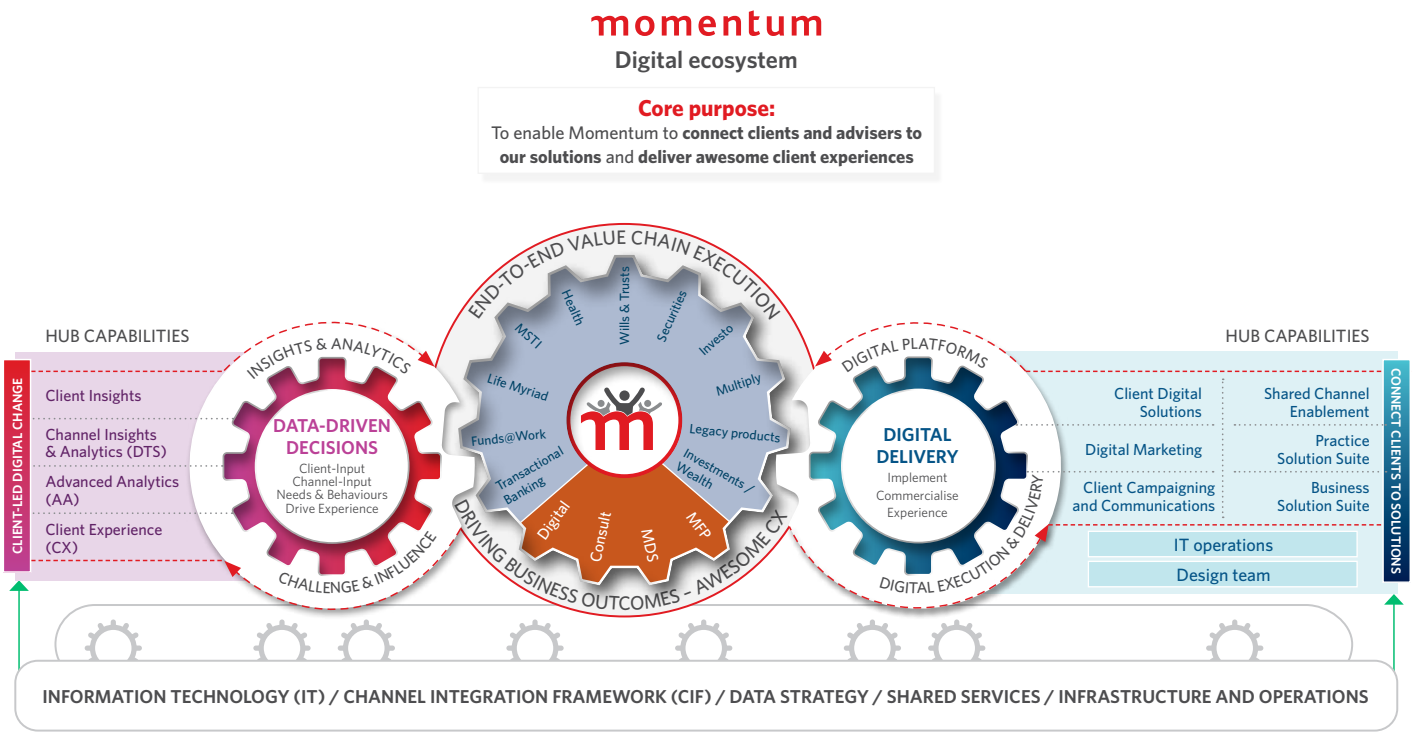
Digital transformation also plays a key role in improving the value proposition for our short-term insurance clients, which includes an online quoting facility, a digital claims facility offering straight-through processing on certain types of claims, the Safe Dayz™ offering, which rewards safe driving, and Safety Alert, a mobile panic button.

Fast forward in digital – Smart Solutions

In F2020 Momentum Corporate's digital transformation strategy continued to focus on enabling and empowering members to make informed choices at key points on their journey to success through our suite of Smart Solutions. Our new Smart Onboarding solution introduces new FundsAtWork members to the retirement scheme, promoting the collection of key client data (in support of the Protection of Personal Information Act), and our Smart Statement solution is designed to keep clients informed about their benefits and encourage active engagement with their solutions. Our focus has also been on modernising our post-login member website and transactional tools, as well as in partnering with the Momentum iX team to integrate our clients' FundsAtWork product information in the Momentum app so that clients have access to their holistic solution set. To support our people in the new normal work-from-home situation, we transformed our staff training into a fully online digital Smart Learning solution, and implemented various tools to generate management reports.

Continuing to transform digitally

Following the changes to the Momentum operating model in 2018 a digital centre of excellence was established to progress the Momentum digital transformation journey. The centre consists of two digital hubs, the client hub known as iX and the channel hub known as Momentum Digital and Technology Solutions. These hubs are aligned with the Momentum product businesses and channels.



Momentum Digital Transformation Strategy
CONNECTED PERSONALISED EXPERIENCES

The main purpose of Momentum Digital and Technology Solutions, which provides various services to our channel and product businesses, is to connect clients, advisers and our businesses across the Momentum ecosystem. This connection is based on a solid digital platform, data-driven decisions, and a human-centred design approach with a commercial mindset to create efficiencies and generate more business. Our shared engagement backend allows clients, advisers and employees to have shared context, interact with each other, prospect for new clients, buy or sell our products and digitally self-service on their respective digital interfaces. The hub also enables our face-to-face channels with systems

and tools that allow advisers to run their businesses on our new Sales Connect platform and enable adviser practices on our VIA platform to manage relationships with their clients and to run effective and competent practice operations.

Within Momentum iX, which is a key element of our digital transformation strategy, we develop and mature digital capabilities needed to connect clients to our solutions and deliver exceptional client experiences. This client-led digital hub consists of: Digital Platforms (Momentum Web and App teams); Design, Digital Marketing, Consumer and Market Insights, Advanced Analytics, Campaigning and Communication. These capabilities are used to influence and impact the strategies of Momentum's businesses using client insights and analytics and executing on these plans with our digital delivery teams.

Going forward our digital transformation strategy will focus on:

- delivering connected personalised experiences through an aligned Group digital strategy aimed at ensuring we deliver awesome client, adviser and employee experiences
- using our digital capabilities to increase the ease of doing business with Momentum by providing more easy-to-use self-service features for our clients and advisers; increase leads from our digital platforms; and introduce end-to-end digital sales with a link into our call centres and distribution channels
- continuing to understand our clients and consumers evolving behaviours and needs
- improving our data quality and our data analytics capabilities focusing on machine learning techniques
- enhancing our ability to campaign and communicate (including chat platforms) with existing and prospective clients.

Technology in support of digitalisation

We have made good progress with upgrading and rejuvenating our entire process environment to support our digital strategies, which was also part of resetting the business for resilience. The migration of the Metropolitan Life policy administration system onto the Momentum legacy platform in the Momentum Life business, which is a four-year project, is also progressing well.

APPLYING THE RESULTS OF INVESTING IN DISRUPTIVE INNOVATION

Our portfolio of disruptive innovation initiatives was conceived in conjunction with our business units before the advent of Covid-19. Since its arrival they have a significantly higher value potential in a world where digital channels have become the primary engagement model, and automated processes a key driver of productivity. Our business units, working with the capabilities of start-ups, have been able to develop solutions at speed and scale quickly if the proof of value is a success.

Some of our innovative solutions:

Kimi

Kimi Screening, developed through our investment in disruptive innovation could support remote working during lockdown. Technology, which has the ability to measure vital statistics such as heart rate, heart rate variability, oxygen saturation, respiration rate and blood pressure using the selfie camera on an iPhone or Android phone, is being used for digital underwriting of life insurance protection products. Momentum Health has been able to use Kimi screening to assist Covid-19 identified patients to monitor their vitals. Should Kimi pick up an early intervention is needed, an immediate notification is provided in the app to allow the client to log a call with Hello Doctor or take the results to their own medical professional for early intervention. In the future, after lockdown mobile products that facilitate remote working could also offer more effective pricing and make processes such as the medical examination process much more convenient for clients.

Kimi Health Tracker collects and interprets health statistics, creating unique profiles for individuals based on their health outputs and vitals using a wearable sensor, which has a number of applications in both insurance and wellness.

Kimi Body Age, assesses body age and also includes a risk stratification model. This product has proved popular with medical schemes and employers as part of their wellness offering.

hello doctor

Hello Doctor, which provides access to medical advice via a mobile app, one-on-one phone call or the website, is part of the Momentum Health offering. This facility, which provides access to a group of doctors and health professionals who provide health advice and referrals for further treatment if necessary, was made available to all South Africans during the lockdown. The learnings gained during lockdown with regard to positive interactions with respect to medical triage and engagement are being incorporated into the app.

FACILITATING FINANCIAL INCLUSION

The open architecture insurance platform in the Guardrisk retail environment has opened up exciting new scalable digital distribution channels for Guardrisk in partnership with Root and its clients. Embedded in client solutions the technology can be used to launch quick-to-market products such as funeral cover, handset insurance, etc, to clients in retail stores. It also provides access to millions of potential policyholders and facilitates financial inclusion through micro insurance products, some of which have helped consumers without incomes during Covid-19. Also, income from premiums provided retailers that closed during lockdown with some revenue.

Digital onboarding that would allow for the seamless onboarding of new clients in under 10 minutes, which is currently at the proof of value stage, has the potential to attract new business.

TaxTim

Tax Tim is an online application providing taxpayers with real-time assistance as they complete their tax returns.

VENTURE CAPITAL INVESTMENTS

The 4DI Exponential Tech Fund and Anthemis Exponential Ventures, in which Momentum Metropolitan is a partner, are currently invested in a number of start-ups in Africa and Europe. These start-ups include:

- a suite of science-based analytics solutions with patented technology and a connected approach to a number of significant trends in insurtech relating to wearable Internet of Things (IoT) sensors and big data analytics.
- a financial services network and switch operating in Africa focusing on enterprise products, digital banking and wallet products and investigating the possibility of providing alternative premium collection solutions
- aerial data analytics using satellite and drone imagery to provide meaningful plant data to farmers to optimise their yield and reduce their costs
- low-cost fire detection solutions for use in informal communities bundled with an optional simple short-term fire insurance product supporting financial inclusion
- a mobile app ordering platform enabling informal traders to access on-demand ordering and free delivery
- a world first insurance product enabling holders of listed shares to manage their exposure to the risk of investment losses caused by management fraud and dishonesty
- an intelligent savings platform giving employers the potential to improve the financial well-being of their workforce.

INVESTING IN OUR BRAND AND REPUTATION

Our brands are a crucial part of our intellectual property. Our marketing and reputation teams aim to establish thought-leadership positions for our brands by creating and participating in opinion-leading opportunities and campaigns that add value to our stakeholders. We work directly with business to identify and address problems and trends before they escalate, and liaise directly with clients and media to resolve potential issues. We work to ensure we maintain our reputation as an ethical, responsible business that treats its clients fairly.

We continually seek feedback from our key stakeholders on how they view our client-facing brands, i.e Momentum Metropolitan and Momentum Multiply, and our other specialist brands, which include Guardrisk and the Eris Property Group.





The energy and enthusiasm with which our employees united behind the Reset and Grow strategy played a major part in our achievements both last year and in the first half of the year under review. The resilience, determination and can-do attitude they have demonstrated since the advent of Covid-19 and the consequent lockdown deserves high praise and bodes well for our future. My thanks go to everyone for their outstanding contributions, which have sometimes been made under very challenging circumstances.

Hillie Meyer
Chief Executive Officer

The Covid-19 pandemic has highlighted the duty of care we have towards our employees and society. Our human capital team has a key role to play in delivering on this duty by creating a safe environment, ensuring the holistic well-being of our workforce and supporting business continuity.

During F2020 we spent time on developing a people strategy that will support the Group's strategy beyond Reset and Grow and, following the advent of Covid-19, will support new ways of working.

Three of the SDGs that correlate with our purpose and the key focus areas of our strategic objectives affect our ability to grow our stock of human capital. They are:

3 GOOD HEALTH AND WELL-BEING

SDG 3: Ensure healthy lives and promote well-being for people of all ages

4 QUALITY EDUCATION

SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities

8 DECENT WORK AND ECONOMIC GROWTH

SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

We have highlighted in this section of the report where, through our approach to our people, we have been able to make a contribution to these three SDGs.

Our strategic focus

Our key focus areas in F2020 were:

- the safety, health and overall well-being of our people, particularly during Covid-19
- culture
- being an employer of choice
- improving workforce transformation outcomes
- evolving skills requirements and retaining skills
- leadership development
- digital transformation of our human capital services

Key elements of our human capital Covid-19 response

- Personal health, safety and employee care
- Communication, education, monitoring, tracking and reporting of cases
- Work-from-home and return-to-work practices
- Digital enablement

Human capital governance

To meet our commitment as a responsible corporate citizen we uphold the United Nations' Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. Our Social, Ethics and Transformation Committee meets its responsibilities for ensuring the Group is a responsible corporate citizen and that our Board-approved employment policies provide a workplace based on:

- mutual respect
- fairness
- integrity
- non-discrimination
- equal opportunity for all
- open and two-way engagement with our employees.

We continually review our human capital policies to ensure they are fit for purpose in a changing world, and we are putting in place a remote working policy.

OUR PEOPLE

8 DECENT WORK AND ECONOMIC GROWTH

78% of our workforce is black

	% change year-on-year	2020	2019	2018
South African employees	7.3	**13 749**	12 812	13 690
Employees outside South Africa	(13.2)	**2 485**	2 862	3 251
Total employees	**3.6**	**16 234**	**15 674**	**16 941**

	2020 %	2019 %	2018 %
Absenteeism*	**1.15**	1.23	1.23
Employee voluntary turnover	**20**	34	29

*Absenteeism includes all sick leave taken over the financial year.
*Annualised employee voluntary turnover includes resignations only.

Our investment in our people

	% change year-on-year	2020 R	2019 R	2018 R
Salaries (total cost to company)	9.0	6 725 865 126	6 163 508 444	5 854 359 091
Training and development	34.6	70 000 000	52 000 000	70 000 000
Employee wellness	(6.0)	3 453 440	3 671 943	3 440 254
Total investment	**9.0**	**6 799 318 566**	**6 219 180 387**	**5 927 799 345**

Inclusivity and diversity

We strive to be an organisation where people from all walks of life can experience a sense of belonging and achieve their potential. In the South African context there is a lot we still need to do in terms of transformation. To achieve this we have a powerful mandate to introduce diverse talent into our business and grow diverse talent going forward in a more intentional way.

Momentum Metropolitan made some progress with employment equity during the year under review, which was the final year of our current five-year plan. We have put a strategy in place to increase both African representation and specifically African female representation in our top three management levels, which will form part of our new five-year employment equity plan. See our Employment Equity report at www.momentummetropolitan.co.za/en/sustainability/transformation.

Female representation

While female employees have made up 64% of our workforce over the past three years, African female employees made up 51% of our employees in F2020 (F2019: 50%). The percentage of black (African, Coloured and Indian) females in top, senior and middle management was 20% in F2020 (F2019: 19%).

Female representation

	2020 %	2019 %	2018 %
Total percentage of females in our workforce	64	64	64
Percentage of African, Coloured and Indian (ACI) females in our workforce	51	50	51
Percentage of ACI female members in management (top, senior and middle management)	20	19	21

Management representation

We have some way to go before we achieve the African representation we want to achieve at top, senior and middle management levels. We did, however, meet our employment equity targets for African males in top management positions on our year-five employment equity plans and we made good progress with black representation in middle management, which on average is 41%.

Percentage of ACI employees who are members of management (top, senior and middle management)	**41**	40	41

Year	Top Management		Senior Management		Middle Management		Junior Management	
	Black %	Black Female %	Black %	Black Female %	Black %	Black Female %	Black %	Black Female %
2018	36	36	33	12	43	21	83	54
2019	40	30	33	10	40	20	81	51
2020	**36**	**18**	**36**	**13**	**40**	**22**	**82**	**53**
Average %	**37**	**28**	**34**	**12**	**41**	**21**	**82**	**53**

Appointments and promotions

The promotion of black people is a priority focus in Momentum Metropolitan. Forty two percent of the promotions to senior management during F2020 were black people and 33% were African. Of those promoted to middle management positions, 49% were black and 18% were Africans.

Voluntary turnover

While our average annualised voluntary turnover was 22% in F2020 (F2019: 34%) the annualised voluntary turnover of our non-sales employees remained static at 11% (F2019: 11%) while the voluntary turnover of sales employees reduced to 43% in F2020 from 73% in F2021. Metropolitan Life's resetting of its sales force impacted the turnover of sales employees in both F2020 and F2021.

The safety, health and well-being of our employees, particularly during Covid-19

The governance of the safety and health of our employees

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



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 in Momentum Metropolitan 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.

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 144 OHS officials were trained.

Our ongoing safety, health and well-being initiatives not only focus on complying with legislation and ensuring the safety of our employees, but also include membership of the Momentum Metropolitan medical scheme and access to our Wise and Well programme.

During Covid-19 the focus of our efforts to care for the health, safety and well-being of our employees intensified and changed.

Communicating to keep our people safe

Our frequent communication with our employees included a frequently asked questions (FAQ) awareness campaign to enable employees to better understand the virus, symptoms and protocols. We also communicated on adapting to a work-from-home environment, which included videos, infographics and quick tips. A PeopleTrax channel was available to employees for queries and more information. We were also transparent with employees regarding the number of employees infected with Covid-19, while keeping the identity of the affected employees confidential. We developed a Covid-19 organisational wellness well-being survey that our business units could use to measure, monitor and track the well-being of their employees during lockdown.

Care for essential workers

We ensured that the work environment was sanitised and that our employees that needed to be on site during lockdown were protected from Covid-19 while at work. We also provided food and transport for them.

Employee well-being

During lockdown we made our Wise and Well call centre available 24 hours a day to provide support to our employees who were anxious and stressed during lockdown.

We also provided a USSD solution to identify Covid-19 symptoms and to call for a doctor for employees who were high-risk cases.

Return-to-work practices

To contain the risk of infection and protect the health and safety of all our employees, our return-to-work practices included a pre-defined process that complied with governmental guidelines, but also provided a non-threatening experience for employees returning-to-work. The process included a return to office questionnaire and a digital passport to clear employees returning to work.

Our employee value proposition

Our Wise and Well programme, provided by Occupational Care South Africa (OCSA), is available under lockdown to all our South African employees 24 hours a day, and face-to-face counselling (via Zoom or Skype during lockdown). Normally it provides onsite counselling and critical incident debriefings, but these will also be delivered via a video platform or, if not available, telephonic support will be provided.

The programme usually includes training, wellness days and awareness events, which are not available under lockdown. The Wise and Well service was extended to our African operations including Namibia, Lesotho, Botswana, Kenya and Ghana from 1 April 2020, providing a telephonic advice service.

A Safety Button that employees could press to call a security response team will be rolled out in F2021.

We also provide our employees with access to the Smartfunder benefit which assists employees to pay school fees in a more tax efficient manner. The benefit is based on an incentive created by government to make education more affordable and accessible. Momentum Metropolitan was also able to secure a fee discount for its employees at certain private schools.

We took a number of steps to financially support our commission-earning employees who were not able to earn during lockdown.

Employees as shareholders

Momentum Metropolitan considers the alignment of their interests as the most effective way of achieving meaningful value creation for all our stakeholders. The Group proposes establishing a broad-based employee share ownership scheme, which will acquire 3% of the Group's ordinary share capital. The share ownership scheme is structured as a trust to the benefit all of the Group's South African employees. Currently, the scheme is subject to certain suspensive conditions, including approval from existing shareholders. The scheme aspires to realise broad-based black socio-economic transformation, by empowering our employees through the opportunity to participate as shareholders in our business.

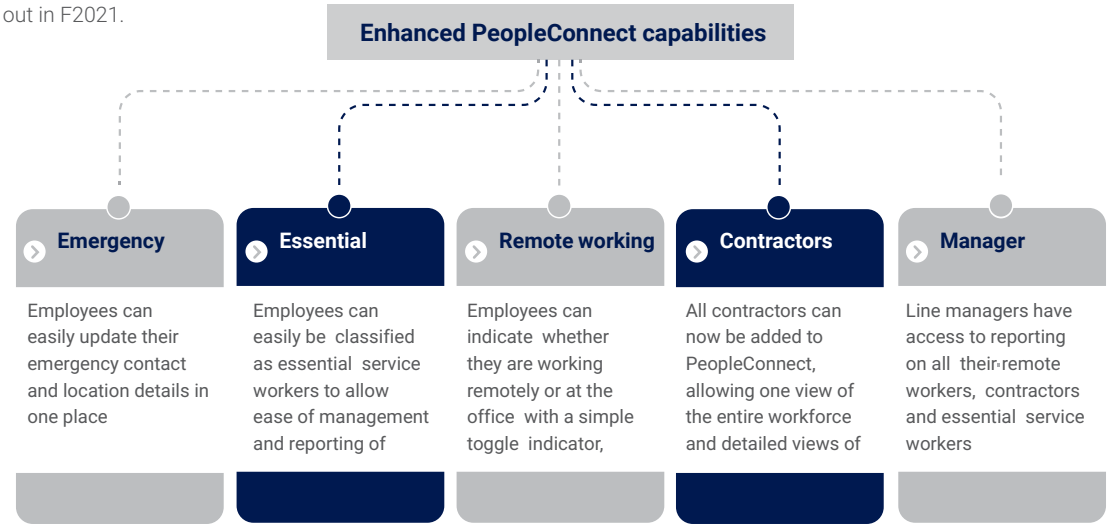
Shares will be allocated in accordance with the terms of the scheme and the allocation policy, which provide for approximately 85% of the economic benefits of the scheme accruing to black employees and at least 55% of the economic benefits accruing to black women employees.

By establishing the scheme in terms of Annexure 100(C) of the B-BBEE Codes, the Group will also be meeting its B-BBEE objectives.

Digital enablement

The digitalisation of human capital services, based on what our employees told us they would like to be able to access through a self-service facility, has been under way for some time. Digital enablement made it possible for our employees, leaders and human capital team to communicate and effectively manage remote working.

Included in our digital offering is our **Human Hub**, which provides an easy-to-navigate platform and gives our employees access to the latest announcements; people tools and systems, which enable the management of personal and management responsibilities; and policies, processes and practices.



Employer of choice

To achieve our goal of being an employer of choice we aim to meet and exceed employee expectations of Momentum Metropolitan as an employer and their expectations that our leadership should be caring, compassionate transparent and trustworthy. We believe that the quality of our leadership and our employee value proposition will enable our achievement of this goal. Our human capital team is focused on ensuring that interacting with human capital at Momentum Metropolitan makes our employees feel that they belong. We are examining touch points such as the performance process to ensure it meets employees' expectations of leaders as being transparent, caring and trustworthy.

When most of a workforce is working remotely keeping employees connected with the business is challenging. Our focus is on finding new and innovative ways to engage employees and keep them connected to the brand.

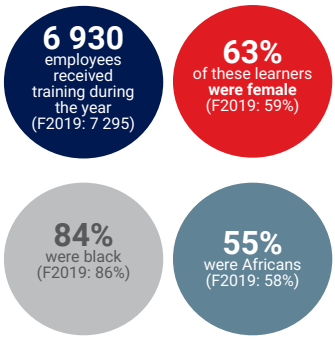
Learning and development

4 QUALITY EDUCATION

We have been able to make a significant contribution to the Group's achievement as a Level 1 B-BBEE contributor through our skills score of 12.9. The contribution that our transformation efforts are making to the increased employability of the unemployed, which include learnerships, internships, bursaries and short programmes, are covered under transformation in the social and relationship section of this report on page 111.

To support the rapid digitalisation of the business we provided training during the year under review that is designed to make our employees digitally fit, and included the enabling of remote working.

Equipping our employees with the skills they need to better serve our clients, grow the business and adapt to the changing world of work are also a focus of our learning and development programmes.



Leadership development

4 QUALITY EDUCATION

During the previous financial year we invested in a development programme for 129 key junior, middle and senior managers for which they received an accredited qualification. Leadership development remains a key focus for our learning and development team. Particularly important, currently, is supporting leaders in leading remotely and assisting them with identifying what is expected of a leader in this context.

Talent management

Our powerful mandate to introduce diverse talent into our business and grow diverse talent going forward in a more intentional way is a key element of talent management and the talent management frameworks we have established at Momentum Metropolitan. We recognise that in the world of remote working competition for talent could well increase as it becomes possible for South African talent to stay at home while working anywhere in the world. We will need to ensure that our value proposition attracts and retains the skills and talent necessary to continue growing the business and creating value for our stakeholders.

People philosophy and culture

While it is important that we all belong to one family with its own culture, we also encourage the development of sub-cultures in our business units. Our focus in terms of culture is on the golden thread of our people management and people philosophy and the values that drive us.

Embedding an ethical culture

During F2020 to create awareness of our commitment to an ethical culture we launched a reviewed and approved Momentum Metropolitan gift policy. It requires that employees declare gifts or hospitality received twice a year, and employees are alerted to this requirement.

In addition to the sales environment related policy an employee-specific conflict of interest policy was approved and communicated to employees during F2020. The policy introduced a new process that requires employees to self-declare any possible conflicts of interest. The employee's direct manager engages with the employee following receipt of the alert to discuss and make a finding on whether the declaration constitutes a conflict of interest to Momentum Metropolitan and address the matter accordingly.

Our existing whistle-blowing policy, which was only for South Africa, was reviewed and customised for use by our international operations.

Our Internal Audit reviewed the Momentum Metropolitan Code of Ethics and Standards of Behaviour structures and programme during the second and third quarters of F2020. There findings were positive as they related to the existence of policies on ethical issues and guidance notes on all aspects of employee behaviour, including statements on bribery and corruption, etc, with one exception. A finding was raised regarding the absence of a formal structured ethics training and awareness programme, although various awareness communications are sent to staff from time to time. Management has since worked with Group Training to establish a more formal Group-wide training and awareness-creating programme to ensure continuous learning and awareness of ethics. This programme will begin in F2021. The findings of Internal Audit were accepted by the Social, Ethics and Transformation Committee and the Board.

The way forward

The year ahead is no doubt going to be a challenging one, during which managing our operational costs and the new way of working will be a key focus. We believe that the sudden change in our environment brought about by Covid-19 presents us with opportunities to think differently and consider how best to equip our employees for this changing environment. We also need to develop new remote and mostly digital strategies if remote working, flexible working arrangements and a digital-first approach becomes the norm. But our most important role as a human capital team is to ensure we provide our employees with a human capital experience that makes them feel they belong, equip them with the skills they will need and support our leadership in developing new skills for leading remotely.

PART 1 – REPORT FROM THE CHAIR OF THE REMUNERATION COMMITTEE

After a strong earnings recovery in F2019, the group was on track to meet the Reset and Grow normalised headline earnings (NHE) target for F2020. However, the negative impact of the Covid-19 Pandemic, and the resulting lockdown from the end of the third quarter, resulted in normalised headline earnings declining by 51% compared to the prior year. The largest negative earnings impacts arose from the significant investment market declines and market volatility, and the creation of an additional provision for Covid-19-related deaths. Excluding the impact of these two items, earnings from operational activities of R3 478 million (after-tax) demonstrate a continuation of our pre-Covid-19 momentum, and the robustness of our underlying results.

The result of the precipitous decline in earnings was that the threshold financial targets for F2020, in terms of the Group scorecard, were not met.

In response to these factors, the Remuneration Committee took the following decisions:

- In order for salaries to remain competitive, an annual salary increase would be awarded. An average increase of 4% will be granted in September 2020, with an additional 0.5% set aside for out-of-cycle adjustments. Annual increases at executive and senior management levels will average between 3% and 3.5%, while general employees at the lower earnings levels will receive an average increase of between 5% and 6%
- In deciding whether variable incentives could be awarded on an ex gratia basis, the Committee considered the following:
  - The fact that, prior to the lockdown, both the earnings trajectory, and the operational metrics such as new business and service levels, were on track to meet or exceed the annual targets
  - The actions taken by management to successfully limit the operational impact of the lockdown. This includes a smooth transition to a work-from-home approach, and the increased use of alternative digital engagement channels, which resulted in service metrics and policyholder persistency being maintained
  - The need to retain and motivate top talent that will help manage the business through a tough operating environment
  - The fact that Momentum Metropolitan Life remained well capitalised, even at the height of the drop in investment markets. Having sufficient liquidity buffers to fund cash calls under even the more extreme scenarios, enabled the Group to navigate through the market crisis in March without undue liquidity concerns.

The Committee concluded that they would award an ex gratia variable remuneration pool of R487m, comprising a short-term incentive (STI) pool of R365m and a long-term incentive pool (LTIP) of R122m.

- The STI pool has declined by 29% from the prior year, while
- the LTIP pool has declined by 13% and will be fully subject to performance conditions to be measured over the next three years.

It is important to note that, in line with the Group's bonus deferral policy, 50% of the STI payments to those with bonuses above R300 000 are deferred into the LTIP for a period of three years, resulting in the STI pool being split into a cash bonus payment of R275m, and a deferral of R90m. By design the STI deferral is greater at the executive and senior management levels.

With regard to the impact of the F2020 earnings decline on the performance conditions set for the long-term incentive awards in issue, the Committee decided as follows:

- **October 2017 LTIP performance award** – the threshold financial performance condition imposed on the performance units in the LTIP awarded in October 2017, namely the achievement of a return on embedded value (ROEV) of risk free + 1.5% per annum (pa), was not achieved at 30 June 2020, which would have resulted in the full forfeiture of these performance units vesting in October 2020. In reviewing the performance over the vesting period the Committee decided to approve an ex gratia vesting of 15% of the performance units. The good progress towards the Reset and Grow targets in F2019 and F2020 was taken into account, together with the significant negative adjustments to the embedded value, following the change in executive management in F2018. This represents a total vesting amount of R30m to be paid to around 500 individuals, with no single amount being above R700 000 pre-tax, based on the current share price. The remaining 85% of these performance units will be forfeited
- **October 2018 share appreciation rights (SAR) performance award** – this option-based scheme has a three-year vesting period (F2019 to F2021), with three performance conditions, being an NHE target of R3.9bn, an ROEV target of risk free + 3% pa, and a total shareholder return (TSR) in excess of a peer group. The Committee decided to extend the vesting period to four years (i.e. F2022), and to set an earnings target for F2022 of R3.2bn, effectively an average increase of 43% pa between F2020 and F2022. No adjustments to the ROEV or TSR measures were made, however, the Committee agreed to critically evaluate the ROEV outcome at the vesting date to ensure a fair outcome relative to the targeted ROEV. The option strike price remains unchanged
- **October 2019 LTIP performance award** – this LTIP tranche has a three-year vesting period, with three performance conditions, being two levels of NHE and a relative TSR measure. Due to this tranche only being in effect for nine months to June 2020, the Committee agreed to the adjustment of the earnings targets in F2022 to a threshold NHE of R3.2bn, and a stretch target of R3.6bn , from the previous threshold of R4.0bn and a R4.2bn stretch. The TSR measure remains unchanged.

The discretions exercised fall within the mandate of the Committee.We believe that the outcome derived gives some recognition to the effort and success achieved in the Reset and Grow initiative. By lengthening the time horizon of the in-force long-term incentives and keeping them 'in play' as it were, we are allowing management to continue building out Reset and Grow through the trough of

the pandemic, with a future reward that is likely to have a lower cost to other stakeholders, than having the existing incentives lapse (without any benefit being received from their cost to date).
Other matters considered by the Remuneration Committee in F2020 included:

- Ongoing discussions around the implementation of changes to the remuneration policy and remuneration disclosure in terms of King IV and the Companies Act 71 of 2008
- Benchmarking the executive management compensation to a comparator group, which is the financial services market
- Engaging with shareholders regarding the reasons for voting against the Group's remuneration policy at the AGM that took place on 26 November 2019
- Reviewing the short-term incentive scheme balanced scorecard for F2020
- Reviewing the share scheme hedging strategy
- Approval of the long-term incentive scheme rule changes to allow for the clawback provisions on incentive payments made after September 2019
- Review of the impact of Covid-19 and the resulting lockdown on the incentive pool determination, and the impact on the share scheme performance conditions for tranches in issue
- Approving the performance criteria applicable to the October 2020 long-term incentive scheme allocation.

Shareholder voting

The Group is commtted to shareholder engagement, and as such, the following table represents a summary of the results of voting on remuneration-related shareholder resolutions for the past two years.

Resolution	2018	2019
Overview of the remuneration policy	99% For	86% For
Implementation report	62% For	88% For

At the Group's 26 November 2019 AGM, the remuneration policy received a 14% dissenting non-binding advisory vote from shareholders, while the implementation report received a 12% dissenting non-binding advisory vote from shareholders. The vote on the implementation report represented an improvement of more than 26% from the 2018 AGM vote, which we attribute to our active shareholder engagement in order to address and discuss shareholder concerns. However, irrespective of the vote against being below 25%, we elected to engage with shareholders (and proxy voting advisers) regarding their concerns. Areas that were covered in these discussions included:

- the use of NHE as the main metric for determining LTIP vesting criteria
- The move away from ROEV as vesting criteria in LTIPs, and its continuing relevance in measuring short-term performance
- The role and setting of value of new business targets in the incentive structures.

The Group will continue its practice of proactively engaging with shareholders in the run up to the AGM to address comments and concerns that may flow from our current approach, as set out in this report.

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.

F2021 focus areas

The Remuneration Committee will be focusing on the following areas:

- Ongoing assessment of the impact of the Covid-19 pandemic on remuneration practices, especially forward-looking target-setting and the mix between short- and long-term incentives
- Develop an Ethical Pay Framework, including tools in terms of which progress in pay equity and fairness can be measured and demonstrated
- Monitoring the implementation of the remuneration aspects of the proposed employee share ownership scheme
- Assessing the impact of the changing world of work, most notably Remote Work, and the increased use of Contract and Variable Time Workers, on our remuneration practices

Independent advice

The Group makes use of external advice and market benchmarking information from PwC, PwC REMchannel, Willis Towers Watson and 21st Century Pay Solutions, and is satisfied that their input is objective and independent.

Approval

At the AGM in November 2020 the shareholders will be asked to endorse the remuneration policy and the implementation report. The Remuneration Committee encourages and pursues open and regular dialogue with all stakeholders, and values the shareholders' continued support and feedback regarding the remuneration framework. In the event that either the remuneration policy (as set out in part 2) or the implementation report (as set out in part 3) receives 25% or more votes against, Momentum Metropolitan will release a SENS announcement inviting dissenting shareholders to engage with it, and the details regarding such engagement.

Peter Cooper
1 September 2020

PART 2 – OVERVIEW OF THE GROUP'S REMUNERATION POLICY

The Group's remuneration philosophy

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.

This philosophy, supported by a robust performance management practice, strives to set our employees' total remuneration package at a competitive level, by benchmarking to the market and providing incentives geared to agreed performance outcomes, where appropriate.

The Group believes that its long-term success is directly linked to the calibre of employees that we employ, and the working environment that we create. It is, therefore, imperative that we make a concerted attempt to align the best interests of our employees with those of our other stakeholders.

Our remuneration policy, which is linked to sustainable value creation, is based on the following fundamental principles:

Alignment to the Group strategy: The remuneration policy is aligned with the overall business strategy, objectives and values of the Group, without being detrimental to the interests of its clients.

Pay for performance: Remuneration is structured around incentivising a performance culture in the organisation, with differentiation based on performance taking place for guaranteed and variable remuneration.

Risk-taking versus fiduciary roles: Regarding the manner in which variable incentive payments are awarded, distinctions are drawn between employees who operate in a risk-taking capacity and those who fulfil fiduciary roles (such as heads of control functions). As such, the variable incentives for employees in fiduciary roles do not depend on the performance of the Group, but are determined only with reference to the performance of the individual. This is to ensure that the independence of employees who act in a fiduciary capacity is not unduly compromised, and conflicts of interest are minimised.

Benchmarking and competitiveness: Roles are benchmarked based on a job grading process, and then compared with market benchmarks in the financial services sector. The Group targets the 50th percentile of the market, although there is differentiation above and below the market median depending on the level of experience, scarce skills and level of performance.

Talent attraction: Remuneration and benefits are considered a key lever in ensuring that top talent is attracted, motivated and retained by the organisation to ensure the achievement of the Group's strategic objectives.

Consistent and fair practices: The Group's remuneration practices provide a basis for the fair and equitable treatment of employees, yet allow for differentiation where justified, for instance in relation to scarce skills, level of experience and performance.

Flexibility: The remuneration policy offers flexibility for the customisation of remuneration and benefits to cater for better work/life balance, and specific business needs.

Governance: Remuneration practices are designed to ensure adherence to the principles of good corporate governance, as depicted in best practice and regulatory frameworks (such as King IV and Prudential Standards).



Remuneration structure and design

The Group's remuneration structure supports the business need to offer an appropriate mix of fixed and variable remuneration depending on the level and complexity of the specific role. The remuneration structure, which follows, is made up of total guaranteed pay, short-term incentives and long-term incentives, and forms the basis of the overall remuneration applicable to all employees

Remuneration element	Purpose and link to strategy	Eligibility	Remuneration policy	Performance conditions
Total guaranteed pay (TGP) – Cash Salary plus benefits	To attract and retain talent by providing the core guaranteed element of remuneration for the role	All staff employed by the Group	TGP is benchmarked against the financial services market, targeting the 50th percentile. Increases are awarded on 1 September annually.	Meet the requirements of the role
Short-term incentive (STI)	To support a high-performance culture within the organisation through reward for performance, and to ensure retention through the deferral of STIs above a threshold	All full-time staff	STIs are discretionary, and are awarded as a percentage of TGP, which varies according to the level and complexity of the role. The actual award is based on a weighted mix of the level of performance achieved by the Group, the division and the individual using performance metrics that are weighted towards financial outcomes. Above a certain value threshold, STIs are deferred into the LTI scheme to enhance retention and improve shareholder alignment.	The Group scorecard rating determines the size of the group STI pool. The elements of the scorecard are set out below under short-term incentives
Long-term incentive (LTI)	To incentivise executive and senior management to achieve performance targets that align with shareholder interests	Executives and senior managers	LTI awards are discretionary, and are awarded based on a percentage of TGP required to meet a targeted portfolio size. LTIs are subject to performance criteria that are approved by the Remuneration Committee.	Performance units issued out of either the LTIP or SAR schemes are subject to the performance conditions set out in Part 3 (implementation report) on page 103) Retention units (in run-off) or deferred STI units issued out of the LTIP, are subject to participants maintaining a satisfactory level of individual performance

Total guaranteed pay

In order to ensure that the Group's TGP remains in line with the market, salaries are benchmarked regularly against the 50th percentile of the financial services market. In addition, the Remuneration Committee annually reviews the TGP benchmarks of the Executive Management.

The Group uses a recognised job grading system, and continuually conducts job evaluations and grading whenever there are changes within the organisation, or when new employees are appointed.

The Group awards TGP increases on 1 September annually.

Short-term incentives

The Group's key STI is a discretionary performance bonus pool, the size of which is based on a percentage of pre-tax pre-incentive NHE, based on the overall scorecard rating. The on-target (i.e. 3-rating on a scale of 1 to 5) pool is based on 12.5% of pre-tax pre-incentive NHE, while exceeding targets results in a higher percentage sharing of the out-performance portion, and underperforming results in a lower percentage sharing.

Most employees are eligible to participate in the STI, excluding employees who are already on pay-for-performance contracts, which includes tied agents who are paid on a commission basis. The STI is paid annually as a percentage of an individual's TGP, and includes a deferral into the long-term incentive scheme above a set threshold.

Group objectives are reviewed and approved by the Remuneration Committee. Business unit objectives are approved by the Executive Committee. Individual objectives must be agreed with the employee's line manager or team leader. For executive committee members, objectives are agreed with the Group Chief Executive Officer (CEO) (and approved by the Remuneration Committee), while the CEO's objectives are agreed with the Board.

Meeting the Group's objectives is paramount. Performance against the Group's targets determines the size of the aggregate bonus pool. The performance of each business unit against targets determines how the aggregate bonus pool gets distributed.

The financial KPIs represent the key financial metrics that drive value generation, while the strategic objective KPIs represent the key non-financial deliverables against which members of executive management are measured. The threshold, target and stretch performance levels are set based on the historical volatility of the various financial metrics. The range from the threshold to the stretch is set to ensure that in order to achieve a stretch rating one would have to outperform significantly, rather than to occasionally benefit from favourable market/economic conditions.

In addition, each major business unit has its own scorecard that aligns with the Group scorecard, but contains business unit-specific targets and objectives.

Details regarding the actual performance of the Group in terms of the annual balanced scorecard are set out in Part 3 (implementation report) on page 103.

Vesting level

The Group's overall STI pool is based on an on-target percentage of normalised headline earnings before tax before STI. Performance in excess of target results in a pool above 100% of the on-target pool, and performance below the target results in a pool below 100%. Should the Group perform significantly below target, the Remuneration Committee retains the discretion to allocate an incentive pool to reward performing divisions and individuals.

The Group STI pool is then allocated to divisions based on their own scorecard ratings, again resulting in a performance-adjusted pool.

The individual employee vesting level is based on an on-target percentage of TGP, driven by the level and complexity of the role, adjusted for the actual weighted performance of the individual, based on a mix of divisional and individual performance ratings.

Maximum STI cap

The maximum cap on the STI for all employees and executives (inclusive of the portion of the STI deferred into the LTI) is equal to 200% of TGP.

Deferral of STI into the LTI

The STI plan has a compulsory deferral component, which provides that a portion of all STIs above a minimum threshold are paid in cash, with the remaining portion of the STI being deferred into the LTIP. The following STI deferral policy applies.

Quantum of STI	Deferral terms
Below R300 000	No deferral and bonus is paid in cash
Above R300 000	The first R100 000, plus 50% of the amount above R100 000 is paid in cash (subject to a minimum cash payment of R300 000), with the remainder being deferred into the LTIP in three equal tranches, vesting after one, two and three years

The purpose of the deferral component of the STI is to act as a retention mechanism.

Long-term incentives

The Group currently operates two LTI schemes:

- The Long-term Incentive Plan (LTIP)
- The Share Appreciation Rights scheme (SAR).

Both these schemes are cash-settled phantom share plans with vesting periods of three years, with an additional two-year holding period. In addition, for the LTIP scheme, where dividends are paid on ordinary shares, these are credited to participants as additional units that vest in line with the vesting date (and subject to the achievement of performance conditions) of the LTIP units to which they relate. In the SAR scheme, the value of dividends paid during the vesting and settlement periods are credited to participants by deducting them from the option strike price.

LTIP scheme

The Group adopted the LTIP in 2011. The LTIP is a cash-settled scheme comprising both retention and performance units that reference their value to the Momentum Metropolitan share price. As from 1 July 2018 participation in the LTIP includes the deferral of STI payments above a threshold, as set out in the STI section above.

All allocations from the LTIP post-2018 represent performance units, which vest after three years subject to the achievement of performance conditions set at the award date, with an additional two-year holding period. The only exception relates to the deferral of STI payments into the LTIP through the awarding of retention units (as the underlying STI payment represents an earned reward).

The performance conditions for the performance units allocated out of the LTIP up to 1 April 2018, along with the vesting profile, are set out below:

Threshold	Target	Stretch
Annualised ROEV over the performance period (three years) to meet/exceed the 10-year zero-coupon RSA bond yield at the start of the financial year (defined as risk-free rate) + 1.5%	Annualised ROEV over the performance period (three years) to meet/exceed the risk free rate + 3%	Annualised ROEV over the performance period (three years) to meet/ exceed the risk free rate + 6%.

Details regarding the LTIP performance vesting outcomes for the tranche vesting in October 2020 are set out in Part 3 (implementation report) on page 105 .

The original performance conditions for the October 2019 award, measured on the June 2022 results, along with the recently revised performance conditions, as referred to in the Report from the Chair of the Remuneration Committee, are set out below:

Performance measure	% weighting	Original target	Revised target
Normalised headline earnings - lower bound	33	R4.0bn	R3.2bn
Normalised headline earnings - upper bound	33	R4.2bn	R3.6bn
Total shareholder return (TSR) vs equal-weighted peer index	33	Exceed peer group TSR	Exceed peer group TSR



The above performance conditions are binary, with a maximum vesting percentage of 33% each, or 100% in total. These performance conditions are applicable to the Chief Executive Officer, Financial Director and all Group-wide service employees, while for business unit executives and senior managers, 50% of the performance conditions relate to the above, and the other 50% to equivalent, but business unit-specific, financial targets.

The three performance conditions are measured independently, i.e. the achievement of one of the conditions will result in one-third of the total benefit vesting, achieving two will result on two-thirds vesting and achieving all three will result in 100% vesting.

SAR scheme

The SAR scheme is a cash–settled performance-based scheme that was implemented in October 2018. In terms of the scheme a small group of senior managers and executives were allocated share appreciation rights (SARs) that reference their value to the growth in the Momentum Metropolitan share price over the vesting period, with vesting taking place over three years.Settlement of the vested benefit takes place in three annual tranches after three, four and five years. There is therefore an additional two-year holding period.

The original performance conditions for the October 2018 award, measured on the June 2021 results, along with the recently revised performance conditions and the extension of the vesting period to four years, as referred to in the Report from the Chairman of the Remuneration Committee, are set out below:

Performance measure	% weighting	Original target (2021)	Revised target (2022)
Normalised headline earnings	33	R3.9bn	R3.2bn
Return on embedded value	33	Risk-free rate + 3%	Risk-free rate + 3%
Total shareholder return (TSR) vs equal-weighted peer index	33	Exceed peer group TSR	Exceed peer group TSR

The three performance conditions are measured independently, i.e. the achievement of one of the conditions will result in one-third of the total benefit vesting, achieving two will result on two-thirds vesting, and achieving all three will result in 100% vesting.

No further awards have since been made from the SAR scheme.

Ensuring fair, equitable and responsible remuneration

Role levels

All roles in the organisation are subject to a job evaluation process, which results in a particular grade being attached to the role, thus enabling the appropriate benchmarking of the role against the market. Job grades are broadly based on the level of responsibility, skills and qualifications, effort and complexity of the role.

Internal pay equity

Jobs are benchmarked centrally in the Group, to ensure a consistent assessment of the level of the role relative to other similar roles in the Group, and relative to the market. Salary benchmark surveys that are appropriate to the markets in which we operate, are used across the Group, to ensure comparability with peers, and to ensure a consistent benchmark outcome for jobs of equal value.

Pay comparisons are performed across areas where the potential exists for unfair pay discrimination. For example, pay equity is assessed by comparing the remuneration relative to the job benchmark, across gender and race, to identify and address areas of unfair discrimination.

Fair and responsible remuneration

In awarding annual salary increases, the increase percentages granted to general staff are higher than those granted to senior and executive management, thereby narrowing the pay gap that exists between the highest and lowest paid employees.

Fair remuneration is achieved through
- Fair pay differentiation based on factors such as skills, experience and performance
- Applying the principle of 'equal pay for work of equal value' to identify possible areas of pay discrimination or bias.

Responsible remuneration is achieved through:

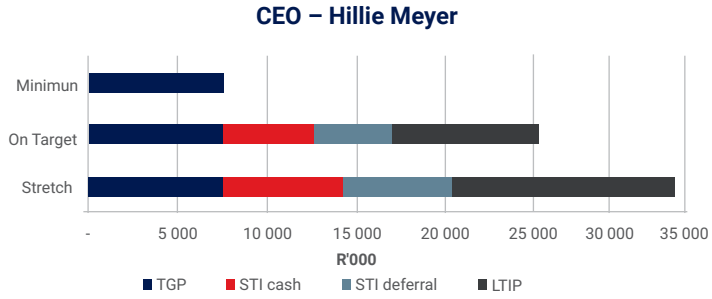
- A review of the minimum guaranteed packageof employees at the basic skills level, to ensure that this is set at a level that offers employees a decent standard of living
- The level of variable remuneration paid is based on performance outcomes against targets, and benchmarked against the financial services market.

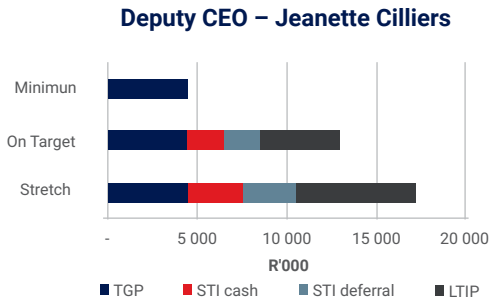
Executive director pay mix

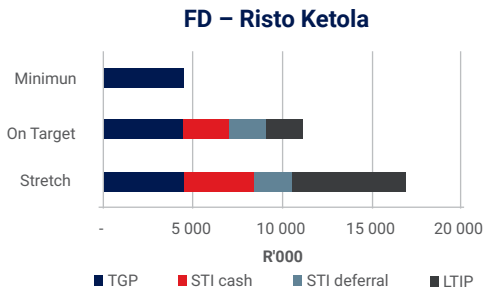
On an executive management level, the graphs below show the pay mix for the CEO, Deputy CEO and the FD respectively, at minimum, on target and stretch levels of performance. The pay mix at executive level is weighted towards "at-risk" variable pay, and in turn the variable pay is contingent on meeting financial and strategic performance targets. The objective is to achieve a balanced pay mix appropriate for the job demands and performance of each executive.

The basis for determining the quantums under the minimum, on target and stretch performance levels are as follows:

- **Minimum:** The Group scorecard does not meet the threshold performance level, and the Remuneration Committee does not award any discretionary STI or LTI. Only the TGP is guaranteed
- **On target:** Is based on an on-target rating, where the STI represents 110% of TGP for the CEO and 90% of TGP for the other executive directors. The LTI is assumed to meet two of the three performance criteria (ie. 67% vesting), and is based on the current LTIP scheme allocation, and no share price growth
- **Stretch:** Is based on meeting the stretch targets, where the STI represents 165% of TGP for the CEO, and 135% of TGP for the other executive directors. The LTI is assumed to meet all performance criteria (ie. 100% vesting), and is based on the current LTIP scheme allocation, and no share price growth.









The STI deferral and the LTIP vesting amounts above will be earned as follows:

- STI deferral: equal thirds after one, two and three years
- LTIP: vesting after a performance period of three years, with settlement taking place in three equal tranches after three, four and five years.

As can be seen from these graphs, a significant proportion of the total executive remuneration represents variable performance-based remuneration, i.e. deferred to between three and five years from the award date.

Malus and clawback

The Group has developed and implemented a malus and clawback policy which allows for the pre-vesting forfeiture (malus) and post-vesting recovery (clawback) policy that applies to all vested and unvested deferred STI and LTIP amounts, relating to executive directors, senior managers, heads of control functions and other material risk takers, in circumstances where actual risk events occurred.

The Remuneration Committee may, at any time on or before the vesting date for unvested incentives, reduce the quantum of the deferred STI, or number of units comprising the LTIP and SAR, in whole or in part, after the occurrence of an actual risk event.

In addition to the pre-vesting forfeiture of unvested incentives, from 1 September 2019 the Committee introduced a clawback policy for all variable incentive awards from that date. In terms of this policy the Remuneration Committee may pursue the recovery of previously vested and paid STI, LTIP or SARs amounts where:

- there is reasonable evidence of material error or employee misbehaviour and/or
- the Group suffers a material risk event that can be reasonably attributed to the actions of a specific individual or group of individuals.

Executive and senior management – service agreements

Sign-on awards

For appointments that are critical to the business, the Group may offer sign-on awards whether in the form of cash or LTIPs to new members of executive management and key employees. The sign-on awards are ordinarily subject to a three-year vesting period, with a two-year compulsory holding period thereafter. The LTIP award is subject to forfeiture should the employee resign or be dismissed by the Group during the vesting period, in accordance with the rules of the scheme. Any cash-based sign-on awards are subject to clawback, and employees will have to repay these awards if they resign from the Group within a certain period as documented in their employment contracts. The Group CEO has the discretion to determine sign-on awards. No sign-on awards were made at the executive management level in the past year.

Restraints of trade

The Remuneration Committee may, from time to time, conclude restraint of trade agreements with members of executive and senior management. These restraint of trade agreements may be contractual only, i.e. unpaid or, where appropriate, subject to an appropriate payment, and are aligned with the overall business strategy of the Group. Disclosure of these payments will be made in line with any applicable regulatory requirements. Restraint agreements are in place for certain key executive and senior management roles in the Group.

Payments on termination of employment

The employment contracts for members of the executive management do not compel the Remuneration Committee to make any payments in the event of termination of employment on account of their failures. Upon termination of employment any payments made to that executive will be as required in terms of legislation, and the consequences of unvested STIs, LTIPs and SARs will be governed by the rules of the incentive plans and the basis for the termination of employment. The Remuneration Committee has discretion regarding the terms of such agreements (to be exercised on a case-by-case basis). No payment shall be made due to a termination based on a lack of performance.

In the event of resignation or dismissal for just cause, all unvested incentives in the form of deferred STIs, SARs and LTIPs will be forfeited in terms of the relevant incentive plan rules.

In the event of death, disability, retrenchment, retirement or early retirement, unvested incentives will vest pro rata, based on the period of employment from award date to termination of service date, at the discretion of the Remuneration Committee



The table that follows sets out how payments under each element of remuneration are dealt with, for the various reasons for termination:

	Reasons for termination			
	Voluntary resignation	Dismissal termination for cause	Normal and early retirement, retrenchment and death	Mutual separation
TGP	Paid over the notice period or as a lump sum	No payment	Normally no payment is made, however, in some cases pre-retirement leave is paid in terms of certain legacy employment contracts	Paid over the agreed notice period or as a lump sum
STI - cash	Forfeited if not in the employ of the Group at the payment date of the STI	No payment	No payment	Discretion applied based on terms of the separation agreement
STI - deferral	Automatic forfeiture of unvested deferred bonus units	Automatic forfeiture of unvested deferred bonus units	All unvested deferred bonus units vest on the date of termination (as these have already been subject to past performance criteria and are therefore earned)	Discretion applied based on terms of the separation agreement
LTI	All unvested awards shall be forfeited in their entirety and will lapse immediately on the date of termination	All unvested awards shall be forfeited in their entirety and will lapse immediately on the date of termination	In respect of LTIP and SAR performance units, the pro rata portion shall vest subject to the measurement of performance at the original vesting date, except on death or disability where the Remco will apply its discretion as near as is practical to the date of death or disability	Discretion applied based on terms of the separation agreement

Retention payments

The Remuneration Committee has the discretion to make retention payments to executives and key employees in exceptional circumstances. Such retention payments are subject to an appropriate clawback period, and may be subject to certain minimum performance hurdles. Save for the retention element inherent in the deferral of STIs, no retention payments were made during F2020.

Minimum shareholding requirements

Minimum shareholding requirements introduced in 2015 are in line with global best practice. These requirements encourage executives to use their LTI vesting benefit to buy Momentum Metropolitan Holdings shares, and to be personally invested in the company, thus increasing executive ownership and alignment between executive and stakeholder interests. Executives are required to invest at least 25% of their annual long-term incentive payouts in MMH shares towards achieving the required level of exposure.

The CEO's requirement (expressed as a percentage of TGP) is 200%, and for other executives 100%, to be achieved within five years of being appointed to the executive Committee.

The Remuneration Committee will from time to time set requirements for executives, such as the minimum required shareholding, and the period over which it should be achieved, and monitor compliance with these requirements. The progress to date with regard to the Executive Directors's achievement of these requirements is set out under Part 3 (Implementation Report) on page 108.

Non-executive director fees

Non-executive directors, in serving the Group, are paid an annual retainer fee. They do not receive additional fees per meeting. Also, they do not receive performance incentive payments, share appreciation rights, pension fund benefits, loans on preferential terms, expense allowances or any other form of financial assistance. The Group pays for all travel and accommodation costs in respect of the attendance of Board meetings.

The fees for non-executive directors are revised annually and submitted for consideration to the Remuneration Committee. The fees are also submitted annually for approval at the AGM. In considering the non-executive directors' fees, various factors are taken into account, including a review of the market related to non-executive fees. Market benchmarking takes into account the size of the Group as well as the complexity of the work performed.

Non-executive directors may receive ad hoc supplementary fees, calculated on an hourly basis, for significant additional work performed during the financial year. Payment of these fees is not guaranteed and is limited to ad hoc committee work required from non-executive directors.

The details regarding the proposed non-executive director fees for F2021 are set out in the Notice of Annual General Meeting, Special Resolution Number 3 which is available on our website www.momentummetropolitan.co.za/en/investor-relations/financialresults

Voting statement (Non-binding advisory vote on the remuneration policy)

The remuneration policy is subject to an advisory vote by shareholders at the November 2020 AGM. Shareholders are requested to cast a non-binding advisory vote on Part 2 of this remuneration report, as it appears above.

PART 3 – IMPLEMENTATION REPORT

Executive directors - Single Figure Disclosure

The South African Companies Act 71 of 2008 (amended) (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

	Hillie Meyer		Jeanette Cilliers (Marais)		Risto Ketola		Previous CEO		Total	
R'000	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Guaranteed Remuneration[1]	6 756	7 033	4 321	4 083	4 129	3 866	-	-	15 206	14 982
Salary	6 756[4]	7 033	4 042	3 820	3 772	3 447	-	-	14 570	14 300
Retirement Contributions	-	-	224	212	235	278	-	-	459	490
Medical Aid Contributions	-	-	55	51	122	141	-	-	177	192
Short-term incentives[2]	3 900	5 950	3 100	4 000	2 700	4 175	-	-	9 700	14 125
Cash	2 000	3 025	1 600	2 050	1 400	2 138	-	-	5 000	7 213
Deferred	1 900	2 925	1 500	1 950	1 300	2 037	-	-	4 700	6 912
Long-term incentives[3]	-	-	-	-	631	-	-	-	631	-
Contractual payments	-	-	-	-	-	-	-	5 506	-	5 506
Total Remuneration	**10 656**	**12 983**	**7 421**	**8 083**	**7 460**	**8 041**	**-**	**5 506**	**25 537**	**34 613**

1 The total guaranteed package in the table above represents cash payments made during the financial years ending 30 June, whereas the remuneration set out in the TGP table on page 104 represent amounts granted as part of the annual remuneration review on 1 September annually. As a result these amounts will not agree.
2 The short-term incentive represents the approved performance bonus in the year to which it relates, split between the cash and deferred portions.
3 The calculation basis for long-term incentives is:
2019:
- For LTIP performance units – the value is based on 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 were 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.

2020:
- For LTIP performance units – the value is based on the value of the number of October 2017 performance units vesting in October 2020, on the basis of performance conditions measured on 30 June 2020. In terms of these LTIP performance conditions, 85% of the performance units will be forfeited.
- No LTIP retention units were issued to executive directors in the 2020 year, other than the deferred bonus units, which are included in the short-term incentive amounts above.

4 After deduction of unpaid leave amounting to R615 000.

Companies Act Disclosure: Executive directors

	Hillie Meyer		Jeanette Cilliers (Marais)		Risto Ketola		Previous CEO		Total	
R'000	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Guaranteed Remuneration	6 756	7 033	4 321	4 083	4 129	3 866	-		15 206	14 982
Salary	6 756	7 033	4 042	3 820	3 772	3 447	-	-	14 570	14 300
Retirement Contributions	-	-	224	212	235	278	-	-	459	490
Medical Aid Contributions	-	-	55	51	122	141	-	-	177	192
Short-term incentives	3 025	1 050	2 050	675	2 138	1 925	-	-	7 213	3 650
Long-term incentives	345	-	209	-	2 208	-	-	-	2 762	-
Contractual payments	-	-	-	-	-	-	-	5 506	-	5 506
Total Remuneration	**10 126**	**8 083**	**6 580**	**4 758**	**8 475**	**5 791**	**-**	**5 506**	**25 181**	**24 138**

The table above sets out the remuneration of the executive directors in terms of the requirements of Section 30 (4)(4)(6) of the Companies' Act of 2008 (amended), and includes 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.

Guaranteed remuneration adjustments

As set out in Part 2, in order for salaries to remain competitive, an annual salary increase is awarded. An average increase of 4% will be granted in September 2020, with an additional 0.5% set aside for out-of-cycle adjustments. The annual increases at the executive and senior management levels will average between 3% and 3.5%, while general staff at the lower earnings levels will receive an average increase of between 5% and 6%.

The TGP of the executive directors and their respective increases from 1 September 2020, are set out in the table below.

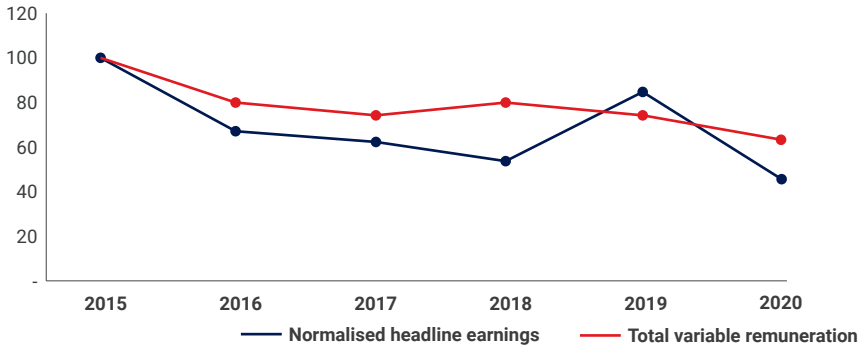
	Total guaranteed package		
	1 September 2020 R'000	1 September 2019 R'000	% increase
Hillie Meyer	7 650	7 430	3.0
Jeanette Cilliers (Marais)	4 470	4 340	3.0
Risto Ketola	4 300	4 175	3.0

Variable Remuneration

Both components of variable remuneration, being STI and LTI, are subject to performance criteria set at the beginning of the performance period being measured.

The graph below illustrates the change in the overall variable remuneration pool (STI plus LTI awarded) over the past five years, together with the normalised headline earnings trend over the same period (indexed to 100 in 2015):

Earnings relative to variable remuneration pool



Given the significant impact of the Covid-19 pandemic on current year earnings, and the ex gratia nature of the current year pool, there is not a direct correlation between the variable remuneration pool in 2020 and the earnings decline, but the directional trend remains intact.

Set out below are the performance outcomes for both the STI and LTI benefits for the current year.

Short-term incentives

Short-term incentives (STI) are determined with reference to the Group's performance in terms of the annual balanced scorecard. The following table sets out the various key performance indicators, along with the targets for each and the actual results achieved for 2020. The overall Group scorecard rating of a 1.7 score (on a 5-point scale, with a 3-rating being on target), is set out below:

Key performance indicator	Weighting	2020 target	Actual	Achieved (5-point scale)
Financial measures				
Core headline earnings	30%	R3 300m	R1 521m	1.0
Value of new business	15%	R426m	R280m	1.0
Return on embedded value (excl. investment variances)	15%	12%	3.7%	1.0
Strategic objectives				
Client experience	10%	Board assessment	On-Target	2.9
Strategic priorities	20%	Board assessment	On-Target	3.0
Transformation	10%	EE targets	Below threshold	1.8

As mentioned in the Report from the Remuneration Committee Chairman, the threshold financial performance conditions were not met for 2020, resulting in no formulaic variable incentive pool. The Committee decided to award an ex gratia variable remuneration pool, of which a short-term incentive (STI) pool of R365m was approved.

Short-term incentives awarded in cash and deferred - Executive Directors

Set out below are the short-term incentives awarded to executive directors for the 2020 financial year, payable in the 2021 financial year, subject to the short-term incentive deferral rules as referred to in Part 2 of the remuneration report.

	Approved STI 2020 R'000	2020 % of TGP	Approved STI 2019 R'000	2019 % of TGP
Hillie Meyer	3 900	51	5 950	80
Jeanette Cilliers (Marais)	3 100	69	4 000	92
Risto Ketola	2 700	63	4 175	100

The approved STI bonuses for the 2020 financial year are settled as follows:

	Cash – September 2020 R'000	Deferred into LTIP R'000
Hillie Meyer	2 000	1 900
Jeanette Cilliers (Marais)	1 600	1 500
Risto Ketola	1 400	1 300

The performance ratings for the executive directors are determined based on a mix between their achievement of individual objectives, and the overall Group scorecard.

Long-term incentives

Long-term incentive vesting and anticipated vesting of outstanding awards

The performance unit component of the LTIP allocations up to 2017 are subject to an ROEV target that is set at the award date. Executive management had an 80% exposure to performance units for the 2017 LTIP allocation. The table that follows summarises the actual performance to date for all outstanding LTIP tranches:

LTIP tranche	Performance threshold	Actual RoEV[1]
Units issued in 2017 and vesting in 2020 Annualised performance for the 36 months – 1 July 2017 to 30 June 2020	10.8%	1.5%
Units issues in 2018 and vesting in 2021[2] Annualised performance for the 24 months – 1 July 2018 to 30 June 2020	10.6%	2.6%

1. Average annualised percentages, measured since inception of each tranche up to 30 June 2020.
2. The 2018 LTIP performance units were awarded to the CEO and Deputy CEO upon joining the Group.

Based on the above, none of the LTIP performance units issued in October 2017 would vest in October 2020, which would have resulted in the full forfeiture of performance units with regard to this tranche. In reviewing the performance over the vesting period, the Committee decided to approve an ex gratia vesting of 15% of the performance units, taking into account the good progress towards the Reset and Grow targets in F2020, together with the impact of the significant negative adjustments to the embedded value following the change in executive management in F2018. This represents a total vesting amount of R30 million to be paid to 500 individuals, with no single amount being above R700 000 pre-tax, based on the current share price. The remaining 85% of these performance units will be forfeited.

Long-term incentives to be awarded in October 2020 - Executive Directors

The following table sets out the approved LTIP performance unit awards to the executive directors, with effect from 1 October 2020:

	Approved LTIP face value 2020 R'000	% of TGP 2020	Approved LTIP face value 2019 R'000	% of TGP 2019
Hillie Meyer	12 500	163	13 300	179
Jeanette Cilliers (Marais)	8 000	179	7 200	166
Risto Ketola	7 000	163	7 200	172

Long-term incentive table of unvested awards - Executive Directors

The table below provides an overview of the LTIs awarded and forfeited during the year, and the indicative value of LTIs not yet vested (outstanding LTI) for the executive directors. It further illustrates the cash value of LTI delivered during the year.

Executive Director	Opening number on 1 July 2018	Granted during 2019[1]	Forfeited during 2019	Vested during 2019	Closing number on 30 June 2019	Cash flow on settlements 2019[2]	Estimated closing fair value on 30 June 2019[3]
	'000	'000	'000	'000	'000	R'000	R'000
Hillie Meyer	**1 246**	**2 415**	**-**	**-**	**3 661**	**-**	**40 591**
LTIP - performance units							
Award date – 9 April 2018	1 246	26	-	-	1 272	-	24 130
Award date – 1 October 2019	-	-	-	-	-	-	-
LTIP - deferred bonus units							
Grant date – 1 October 2018	-	57	-	-	57	-	1 081
Grant date – 1 October 2019	-	-	-	-	-	-	-
SAR - performance units							
Award date - 1 October 2018	-	2 332	-	-	2 332	-	15 380
Jeanette Cilliers (Marais)	**271**	**1 439**	**-**	**-**	**1 710**	**-**	**15 128**
LTIP - performance units							
Award date – 1 April 2018	271	6	-	-	277	-	5 255
Award date – 1 October 2019	-	-	-	-	-	-	-
LTIP - deferred bonus units							
Grant date –1 October 2018	-	34	-	-	34	-	645
Grant date –1 October 2019	-	-	-	-	-	-	-
SAR - performance units							
Award date – 1 October 2018	-	1 399	-	-	1 399	-	9 228
Risto Ketola	611	1 521	-	-	2 132	-	13 989
LTIP - retention units							
Grant date – 1 October 2016	83	2	-	-	85	-	1 612
Grant date – 1 October 2017	56	1			57	-	1 081
LTIP - deferred bonus units							
Grant date – 1 October 2018	-	109	-	-	109	-	2 068
Grant date – 1 October 2019	-	-	-	-	-	-	-
LTIP - performance units							
Award date – 1 October 2016	248	5	-	-	253	-	-
Award date – 1 October 2017	224	5	-	-	229	-	-
Award date – 1 October 2019	-	-	-	-	-	-	-
SAR - performance units							
Award date - 1 October 2018	-	1 399	-	-	1 399	-	9 228
Previous CEO	**4 076**	**-**	**(3 954)**	**(122)**	**-**	**2 068**	**-**
LTIP – retention units	333	-	(211)	(122)	-	2 068	-
LTIP – performance units	1 940	-	(1 940)	-	-	-	-
OPP – performance units	1 803	-	(1 803)	-	-	-	-

1 Comprises new awards and grants during the year, dividend units on existing awards and grants, and deferred bonus units granted in terms of the STI deferral policy.
2 Represents the cash settled on vesting date, including vested dividend units.
3 Calculated as:
- LTIP retention units and deferred bonus units – the number of unvested units multiplied by the MMH share price at the reporting date
- LTIP performance units – the number of unvested units multiplied by the latest probability of future vesting at the reporting date, multiplied by the share price at the reporting date
- SAR performance units– the number of unvested units multiplied by the latest probability of vesting at the reporting date, multiplied by the option valuation per unit as at the reporting date

Executive Director	Granted during 2020[1]	Forfeited during 2020	Vested during 2020	Closing number on 30 June 2020	Cash flow on settlements 2020[2]	Estimated closing fair value on 30 June 2020[3]
	'000	'000	'000	'000	R'000	R'000
Hillie Meyer	**1 175**	**-**	**(19)**	**4 817**	**345**	**30 784**
LTIP - performance units						
Award date – 9 April 2018	56	-	-	1 328	-	7 717
Award date – 1 October 2019	950	-	-	950	-	11 209
LTIP - deferred bonus units						
Grant date – 1 October 2018	2	-	(19)	40	345	704
Grant date – 1 October 2019	167	-	-	167	-	2 941
SAR - performance units						
Award date – 1 October 2018	-	-	-	2 332	-	8 213
Jeanette Cilliers (Marais)	**637**	**-**	**(12)**	**2 335**	**209**	**14 103**
LTIP - performance units						
Award date – 1 April 2018	12	-	-	289	-	763
Award date – 1 October 2019	513	-	-	513	-	6 053
LTIP - deferred bonus units						
Grant date – 1 October 2018	1	-	(12)	23	209	405
Grant date – 1 October 2019	111	-	-	111	-	1 955
SAR - performance units						
Award date - 1 October 2018	-	-	-	1 399	-	4 927
Risto Ketola	648	(253)	(122)	2 405	2 208	16 084
LTIP - retention units						
Grant date – 1 October 2016	2	-	(87)	-	1 545	35
Grant date – 1 October 2017	3	-	-	60	-	1 057
LTIP - deferred bonus units						
Grant date – 1 October 2018	4	-	(37)	76	663	1 338
Grant date – 1 October 2019	116	-	-	116	-	2 043
LTIP - performance units						
Award date – 1 October 2016	-	(253)	-	-	-	-
Award date – 1 October 2017	10	-	-	239	-	631
Award date – 1 October 2019	513	-	-	513	-	6 053
SAR - performance units						
Award date - 1 October 2018	-	-	-	1 399	-	4 927
Previous CEO	**-**	**-**	**-**	**-**	**-**	**-**
LTIP – retention units	-	-	-	-	-	-
LTIP – performance units	-	-	-	-	-	-
OPP – performance units	-	-	-	-	-	-

Minimum shareholding requirement measurement

The following table reflects the current shareholding by executive directors in MMH shares, relative to the minimum shareholding requirement (MSR) as set out in the Group remuneration policy:

Number of MMH ordinary shares at 30 June 2020 ('000):

	Minimum shareholding requirement	Current qualifying shareholding[1]	Date by which the minimum shareholding requirement must be met
Hillie Meyer	746	845	1 March 2023
Jeanette Marais	216	323	1 March 2023
Risto Ketola	206	192	1 July 2022

[1] Comprises the directors' shareholding as set out in the tables below, and the number of deferred bonus units in the LTIP, as this remains a relatively constant share exposure through the replacement of vesting tranches with new tranches.

Non-executive directors' fees

Non-executive directors are paid an all-inclusive retainer, which is 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.

R'000	Months service		Fees	
	2020	2019	2020	2019
Peter Cooper	12	12	1 160	1 136
Lisa Chiume	12	4	1 492	366
Fatima Daniels	12	12	981	994
Linda de Beer	12	4	1 330	292
Stephen Jurisich	12	12	1 570	1 595
Niel Krige	5	12	285	791
KG Legoabe-Kgomari	12	1	806	-
Sharron Mc Pherson	12	4	854	248
Jabu Moleketi	5	12	338	808
Sello Moloko	12	4	1 692	280
Syd Muller	-	5	-	1 139
JJ Njeke	12	12	2 126	2 197
Vuyisa Nkonyeni	12	12	1 024	766
David Park	7	-	805	-
Khehla Shubane	12	12	991	865
Frans Truter	12	12	2 321	2 223
Johan van Reenen	12	12	926	952
Louis von Zeuner	-	8	-	1 447
			18 701	**16 099**

Interest of directors in share capital

Directors' MMH shareholding – Number of ordinary shares ('000):

	Direct beneficial	Indirect beneficial	2020	2019
Hillie Meyer	248	390	638	638
Jeanette (Cilliers) Marais	189	-	189	189
Peter Cooper	292	150	442	442
Stephen Jurisich*	-	-	-	-
Niel Krige	-	-	-	408
Jabu Moleketi	-	-	-	112
Khehla Shubane	78	7	85	85
Frans Truter	44	433	477	477
Johan van Reenen	-	144	144	144
Total Ordinary Shares at 30 June	**851**	**1 124**	**1 975**	**2 495**

* 169 direct beneficial shares held in MMH

MMH shareholding of directors who resigned or retired during F2020 – Number of ordinary shares ('000):

	Direct beneficial	Indirect beneficial	Total
Niel Krige *	-	408	408
Jabu Moleketi *	-	112	112
Total ordinary shares	**-**	**520**	**520**

* resigned as directors of MM Holdings on 26 November 2019

Directors' RMI shareholding at 30 June 2020 – Number of ordinary shares ('000):

	Direct beneficial	Indirect beneficial	2020	2019
Hillie Meyer	26	18	44	44
Peter Cooper	795	3 061	3 856	3 819
Stephen Jurisich	3	-	3	3
Jabu Moleketi *	-	-	-	20
JJ Njeke	17	-	17	17
Khehla Shubane	13	-	13	23
Frans Truter	21	154	175	185
Total ordinary shares at 30 June	**881**	**3 247**	**4 128**	**4 111**

* resigned as director of MM Holdings on 26 November 2019

No changes in the above shareholding/interest occurred between 30 June 2020 and the date of approval of the annual financial statements.

Fair and responsible remuneration

The Group is cognisant of its internal wage gap. As envisaged by the principles of fair and responsible remuneration, the Remuneration Committee considered the following:

- A review of the minimum guaranteed package of employees at the basic skills level to ensure that this is set at a level that offers employees a decent standard of living. The current minimum guaranteed package amounts to R137 000 per annum, which represents a 6.2% increase from the prior year
- Ensuring that the average increases in guaranteed packages at executive and senior levels are lower than for general employees, reflecting the reality that inflationary pressure is more marked amongst general employees. For the current remuneration review cycle, the average increase for executive directors and executive management was 3.0%, and that for the rest of the organisation 3.8%. Employees earning a guaranteed package below R350,000 received an average increase of 4.9%
- The level of variable remuneration paid is based on the outcome of the annual balanced scorecard, which is reviewed and approved by the Remuneration Committee at the beginning of the financial year.

Additionally, and when considering increases, the Remuneration Committee takes into account factors including, but not limited to, inflation, affordability, market trends, competitor remuneration and scarcity of skills.

Voting statement (non-binding advisory vote on the implementation report)

This report is subject to an advisory vote by shareholders at the November 2020 AGM.Shareholders are requested to cast an advisory vote on the implementation report as contained in Part 3 of this report.

Approval of remuneration report

This remuneration report was approved by the Remuneration Committee of Momentum Metropolitan Holdings on 1 September 2020



It is pleasing to see how well the governance structures we have in place to support transformation and our role as a responsible corporate citizen are delivering on our commitments in these areas. It is their rapid, effective and innovative response to the need to protect our socio-economic development efforts and the vulnerable in society from the impact of the Covid-19 pandemic that I would particularly like to recognise.

While major challenges lie ahead for all of us, I believe that Momentum Metropolitan's governance structures and its ethical approach will ensure it stays true to its values and continues to deliver on its social and transformation commitments.

Khehla Shubane
Chair of the Social, Ethics and Transformation Committee

Our approach to growing our stock of social and relationship capital and creating value through the outcomes we achieve with it has never been more important than it is currently.

IN SUPPORT OF THE UN SDGS

Globally, progress with a number of the UN SDGs has been severely impacted by the Covid-19 pandemic. We are pleased that we have been able to contribute to their achievement through our investment in the transformation of society and by meeting our commitments as a responsible corporate citizen.

Focus areas in 2020:

Transformation

- Making a positive measurable difference to youth unemployment among of those aged between 16 to 25
- Equal opportunity
- Empowerment finance
- Enterprise and supplier development
- Financial inclusion
- Preferential procurement

Our role as a responsible corporate citizen

- Responsible investing
- Our approach to climate change as a signatory to the Just Transition Global Investor Statement
- Support of the UN SDGs
- Promoting well-being for all
- Treating customers fairly and improving financial literacy through consumer education

TRANSFORMATION

Through our transformation strategy we are committed to move beyond compliance

Our status as a Level 1 B-BBEE contributor, in terms of the Broad-Based Black Economic Empowerment Act of 2003, as amended by Act 46 of 2013, and our participation in the Financial Sector Charter (FSC), reflects our commitment to actively contribute to a transformed, vibrant and globally competitive financial sector in South Africa and move beyond compliance.

Making a positive measurable difference to youth unemployment among 16 to 25 year olds statistics

In **F2020**

629 young people trained

750 young people placed in jobs

GOVERNANCE OF OUR SOCIAL INVESTMENT

The Momentum Metropolitan Foundation (MMF) is an independent not-for-profit company with its own board of directors whose roles and responsibilities are set out in its Memorandum of Incorporation. Half its board members are independent non-executive directors, chosen for their skills and experience in the area of corporate social investment (CSI) and the balance are drawn from the Momentum Metropolitan management team. Our CSI team is mandated by the MMF to deliver on its aggressive, proactive and creative youth employment strategy, which is aligned with Chapter Three of the South African National Development Plan (NDP) and UN SDG 4.4: By 2030 substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship; and SDG 8.6: By 2020, substantially reduce the proportion of youth not in employment, education or training. The CSI team reports into the MMF on its progress at least every quarter, and more frequently if required.

OUR CSI FOCUS

The aim of our programme is to equip the most vulnerable 16 to 25 year-old segment of society to:

- access, maintain and further develop their income-earning opportunities
- develop future talent for both the financial and other sectors of the economy.

To achieve this our focus has been on:

- balancing projects that enable young people to take their place in the digital economy with vocational skills training that provides quick access to jobs and income for vulnerable young people and their families
- training initiatives that address the needs of local industry and entrepreneurship programmes that fill gaps in the market
- enabling these young people to sustain their socio-economic gains by providing them with financial literacy and money management training
- fostering social innovation.

Before the Covid-19 pandemic hit South Africa in March 2020 we had equipped 629 young people with skills that will provide them with access to an income and jobs. In F2020 our programme helped 750 young people find employment, 40% of whom were female, and in F2019, 1503 young people were trained and 927 found employment.

During the year under review our programme underwent an independent evaluation. One way we can assess the effectiveness of the programme is the rate at which we place young people in employment. The team is using feedback from the evaluation to help them improve their placement rate, which is not yet on target.

And then Covid-19 hit

When schools and early childhood development (ECD) centres were closed for Covid-19 many children and young people risked hunger and malnutrition. Many of our not-for-profit partners could not deliver their services and needed to find a way to survive during lockdown.

Our CSI team rapidly assessed conditions on the ground, consulting with our partners, not-for-profit organisations from our employee volunteer network and relief organisations such as UNICEF and the SA Red Cross. The three-month programme the team proposed:

- addressing Covid-19 awareness and education to help protect people's health and support government's efforts to reduce the infection rate. We also worked with Gift of the Givers to provide Covid-19 testing facilities
- providing support in areas of increased vulnerability:
    - Nutrition and food security
    - Healthcare and physical safety
    - Social support and motivation.

The response to the Covid-19 pandemic would be driven by our existing partners who found ways to adapt to a new set of circumstances.

It was also critical that our students could continue learning and complete their courses, which required an investment on our part in data for our students to use so they could access training sessions online.

The team got an immediate go ahead from the MMF and rapidly put their additional budget for Covid-19 relief to work. The Group donated R5.2 million to providing Covid-19 relief, which included R4.7 million in funding and the balance in kind.

Our efforts to ensure young people were not excluded during lockdown included taking the Motheo Financial Dialogues programme which we deliver to technical and vocational vducation and training Colleges online, which was a substantial undertaking.

One of our CSI-supported organisations, Rhiza Babuyile, demonstrated its skills as a social entrepreneur. It pivoted from being a developmental hub to a quick-reaction relief organisation addressing the needs of their immediate community by tapping into the additional funding we made available through our Covid-19 relief fund. Before the Covid-19 pandemic prevented Rhiza Babuyile from performing its usual role it was also part of our efforts to equip people to earn a decent wage. It provided teachers at ECD centres with training that gave them an officially recognised qualification. The qualification also has the advantage of ensuring that the children in these ECDs receive a better education. Hopefully, Rhiza Babuyile will soon be returning to its very important developmental work.

Finding new ways to succeed

We are determined to continue with our strategic objective of making a positive measurable difference to youth unemployment among 16 to 25 year-olds, which has never been more critical. In the current environment we need to find new ways of achieving our goal. The MMF board decided that to be more successful in reducing unemployment we needed to broaden the focus of our programme to include supporting job creators in addition to enabling job placement. We are also taking a broader view of the support we can provide looking beyond monetary support.



Increasingly, we are seeing the value in smaller, consistent, long-term support rather than large once-off donations and looking at how we can use our resources to drive sustainable change. Support can include cash, goods, products and services, and employee volunteering. In South Africa our CSI teams need to be innovative and explore different models as the deteriorating economy means less CSI spend will be available as company profits fall.

We currently have unused business resources while most of our employees are working from home. While the schools were closed and many learners had no access to study materials Momentum Metropolitan used these resources to print Grade 12 resource materials, which were then distributed in the North West, Mupumalanga, Limpopo and Gauteng provinces of South Africa. We continue to explore innovative ways of using our resources to support those in need. Other options include virtual mentorship from learning and development teams and developing new ways of fundraising using digital platforms

Fostering social entrepreneurship is another area that we are looking at. For example, we have paid the Phakamani Young Minds Academy, a youth

organisation that provides academic assistance, support and mentorship to learners, to source other non-profit organisations in need for a youth webinar.

During lockdown our ICT programmes rapidly adapted to continuing their work online. We also found that job security was greatest for students from these programmes. We find that our partners are helping each other find ways to survive and thrive in a very changed environment by sharing skills and experience and helping each other digitise as quickly as possible. Our other partners are also busy with the accreditation of their online courses. We are relooking our vocational training programmes to include a greater variety of lower level IT skills that learners can quickly use to earn an income, such as building simple websites.

Developing the skills of the previously disadvantaged

Our investment during the year under review of **R176 million** in the training and development of our black employees across the full spectrum of skills, with special emphasis on increasing the participation of black people in skilled, strategic and operational leadership, supports the achievement of SDG 4.3, which is to ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education including university (see page 92 of human capital for information). In addition to the MMF's programme aimed at making a positive measurable difference to youth unemployment among 16 to 25 year olds, we also provide internships for the unemployed, and apprenticeships and learnerships for young black people. In the year under review 807 black people participated in internships, apprenticeships and learnerships at Momentum Metropolitan, of whom 656 were Africans and 334 were unemployed. Following their period of study, 74 of these young people were employed in the Group.



EMPOWERMENT FINANCING

By 2030 upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

Through our empowerment financing we are contributing to the development of reliable and resilient infrastructure, supporting economic development and human well-being with a focus on affordable and equitable access for all. All of which contribute to the achievement of SDG 9.1.

Our empowerment financing includes:

- Targeted investments in education, energy, infrastructure, agricultural development and affordable housing
- BEE transaction/black business growth funding that includes the provision of transformation acquisition finance, joint venture investments and funding of the black industrialist programme.

Our cumulative investment of R40.8 billion contributed to the empowerment finance component of our performance in terms of the FSC B-BBEE codes. The areas we invested in during F2020 included telecommunications infrastructure, transport infrastructure, municipalities, renewable energy infrastructure (see page 126 of natural capital), affordable housing, education (the Momentum Student Accommodation Impact Fund), parastatals and government funding in the form of government bonds.

- **Our investments in the telecommunication industry indirectly enabled connectivity to 43.1 million suscribers and over 300 schools**
- **Our funding of Gauteng's three major metros indirectly enabled service delivery to 3.7 million households**
- **Our funding facilitates the movement of essential goods and people between the Gauteng and KwaZulu-Natal provinces**

ENTERPRISE AND SUPPLIER DEVELOPMENT

> R70 million
spent on ESD initiatives
> 732
SMEs developed

By creating opportunities for greater inclusivity in business supply chains and enhancing economic empowerment in South Africa, we contribute to businesses and people achieving their financial goals and life aspirations and deliver on our purpose. We also contribute to the achievement of SDG 8.3 by encouraging the formalisation and growth of SMEs.

We established the Momentum Metropolitan Enterprise Supplier Development (ESD) Trust in 2015 with the aim of improving the ability of qualifying entrepreneurs to access markets and funding and to develop their businesses for growth. The key elements of the Trust's strategy 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).

We partner with specialists in entrepreneurial development to deliver our programmes. One of our partner companies is not only a 100% black women-owned company but all of its owners are young black women. They provided our enterprise development programme for cleaning and security services. The five black women-owned companies and one black-owned company that completed the programme during F2020 have since onboarded 40 new clients and created 273 permanent jobs.

Developing future skills

The same partners will be assisting us with a programme to upskill and develop black-owned IT small and medium enterprises (SMEs). Following a rigorous process, six SMEs have been selected to participate in the programme. The start of the 12-month programme, which was originally intended to be a face-to-face programme, was delayed by the need to review and redesign the programme so it could be delivered using a digital platform. The programme is designed to help the participating SMEs grow their businesses into sustainable medium to high maturity IT businesses, equipped with technical skills sought after in the marketplace, such as cloud consulting and cyber security services. These are both services that Momentum Metropolitan needs.

Despite the impact of Covid-19 on these businesses they have remained committed to their participation in the programme. While some of them reported that work had been put on hold and that they were having difficulty securing new business, many have benefitted from what has become a theme in this report, which is the increased demand for technology brought on by the need to enable employees working from home and the need to remain engaged with clients during lockdown (see the intellectual capital section of the report on page 83).

We are also partnering with the Association for Savings and Investment in South Africa (ASISA) on the development and delivery of two groundbreaking broker development programmes focused on practice management and intermediary behavioural financial coaching in which we are investing R11 million, of which R9.3 million was paid in F2020. Momentum Metropolitan is also investing R50 million (over a seven-year period) in the ASISA ESD fund with the aim of contributing to the development of black SMEs in the financial services sector. The ASISA ESD fund has made good progress with delivering on its mandate. There has been a 29% increase in the average revenue of the 732 SMEs it has developed through 75 500 hours of support.

Tracking sustainability

We track the progress of our ESD beneficiaries, monitoring key developments every six months, providing support where required, assessing the implementation of their goals and how they have integrated key learnings into the day-to-day operation of their businesses. It has been pleasing to see the good progress they have made by applying what they have learnt.

FINANCIAL INCLUSION

Financial inclusion is a key element of transformation, whether it is through the substantial empowerment financing of black economic empowerment transactions or black business growth (see page 91 of human capital on our proposed employee share ownership scheme, which will empower our employees through the opportunity to participate as shareholders in our business). Guardrisk's insurtech partnership gives customers of retail stores access to innovative, niche insurance products through digital distribution channels. Our aYo mobile insurance joint venture with MTN offers flexible payment and cover options to eight million lower-income segment mobile phone users that are MTN customers in Ghana, Uganda and Zambia; our Heath4me low-cost health insurance product in South Africa on the Metropolitan digital GetUp offering, offers young people assistance with stability and growing their finances.

PREFERENTIAL PROCUREMENT

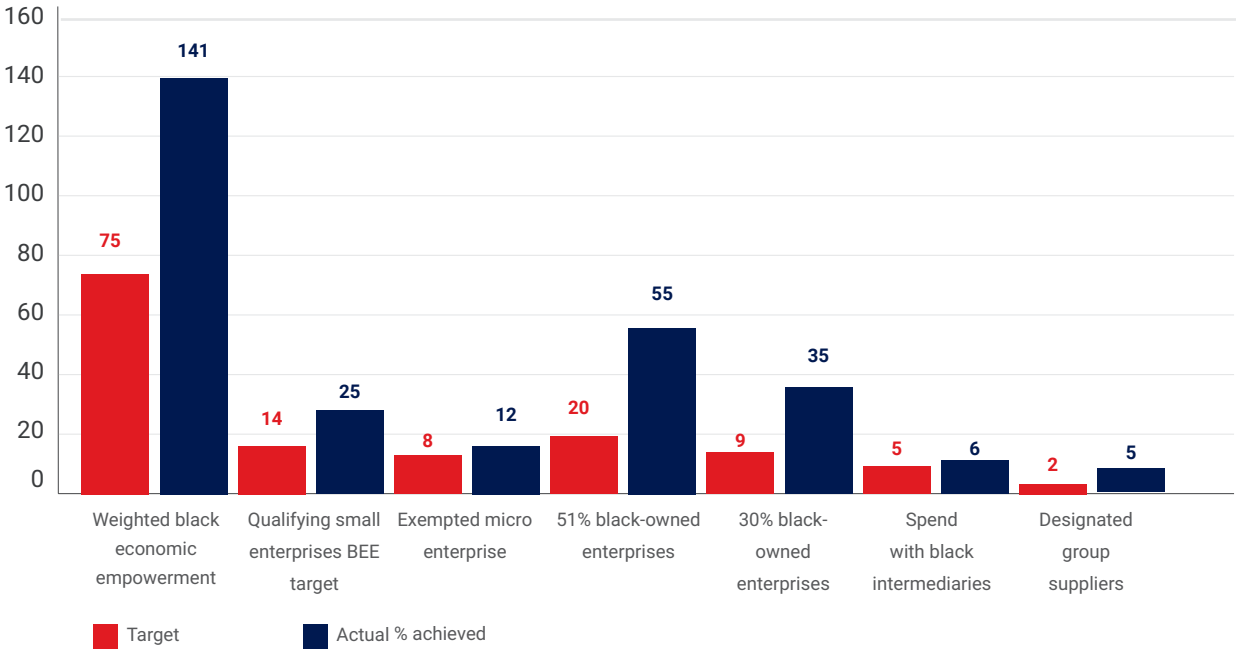
In the year under review our Group-wide procurement from black-owned businesses and businesses empowered in terms of the broad-based principles of the B-BBEE Codes of Good Practice achieved and exceeded our targets for all the elements of the FSC scorecard. To ensure our suppliers meet the sustainability requirements included in our supply chain, we are including additional questions in our request for proposal process and points will be allocated for the environmental, social and governance portion of the tender. The weighting of these questions is being determined by cross-functional teams.

Assisting our suppliers during lockdown

During the Covid-19 lockdown we sent an electronic questionnaire to our suppliers to determine the extent of its impact on their businesses. This information was used to assess the extent to which our suppliers needed assistance.

We evaluated each case on its merits and assisted our suppliers who were struggling with their cash flow by paying them immediately. We will send out a further questionnaire to ascertain the lag effects of the Covid-19 lockdown and, where necessary, look at initiatives to assist our small suppliers.

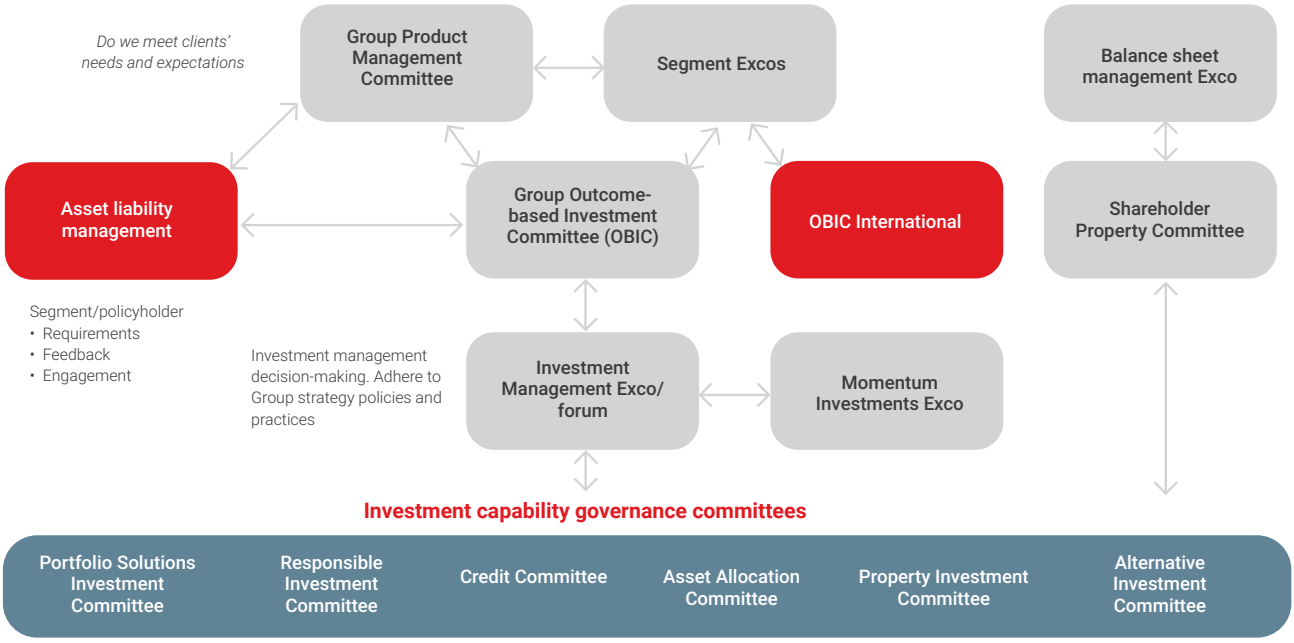
Procurement performance against targets (%)



OUR ROLE AS A RESPONSIBLE CORPORATE CITIZEN

Responsible investing

Management Committee Governance of Investments



Momentum Metropolitan's long-standing commitment to being a responsible investor was reaffirmed when we became one of the first signatories of the United Nations-supported Principles of Responsible Investment (UNPRI). We also support the Code for Responsible Investing in South Africa (CRISA) and participate in ASISA's Responsible Investment Committee. We are also a member of the International Corporate Governance Network, a leading authority on global standards or corporate governance and investor stewardship. We deliver on our commitment to responsible investing by applying responsible investment practices across all our savings and investment products.

Advocacy

We work with other investment managers to advocate responsible investment practices and transparency regarding responsible investment practices across the industry.

To help us continue building and refining our responsible investment approach we have set ourselves goals, each of which has a list of actions: environmental, social and governance (ESG) integration, report progress, regulation codes, advocacy, seek disclosure, active owners. As a UNPRI (www.unpri.org) signatory we publish a publicly available annual report detailing our integration of ESG criteria into our investment process.

We have a proactive approach to ESG matters. Where possible we manage and mitigate events before they escalate and materially impact our clients and/or stakeholders.

Momentum Metropolitan is part of the Steinhoff shareholder group that is working together in legal actions taken against Steinhoff.

Through our Manager Responsible Investment rating model we aim to take our appointed investment managers along with us on our responsible investment journey.

Our UNPRI Scorecard

	2020	2019
Company strategy and governance	A+	A+
Listed equity (manager selection, appointment and monitoring)	A	A
Listed equity (direct incorporation)	A	A
Listed equity (active ownership)	A	A
Fixed income	B*	A

*Our Fixed Income team is very disappointed in its B score in the PRI assessment, especially as there was no change in their commitment to responsible investment during the year of the assessment. In the previous year they earned an A. This score is the result of the answer to a particular question in the fixed income module being left out of our submission to the PRI in error. Unfortunately, due to the complexity of the PRI assessment process, we were unable to rectify this error once we had made our submission.

Governance of responsible investing

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

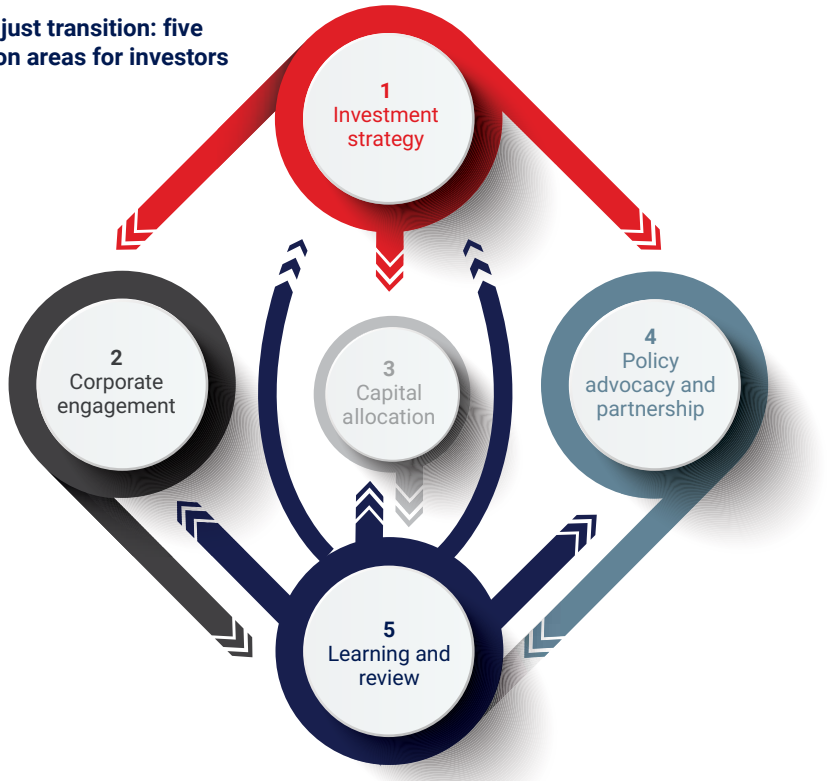
Our responsible investment policy, climate change investment policy, CRISA statement, proxy voting and engagement policy, together with our voting records, are available on the Momentum Metropolitan website (www.momentummetropolitan.co.za/en/responsible investing Please provide actual URL). Our proxy voting and engagement policy are aligned with the South African Companies Act 71 of 2008, UNPRI, King IV and other global industry codes. The only time we abstain from voting is when there is a conflict of interest.

OUR APPROACH TO CLIMATE CHANGE AS A SIGNATORY TO THE JUST TRANSITION GLOBAL INVESTOR STATEMENT

13 CLIMATE ACTION

During the year under review we became the first company based in South Africa to sign the Just Transition Global Investor Statement, which commits us to ensuring that as we transition to a low carbon economy we engage with companies on how they are going about ensuring a just transition for workers and communities, which will include their investment in upskilling employees for new career opportunities. We also published our climate change investment policy in F2020.

The just transition: five action areas for investors



PROMOTING WELL-BEING FOR ALL

3 GOOD HEALTH AND WELL-BEING

Our employee volunteer programme is very well supported by our employees who contribute their skills to a variety of charities and advocacies of their choice. They can also choose to become payroll givers. Our volunteers can apply for funding from the MMF to match the investments they make in the projects they are assisting. The MMF also provides funding and support for the implementation of business solutions our volunteers have developed to solve business challenges presented by not-for-profit organisations (NPOs). The solutions must first be chosen by the NPOs for implementation. Since the advent of Covid-19 our volunteers have found creative ways of volunteering remotely, developing websites for NPOs, providing courses in fundraising, designing newsletters, helping students we put through a fashion and design training course to become suppliers to a major retail store and also to make 3 000 masks for Momentum Metropolitan.

The Eris Property Group, which is part of Momentum Metropolitan, has retail properties mainly serving the communities that have been hardest hit by Covid-19 and the lockdown. Putting food on the table became a struggle. To support these communities Eris, working with NPO partners, distributed food to the most vulnerable in communities near their 11 participating shopping centres. They went to where they learnt there was a growing need for assistance and delivered nearly 200 000 meals. Eris also provided over 20 000 masks to help keep poor and vulnerable communities safe from Covid-19.

During lockdown we were able to partner with Gift of the Givers and Dis-Chem to provide testing centres for Covid-19 and our health business made its Hello Doctor app, which provides access to a doctor via your cellphone, available to South Africans during Covid-19.

TREATING CUSTOMERS FAIRLY

One of our values is integrity, which for us means always meaning what we say and saying what we mean. We believe in doing the right thing, sticking to our word and treating all people with the same amount of sincere, generous respect. We are committed to being transparent, courageous and building trust by always acting in the best interests of our stakeholders.

Our responsibility for treating customers fairly is to ensure that we deliver specific, clearly set out fairness outcomes for our clients.

Consumer education

Consumer education is an important element of treating customers fairly. It needs to provide consumers with the

knowledge they need to understand product outcomes and choose the right product to meet their needs. Improving the financial literacy of young South Africans through our Making Money Matter and Motheo Financial Dialogues is an important part of consumer education and our efforts to achieve financial inclusion.

Our digital education programmes, FinEazy, a financial education chatbot, and our online ten-part course in partnership with FunDza (a not-for-profit focused on improving literacy levels) are key elements of our consumer education programmes.

PROTECTING CLIENTS' RIGHTS TO PRIVACY

The Protection of Personal Information Act of 2013 (POPIA) came into effect on 1 July 2020. The aim of POPIA is to entrench the constitutional right to privacy, sets conditions for the lawful process of personal information. However, there is a one-year transition period before companies must be fully compliant on 1 July 2021. To ensure we meet our obligations in this regard, we have established a POPIA steering committee and 14 workstreams, five of which have already been completed including a gap analysis and the rest are in progress.

STAKEHOLDER ENGAGEMENT



Defining the nature of our relationships

Stakeholder engagement is an integral part of everything we do.

To define our relationships we:

Analyse the impact, influence and value that a relationship can have on Momentum Metropolitan and on our stakeholders.

Identify our:
- key stakeholders based on their influence on our business
- stakeholder goals
- material matters and the risks and opportunities arising from our relationships with our stakeholders.

Categorise them depending on their influence on Momentum Metropolitan as consultative (key influence), involved (important influence) and collaborative (medium influence).

Design and implement engagement strategies and plans to assist us in developing and maintaining quality relationships with our stakeholders.

Stakeholder	Material issue/s for both parties	Response in 2020
CONSULTATIVE RELATIONSHIPS		
Internal relationships		
Employee	• Employer/employee expectations and contract • Job security • Physical security • Employee value proposition and benefits • Learning and development • Career development opportunities • Fair remuneration and incentives • Future working environment • Performance excellence • Employee well-being • Remote work • Talent management	We regularly engage with our employees through a range of media, and since the advent of the Covid-19 pandemic our Executive team has participated in interactive video meetings which all employees were invited to attend, participate in and ask questions. Communicating with our employees during Covid-19 when they are working remotely has been a key focus while also providing guidance on employee safety during the crisis. An important part of our communication with employees is the Human Hub, a human capital intranet, which is a key element in the digitalisation of human capital, that was designed to keep our employees informed during lockdown. Collaboration tools were also used to keep employees connected and productive.
Tied advisers	• Support and training • Footprint growth • Engagement through digital platforms and solutions • Ability to work remotely	During F2020 we focused on improving the support and training provided to our tied advisers. Momentum Life accelerated the development of digital engagement tools to address the impact of Covid-19 and support the need to work remotely.
External relationships		
Business partners	• Performance against agreements • Progress with new ventures	We regularly engage with our business partners to be updated and keep updated on business performance, and address any need to change.
Clients	• Retention	During the Covid-19 pandemic the Group's business units reached out to their clients to support them where they could. See pages 8 and 9 for information on how individual business units supported their clients during the Covid-19 lockdown.
	• Responsible investing	Momentum Investments provides their clients with information on our approach to responsible investment and the steps we are taking to ensure their portfolios are managed responsibly. Our investment teams engage with the management of listed companies in which they are invested to raise and, where possible, resolve concerns they may have with regard to ESG matters.



Stakeholder	Material issue/s for both parties	Response in 2020
CONSULTATIVE RELATIONSHIPS		
External relationships		
Clients	• Service quality • Treating customers fairly • Fair terms • Keeping clients informed	All our business units conduct surveys to gain information on how their clients view their service and we use the feedback to address any criticism of our service. This helps us continually improve the quality of our service. Our Metropolitan Life business unit's excellent service levels have been recognised for the past four years by the SAcsi. To serve our customers better we introduced more flexible premium paying options to accommodate our target market, which included paying at the nearest mass retailer. MSTI surveys every client interaction with both internal and external service providers and uses the feedback received from clients to improve service. Momentum Life continues to focus on improving client service levels based on regular internal as well as external client surveys. Our Voice of the Client internal research provides us with feedback from the client immediately after they have engaged with our organisation. This helps us identify any areas that need addressing and take action to address them. This research provides us with client input that drive our priorities, improvements, decisions and focus areas. If a client rates us 6 or lower the rating is immediately escalated and addressed. Through the Consult Survey, which Momentum Corporate conducts annually, we measure our clients' actual views and their views on perceived experience. These insights are a critical contribution to our client service strategy. We also conduct a Commercial Tracker survey annually, where we interview a sample of executives in corporate South Africa to glean insights on our market positioning relative to competitors in the market. We communicated regularly with our clients and their employees on any benefit, product and regulatory updates.
	• Transparency	Through the use of plain language and infographics in our policies and other documents, regular updates to clients on their savings and investments and communication on our approach to responsible investing from the Responsible Investment team we aim to be transparent with our clients.
	• Products and services that meet client needs	Through our research partnership with Unisa, which produces the Momentum Unisa household financial wellness, household wealth and consumer vulnerability indexes, we are able to better understand the South African consumer landscape and offer our clients products that better meet their needs. Momentum Corporate also conducts regular immersive research to better understand the needs of our clients and their employees to be able to design fit-for-purpose solutions and products.
Investor community	• Clear articulation of long-term strategy • Transparency around financial performance • Succession planning • ESG performance • Efficiency gains	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 presentations, conference calls, one-on-one meetings and attend selected investor conferences. Investors can also communicate directly with us by emailing InvestorRelations@mmltd.co.za

Stakeholder	Material issue/s for both parties	Response in 2020
CONSULTATIVE RELATIONSHIPS		
External relationships		
Independent advisers	• Support • Service levels • Flows into own funds	Independent advisers need support from us in the form of digital access to product information and digital onboarding of clients. We research every interaction we have with independent advisers, which helps us understand whether or not the client is being managed according to their expectations. Momentum Corporate recently partnered with AskAfrica based on our contract agreement with the Financial Intermediaries Association to research the support needed by independent financial advisers during the Covid-19 pandemic. We also conduct annual research called The Voice of the Intermediary to understand their view of Momentum Corporate better. We continually share information regarding the impact of Covid-19 on retirement savings and group insurance benefits of their clients' employees. We also share relevant information with independent financial advisers through our Covid-19 infomation hub.
The communities in which we operate	• Ability to achieve job placements for young people between the ages of 16 and 25 • Support those in need during Covid-19	MMF provided training and assisted with job placements (see page 112). Our CSI team responded rapidly to their needs and by using our not-for-profit partners to provide the support that helped them to survive the impact of the pandemic (see page 112). Metropolitan Life ran a six-week campaign on the main African language radio stations and social media which, with the assistance of a team of life coaches, spoke to and involved millions of South Africans helping to build their mental strength to cope with the effects of Covid-19. Some of the topics covered were: parenting, education, Covid-19 safety, finances and loneliness.
Suppliers and service providers	• Continuity of work • Payment terms • Momentum Metropolitan's ethical standards • Preferential procurement • Approach to ESG matters	Our supply chain policies, procedures and processes ensure fair procurement practices and adherence to our ethical standards. During Covid-19 we have ensured that all businesses, especially small business, are paid promptly. We are committed to meeting and exceeding our preferential procurement targets.



Stakeholder	Material issue/s for both parties	Response in 2020
INVOLVED		
External relationships		
REGULATORS **FSCA, Prudential Authority,** **Financial Intelligence Centre and the National Credit Regulator** **Competition commision**	• Compliance • A robust supervisory and regulatory framework that promotes fair customer treatment • Governance • Scrutiny during Covid-19 • AFI transaction • Policy making	MSTI had a number of engagements with the regulators as a result of the AFI transaction addressing governance and forward structures, control functions, etc. Momentum Life engaged with the FSCA regularly on relevant industry-related matters. Through the Momentum Unisa research partnership we are able to provide input into policy discussions. Momentum Corporate submitted our retirement fund contribution relief report to FSCA as well as the required rule amendments to the FundsAtWork Umbrella Funds. The FSCA as the market conduct regulator continues to engage with Momentum Metropolitan through tri-annual engagements, the purpose of which is to obtain a better understanding of Momentum Metropolitan, as well as to assist the FSCA in assigning a risk rating to Momentum Metropolitan.
JSE Limited	• Compliance with the JSE Listings Requirements	Our compliance with the JSE Listings Requirements Engagement with the JSE on their 2020 pro-active monitoring process.
Financial Sector Transformation Council (FSTC)	• Review of Financial Sector Charter (FSC) • Guidelines on FSC	Our engagement with the FSTC during F2020 has been on the guidance notes regarding the need for subsidiaries to report separately.
GOVERNMENT **Department of Mineral Resources and Energy (DMRE)**	• Funding of mining post-closure requirements	Guardrisk engages with the DMRE on the solution it developed that makes it possible for mining companies to provide the required full value guarantees to the DMRE.
South African Revenue Services	• Fair payment of taxes • Abiding by tax rulings	During the latter part of the year, the Group implemented various measures related to Covid-19 measures as announced by government. Elective tax holidays were not utilised as liquidity resources within the Group were sufficient to settle ongoing tax obligations. The Group also has ongoing engagement with SARS and National Treasury via industry bodies (ASISA and SAIA) regarding both tax policy and legislation. This is done not only to prevent interpretative disputes, but also to reduce the cost of compliance and enforcement. The most prominent industry matter currently relates to the implementation of retirement reforms. In the spirit of voluntary compliance, the Group submitted a voluntary disclosure programme application to correct an error in an historical tax return. The application was accepted by SARS and the matter settled.
Broad-Based Black Empowerment Commissions (B-BBEE)	• Transformation • Employment equity	Momentum Metropolitan meets its reporting commitment to the commissions and regularly engages our progress against our five-year plan.
Department of Health	• Engagement on the National Health Initative (NHI) • Support during Covid-19	The Momentum Metropolitan Health Business frequently has constructive engagement with the Department and discussions on collaboration especially during Covid-19.

Stakeholder	Material issue/s for both parties	Response in 2020
COLLABORATIVE		
External relationships		
MEDIA	• Accurate and fair news coverage of the Momentum Metropolitan brands and our role as a responsible corporate citizen • Momentum Metropolitan spokespeople readily available	Committed to being available to respond to inquiries from media representatives. Press releases provided on key Momentum Metropolitan events. Inclusion of the press in invitations to attend results presentations.
INDUSTRY BODIES **Association of Savings and Investment South Africa (ASISA)** **Code for Responsible Investing in South Africa (CRISA)** **United Nations-supported Principles for Responsible Investment (UNPRI)**	• Commitment to being a responsible investor	Momentum Metropolitan reaffirmed its long-standing commitment to being a responsible investor when it became a signatory to the UNPRI, to whom it reports on its performance annually (see page 116). We also support CRISA and participate in the Responsible Investment Committee of
International Corporate Governance Network (ICGN)	• Commitment to global standards of corporate governance and investor stewardship	Through our membership we keep informed of any changes in global corporate governance standards and the approach to investor stewardship.
A Just Transition to a low carbon economy	• Responsible investment	As a signatory Momentum Metropolitan has committed to taking action to ensure a just transition to a low carbon economy.
South African Insurance Association (SAIA)	• Fair and ethical treatment of non-life insurance clients • Promoting trust and confidence in the non-life insurance industry	Not only is Momentum Metropolitan a member of SAIA, a member of our Executive team Herman Schoeman, is currently Deputy Chair of the SAIA Board.
Board of Healthcare Funders	• Need to influence policy	The Momentum Metropolitan Health Business engages in discussions where we may be able to influence decisions.
Council of Medical Schemes	• Future of medical schemes under the NHI	The Momentum Metropolitan Health Business engages in discussions where we may be able to influence decisions.



Through our approach to responsible investing, and as the first signatory in South Africa of the Just Transition to a low-carbon economy, we contribute to the reduction of greenhouse gas emissions. We also seek out opportunities to invest in renewable energy projects that will help create a low-carbon economy.

Jeanette Cilliers (Marais)
Deputy CEO of Momentum Metropolitan Holdings and CEO of Momentum Investments

Momentum Metropolitan not only has a responsibility to reduce its own impact on the environment and to encourage its employees to reduce their impact on the environment, it also has a responsibility as an investor to apply responsible investment practices across all its savings and investment products.

We are committed to investing responsibly. This includes being a signatory to the United Nations-supported Principles for Responsible Investing (UNPRI) and our membership of a number of international and South African codes and bodies which, together with our governance practices are explained on page 116 of social and relationship capital. Momentum Metropolitan's publicly available report to the UNPRI details our integration of environmental, social and governance (ESG) criteria into our investment process. Our Responsible Investment team has a proactive approach to environmental issues with the aim of, where possible, managing and mitigating events before they escalate. They 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 environmental matters.

During the year under review Momentum Metropolitan became the first South African company to sign the Just Transition Global Investor Statement, which commits us to ensuring that as we transition to a low carbon economy there is also a just transition for workers and communities. (see page 117 of social and relationship capital).

We are voluntary participants in the CDP Climate Change disclosure project.

The environmental data included in this section of the report covers the period 1 January to 31 December 2019 and does not cover the first six months during which the Covid-19 lockdown will have impacted our building usage and business travel.

We achieved a B score in the CDP Climate Change 2019.

Our approach to environmental governance

Momentum Metropolitan, which is classified as having a low environmental impact, recognises that responsible environmental management and use of scarce natural resources is key to the sustainability and wellness of our business, clients, employees and communities. Our environmental and sustainability policies govern our approach, and we are in the process of putting in place a sustainability framework to increase our focus on the sustainability of our business.

We have adopted a precautionary approach to environmental management and comply with all applicable environmental legislation and regulations.

Our response to climate change

UN SDG 13: Take urgent action to combat climate change and its impacts

13 CLIMATE ACTION

This is one of the five SDGs to which we are able to make a meaningful contribution. There are three areas where we are able to make a contribution through our:

- efforts to reduce our carbon footprint
- commitment to responsible investing and the Just Transition Initiative (see page 117 of social and relationship capital)
- investment in renewable energy projects.

Our carbon footprint

The understanding we gained of the contributors to our carbon footprint through our participation in the CDP Climate Change has helped us take action to reduce it. Our carbon footprint is verified annually by an independent external emissions verification agency using the operational control approach.

We initially set ourselves a target of a 12% reduction in our carbon emissions from a 2014 baseline by 2020. We achieved this in a much shorter period of time (by December 2017). We then set ourselves a new target to achieve a 25% reduction by 2030. In 2019 we were able to achieve a reduction in our Scope 1 emissions (the direct greenhouse gas emissions (GHGs) we generate from our use of fuel, which includes our use of diesel fuel to operate our generators).

The calculation of our Scope 2 emissions, which account for the indirect GHGs we incur from the purchase of, for example, electricity generated by Eskom using fossil fuels, was affected by the revised emission factor provided by Eskom to calculate electricity emissions. In 2018 Eskom used 0.95 tonnes CO_2e/MWh and in 2019 they increased it by 9.5% to 1.04 tonnes CO_2e/MWh. Using the same calculation for both years our Scope 2 emissions decreased by 5% year-on-year. There was a 34% increase in our business travel during 2019, which increased Scope 3 GHGs by 24%.

GHG emissions	% change year-on-year	2019 Tonnes CO_2e	2018 Tonnes CO_2e
Scope 1	(22.6)	2 134	2 757
Scope 2 (location- and market-based)	4.6	50 802	48 575
Total scopes 1 and 2	**3.1**	**52 936**	**51 332**
Category 1: Purchased goods and services (water and paper)	(8.8)	794	871
Category 3: Fuel and energy-related activities	9.5	5 033	4 595
Category 5: Waste generated in operations (landfilled)*	72.0	105.74	61.49
Category 6: Business travel (flights and car hire)	33.9	12 711	9 490
Scope 3	24.1	18 644	15 018
Total Scopes 1, 2 and 3	**7.9**	**71 580**	**66 350**
Outside of scopes – fugitive emissions (R-22 gas)	(58.4)	538	1 292

* The increase in our waste was as a result of an incorrect estimate of waste at Cornubia in 2018.

Our total emissions per employee were

3.33

tonnes CO_2e (2018: 3.03%)

Efforts to reduce our carbon footprint

During the year under review Momentum Metropolitan invested R300 million in upgrading its buildings in Centurion and Cape Town (Parc du Cap). The project is being carried out in two phases. The first phase, which has been completed, included the retrofitting of chillers and lighting technology at the Parc du Cap offices and only chillers in Centurion. The first phase achieved an overall energy consumption reduction and consequent emissions saving of 22% for the Parc du Cap building. The second phase, currently under way, which is focusing on improving energy efficiency at Centurion, will include lighting technology retrofits. These upgrades will align our buildings with the latest South African National Standards (SANS).

Saving on costs and GHG emissions

By installing 5 159kW solar photovoltaic units that will generate 7 537 549kWh of renewable energy at six of its shopping malls the Eris Property Group, a wholly owned subsidiary of the Group, is reducing its production of GHGs and its dependence on Eskom power. The cost of electricity generation using these plants will be lower than municipal or Eskom tariffs resulting in a saving over time once the initial investment in the units has been amortised.

Our commitment to responsible investing and the Just Transition Initiative has already been covered in the introduction and in detail in social and relationship capital (pages 111 and 117)

Energy management

Our investment in renewable energy projects

In support of the South African Government's Integrated Resource Plan and the country's commitment to reducing carbon emissions, we have cumulatively invested over R1.6 billion from our shareholder portfolio in renewable energy projects, both onshore wind and solar photovoltaic. This investment will not only reduce South Africa's carbon emissions, it will also generate sufficient electricity to power around 700 000 South African households.

We are equity investors in the Umoya wind power independent power producer, which is the first renewable energy independent power producer to receive environmental authorisation in South Africa, and was also the first to prove radar compliance with the South African Air Force. It was an early participant in the interactions with the grid operator to prove grid code compliance and gain support for embedded renewable energy



generation.

Water management

We have been able to achieve significant savings in our water usage at our main office buildings:

- Our head office in Centurion reduced its water consumption by 43% in the 2019 calendar year by installing water saving/reducing units on the taps in all the bathrooms, which changed the taps from free flow to mist. Watering of the gardens has been reduced to twice a week.
- Parc du Cap reduced its water consumption by 29% year-on-year in the 2019 calendar year by replacing water cooled chillers with air cooled chillers and renovating ice storage systems and combining them into one ice-on-coil system.
- Cornubia, which has a water consumption approximately 67% lower than national benchmarks, achieved a 15% reduction in water consumption year-on-year and gained a 4-star Green Star SA Office Design rating.

Waste management

Our management of waste, in line with the waste management hierarchy, ensures that landfill is considered to be the last option for our waste disposal. We monitor our waste management processes at our Centurion, Parc du Cap and Cornubia offices. At Cornubia there are centralised waste management stations and there are no personal bins. The aim of this arrangement is to encourage waste separation and recycling and reduce the overall generation of waste and landfilled waste. Cornubia recycles 21% of its waste, but only generates about 10 tonnes of waste. Our Centurion offices recycled 41% of its waste (46% in 2018 calendar year).

Paper saving and efficiencies

Overall our use of paper was reduced by 9% in the 2019 calendar year (3% in 2018). We have reduced our paper usage by 26% since 2014. To reduce paper usage and the wasting of paper we implemented a system that requires the use of an access card to activate a printer. The migration of our administration platforms to digital capturing have also reduced the use of paper as well as increased efficiencies.

The way ahead

No doubt our carbon footprint will be reduced during 2020 by the major shift to remote working. It has resulted in a significant reduction in the use of our buildings, and in response our facilities management team has reduced the use of lighting and air conditioning, which in turn will reduce costs and GHGs. It has also resulted in a dramatic drop in the amount of travel since March 2020. Measuring our carbon footprint going forward will no doubt present some major challenges in terms of addressing the impact of our employees using electricity to work at home and generating waste at home previously generated in our buildings. At the same time because most of our employees are no longer travelling to work, they are not generating the GHG emissions they previously created during their journey to and from work.

In other words, the Covid-19 pandemic has touched every aspect of our business and no doubt our natural capital reporting will look very different when we report on our natural capital performance in our 2021 integrated report.



Shareholder	Number of shareholders	% of issued share capital	Shares held (million)
Non-public			
Directors	7	0,1	2
Kagiso Tiso Holdings (Pty) Ltd	1	5,4	81
RMI Holdings Ltd	1	26,8	401
Government Employees Pension Fund	6	7,5	112
Public			
Private investors	16 067	3,4	51
Pension funds	237	3,5	52
Collective investment schemes and mutual funds	1 551	51,2	768
Banks and insurance companies	48	2,1	32
Total	**17 918**	**100,0**	**1 499**

An estimated 409 million shares (2019: 365 million shares) representing 27.3% (2019: 24.4%) of total shares are held by foreign investors.

Size of shareholding	Number of shareholders	% of total shareholders	Shares held (million)	% of issued share capital
1 - 5 000	15 438	86,2	12	0,8
5 001 - 10 000	792	4,4	6	0,4
10 001 - 50 000	858	4,8	19	1,3
50 001 - 100 000	246	1,4	18	1,2
100 001 - 1 000 000	454	2,5	150	10,0
1 000 001 and more	130	0,7	1 294	86,3
Total	**17 918**	**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	112	7,5
Off The Shelf Investments 108 (Pty) Ltd	81	5,4
Total	**594**	**39,7**

Pursuant to the provisions of section 56(7)(b) of the South African Companies Act, 71 of 2008, as amended, beneficial shareholdings exceeding 5% in aggregate, as at 30 June 2020, are disclosed.

SHAREHOLDERS' DIARY

Financial year-end: 30 June each year
Interim period end: 31 December each year

COMPANY REGISTERED OFFICE

Momentum Metropolitan Holdings Limited
Incorporated in the Republic of South Africa
Registration number: 2000/031756/06
268 West Avenue,
Centurion
0157

JSE share code: MTM
A2X share code: MTM
NSX share code: MMT
ISIN code: ZAE000269890
("Momentum Metropolitan" or "the Group")
Momentum Metropolitan Life Limited
Incorporated in the Republic of South Africa
Registration number: 1904/002186/06
Company code: MMIG

COMPANY SECRETARY

Gcobisa Tyusha
Email: Gcobisa.Tyusha@mmltd.co.za
Telephone: 012 673 1931

INVESTOR RELATIONS

investorrelations@mmltd.co.za

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Braamfontein
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Namibia

Transfer Secretaries Proprietary Limited
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Burg Street Entrance
Windhoek, Namibia

EQUITY SPONSOR

Merrill Lynch South Africa Proprietary Limited
1 Sandton Drive
Sandhurst
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DEBT SPONSOR

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Rivonia Road
Sandton
2196

NAMIBIA SPONSOR

Simonis Storm Securities Proprietary Limited
4 Koch Street
Klein Windhoek
Namibia